

City of Beatrice Nebraska
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended September 30, 2014

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, 2014
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SECTION 1

INTRODUCTORY SECTION



City of Beatrice, Nebraska

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

April 27, 2015

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

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

VACANT
BUILDING INSPECTOR
205 NORTH 4TH STREET
(402) 228-5250

LINDA S. KOCH
FINANCE DIRECTOR
400 ELLA STREET
(402) 228-5200

ERIN SAATHOFF
CITY CLERK
400 ELLA STREET
(402) 228-5200

JAMES A. BURROUGHS
CITY ENGINEER
205 NORTH 4TH STREET
(402) 228-5208

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

JASON MOORE
LANDFILL SUPERINTENDENT
400 ELLA STREET
(402) 223-2267

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

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

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

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

The Revised Statutes of Nebraska, Chapter 19, require that all cities of the first-class publish within six months of the close of each fiscal year a complete set of financial statements. These financial statements shall be audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants and shall be presented in conformity with accounting principles generally accepted in the United States of America. Therefore, we hereby issue the comprehensive annual financial report of the City of Beatrice for the fiscal year ended September 30, 2014.

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, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Beatrice's financial statements for the fiscal year ended September 30, 2014 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 at September 30, 2014 dropped from 4.1% in 2013 to 4.0%, which is higher than the State of Nebraska rate of 3.2% and continued to be lower than the national rate of 5.9%.

Tax revenues received in 2014 were up from 2013. The property tax levy for fiscal year 2014 was \$0.000133 lower than the property tax levy in 2013. An increase in property valuation of approximately \$30,000,000, as a result of annexations, resulted in an increase of property tax revenue of 5.27%. Sales tax revenues reflect an increase of 8.2% from 2013. Occupation tax revenue increased 3.3% in 2014.

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

The City has been active in developing the Gage County Industrial Park which provided for 17 manufacturing and commercial industries employed approximately 900 employees in 2014. Four other major industries are located in the City and employ an additional 700 people.

Beatrice is also the home to numerous non-manufacturing entities including the Beatrice State Developmental Center, the Beatrice School systems and the Beatrice Community Hospital. Total non-manufacturing employment in Beatrice totaled 2,400 employees in 2014.

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

Financial Planning and Initiatives

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

Honorable Mayor, City Council and
Citizens of the City of Beatrice, Nebraska
April 23, 2015
Page 4

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Beatrice, Nebraska, for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the 23rd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

Tobias J. Tempelmeyer
City Administrator



Government Finance Officers Association

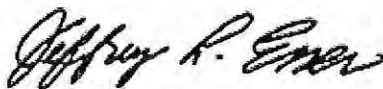
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Beatrice
Nebraska**

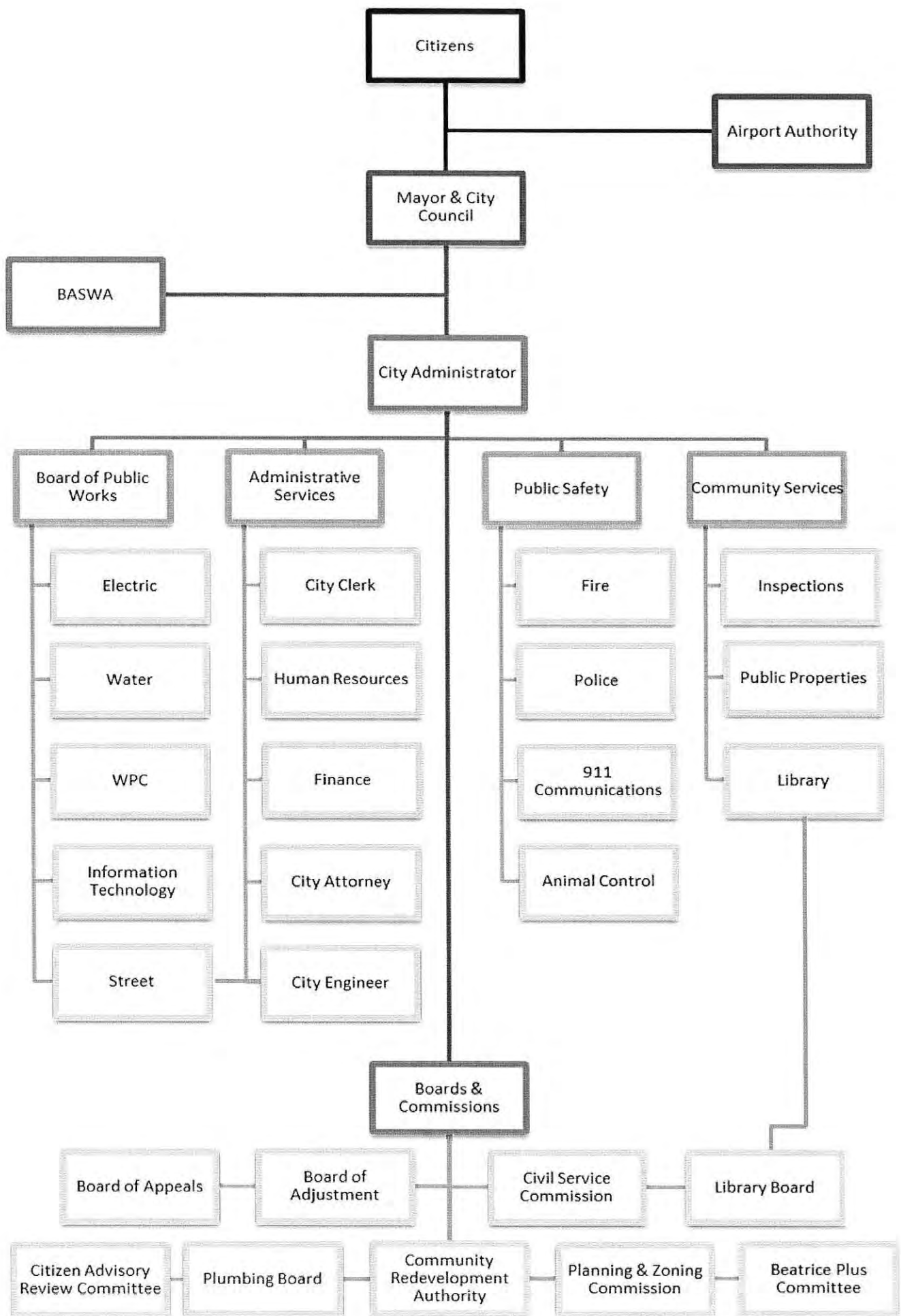
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013



Executive Director/CEO

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**CITY OF BEATRICE, NEBRASKA
OFFICIALS
2014**

MAYOR
Dennis Schuster

CITY COUNCILMEMBERS

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

CITY ADMINISTRATOR
Tobias Tempelmeyer

CITY OFFICIALS

| | |
|------------------|-------------------------------|
| Linda Koch | City Clerk/Asst. Treasurer |
| Bruce Lang | Police Chief |
| Brian Daake | Fire Chief |
| Mark Pethoud | Director of Public Properties |
| Laureen Riedesel | Library Director |
| Gregory Butcher | City Attorney |
| Vacant | Building Inspector |
| 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 represents 29%, 40% and 8%, respectively, of the total assets, net position and revenues of the discretely presented component units. The financial statements of the Beatrice Public Library Foundation 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. The audit of the Beatrice Public Library Foundation was not conducted in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The 2013 financial statements, before they were restated for the matters discussed in Note M, were audited by other auditors, and their report thereon, dated March 21, 2014, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

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 information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary 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 information, consisting of combining and individual fund statements and schedules, and including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The summarized comparative information for 2013, included within the supplementary information, was audited by other auditors, and their report thereon, dated March 21, 2014, expressed an unmodified opinion. Additionally, the supplementary information for the Beatrice Public Library Foundation was 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 information in the introductory and statistical sections listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Lincoln, Nebraska
April 27, 2015

CITY OF BEATRICE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Beatrice, Nebraska, we offer readers of the City of Beatrice's financial statements this narrative overview and analysis of the financial activities of the City of Beatrice for the fiscal year ended September 30, 2014. 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. The financial information included with this management's discussion and analysis for 2013 has not been changed for the effects of the restatements discussed in note M to the financial statements.

FINANCIAL HIGHLIGHTS

The City of Beatrice net position exceeded its liabilities at the close of the most recent year by \$65,867,102. Of this amount, \$10,019,818 may be used to meet the City's ongoing obligations to citizens and creditors. The City of Beatrice total net position increased \$1,032,421 or 1.6%.

As of the close of the current fiscal year, the City of Beatrice's governmental funds reported combined ending fund balances of \$5,914,652, a decrease of \$(80,546) in comparison with the prior year. At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$2,678,375, or 37.7% of total General Fund expenditures.

The City of Beatrice's total long-term obligations, not including component units, decreased \$667,912 during the current fiscal year. The City did not enter into any new bond or lease transactions during the year and annual debt obligations of \$915,466 were paid. Obligations for compensated absences and closure and post-closure costs recognized a net increase of \$247,554.

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 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 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 \$65,867,102 at the close of the most recent fiscal year. By far the largest portion of the City of Beatrice's net position (79.1%) 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, 2014 and 2013

| | Governmental activities | | Business-type activities | | Total | |
|----------------------------------|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| ASSETS | | | | | | |
| Current and other assets | 7,152 | 6,816 | 13,869 | 13,722 | 21,021 | 20,538 |
| Capital assets | 29,545 | 29,368 | 27,783 | 27,578 | 57,328 | 56,946 |
| TOTAL ASSETS | <u>36,697</u> | <u>36,184</u> | <u>41,652</u> | <u>41,300</u> | <u>78,349</u> | <u>77,484</u> |
| LIABILITIES | | | | | | |
| Long-term liabilities noncurrent | 770 | 985 | 7,726 | 7,710 | 8,496 | 8,695 |
| Other liabilities | 1,172 | 1,031 | 2,814 | 2,566 | 3,986 | 3,597 |
| TOTAL LIABILITIES | <u>1,942</u> | <u>2,016</u> | <u>10,540</u> | <u>10,276</u> | <u>12,482</u> | <u>12,292</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 28,967 | 28,703 | 23,130 | 22,413 | 52,097 | 51,116 |
| Restricted | 3,095 | 3,152 | 655 | 635 | 3,750 | 3,787 |
| Unrestricted | 2,693 | 2,313 | 7,327 | 7,976 | 10,020 | 10,289 |
| TOTAL NET POSITION | <u>34,755</u> | <u>34,168</u> | <u>31,112</u> | <u>31,024</u> | <u>65,867</u> | <u>65,192</u> |

An additional portion of the City of Beatrice's net position (5.7%) represents resources that are subject to external restrictions on how they may be used for specific purposes. The remaining balance of unrestricted net position \$10,019,818 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 \$589,027 in net position reported in connection with the City of Beatrice's governmental activities, less an adjustment applicable to prior years of \$1,494. Business-type activities increased the City of Beatrice's net position by \$443,394, less an adjustment applicable to prior years of \$355,405. 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, 2014 and 2013

| | Governmental activities | | Business-Type activities | | Total | |
|--|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | 3,342 | 2,591 | 21,495 | 20,969 | 24,837 | 23,560 |
| Operating grants and contributions | 1,380 | 1,073 | - | - | 1,380 | 1,073 |
| Capital grants and contributions | 1,641 | 1,695 | - | - | 1,641 | 1,695 |
| General revenues | | | | | | |
| Taxes | 5,762 | 5,583 | - | - | 5,762 | 5,583 |
| Unrestricted intergovernmental | 690 | 660 | - | - | 690 | 660 |
| Other revenue | 221 | 304 | 241 | 163 | 462 | 467 |
| TOTAL REVENUES | 13,036 | 11,906 | 21,736 | 21,132 | 34,772 | 33,038 |
| EXPENSES | | | | | | |
| General government | 3,286 | 1,543 | - | - | 3,286 | 1,543 |
| Public safety | 5,609 | 5,687 | - | - | 5,609 | 5,687 |
| Highways and streets | 2,116 | 1,857 | - | - | 2,116 | 1,857 |
| Culture and recreation | 1,423 | 1,349 | - | - | 1,423 | 1,349 |
| Interest on long-term debt | 13 | 24 | - | - | 13 | 24 |
| Electric | - | - | 15,224 | 14,753 | 15,224 | 14,753 |
| Water | - | - | 2,256 | 2,236 | 2,256 | 2,236 |
| Water pollution control (WPC) | - | - | 1,525 | 1,509 | 1,525 | 1,509 |
| Solid waste management | - | - | 992 | 1,286 | 992 | 1,286 |
| Sanitation | - | - | 1,296 | 1,252 | 1,296 | 1,252 |
| TOTAL EXPENSES | 12,447 | 10,460 | 21,293 | 21,036 | 33,740 | 31,496 |
| CHANGE IN NET POSITION | 589 | 1,446 | 443 | 96 | 1,032 | 1,542 |
| NET POSITION, Beginning of year | 34,168 | 32,722 | 31,024 | 30,928 | 65,192 | 63,650 |
| Adjustments applicable to prior years | (2) | - | (355) | - | (357) | - |
| NET POSITION, End of year | 34,755 | 34,168 | 31,112 | 31,024 | 65,867 | 65,192 |

Governmental Activities

Tax revenues increased 3.2% in 2014 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 for 2014 was similar to 2013; however, property tax dollars increased due to higher property valuations. In comparison to 2013, however, the property tax revenues are slightly less due to accruals. Sales tax revenues collected increased 8.2% in 2014 as compared to 2013. Occupation taxes from utilities are based upon gross sales and reflect an increase of 3% in 2014. The lodging occupation tax brought in \$89,247 in 2014 as compared to \$82,238 in 2013. More information on tax revenue history can be found in Table 3 of the Statistical Section.

Unrestricted intergovernmental revenues, which include county motor vehicle taxes, state aid to cities, and municipal equalization funding (MEF), increased slightly by \$30,262 in 2014. The formula to calculate MEF aid figures the city's need, based upon population, less resources and then that aid is reduced 20% for each cent the city's non-bond levy is less than the state-wide average levy, making this a funding source that can vary greatly from year to year. For the 2014 calculation the City's non-bond levy was one-cent above the state-wide average.

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 10% in 2014 from 2013. 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 County-wide 911 services and ambulance services. The library continues to receive funding assistance from the county and state aid.

Capital grants and contributions vary from year to year. During 2014 the City continued to receive grant funding through the Mutual Finance Organization Assistance Act for fire and EMS equipment and facility improvements. Grant funding was received to update the City's Hazardous Mitigation Plan. Private contributions assisted towards various park and ball field improvements and for the purchase of library materials. Private contributions are fully funding a \$1.6 million dollar library renovation project for which construction began in 2014 and will be completed in 2015.

Expenses increased 19% in 2014 as compared to 2013. Changes in General Government can vary from year to year due to changes in economic development and grant expenses; 2014 included CDBG loan forgiveness, and changes in the Internal Service Funds activity. Changes to expenses for other activities as compared to 2013 are as follows: public safety decreased 1.4%, street increased 14% mainly due to depreciation expense, and culture and recreation increased 5.5%.

Business-Type Activities

Charges for services for business-type activities increased 2.5% in 2014 from 2013. The Electric fund, which distributes purchased power, did not increase rates in 2014; however, revenues increased 2.2% due to usage. In 2014 the Water fund revenues increased 5.9% due to a 3% rate increase on consumption and an increase in the infrastructure improvement fee. The WPC fund revenues decreased slightly from 2013 by 1.7%. Garbage service fees, which are accounted for in the Sanitation fund, increased 3.5% to fund the cost of the hauler contract and landfill disposal fee, which increased in July of 2013. The Beatrice Area Solid Waste Agency fund revenues increased 4.6% from 2013 due to rate increases implemented to step-up funding of closure and post-closure costs.

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 \$5,914,652 which is an increase of \$306,328 in comparison with the prior year. Of this amount, 31.5% of this balance is unassigned and is available for spending at the City's discretion (\$1,860,437). The City's unassigned balance increased \$703,126, or 60.8% 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 (\$3,094,596), committed for particular purposes (\$127,802), or assigned by management for particular purposes (\$831,817).

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 \$2,678,375; an increase from 2013 of \$786,078, which includes a prior year adjustment of \$172,209 for accrual of tax revenues. 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 37.7% of total General fund expenditures.

General fund revenues increased 3.8% in 2014 from the previous year. Tax revenues increased 6.2% due to increased sales tax revenue. Intergovernmental revenue available to fund general operations remained stable and increased just slightly by 1.5%. Charges for services decreased 4.2%. Other revenues increased 28.3% (\$59,312) from 2013 due to an increase in building permit fees and donations.

General fund expenditures in 2014 increased just 1% from the previous year. Transfers in for 2014 were \$118,130 as compared to \$117,044 in 2013, 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 2014 were \$219,034, as compared to \$159,931 in 2013.

The fund balance restricted for the Street fund at year end was \$1,171,626, an increase of \$625,541 from 2013, which also includes a prior year adjustment of \$183,915 for accrual of tax and intergovernmental revenues. Capital projects involving state funding were deferred to a future fiscal year and therefore funds are being carried forward to pay for those projects in the following fiscal year. In 2014 total revenues increased 9.1% from 2013. Sales tax revenues increased 8.2% and highway allocation funding increased 9.2%. Expenditures decreased 8.6% from the previous year. Non-capital operational expenditures decreased 1.8% from 2013, while capital outlay projects in 2014 were \$587,711 as compared to \$732,263 in 2013.

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 \$2,064,651 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 and \$22,538 in other revenues; expenditures included real estate acquisition, demolition costs, and funding towards a joint economic development organization; and the fund balance increased by \$112,099 from 2013. The Community Development Block Grant fund balance restricted for Revolving Loans of \$622,605 decreased \$626,756 from 2013 due to new loans and loans forgiven upon completion of terms (cash decreased \$206,772 and loans receivable decreased to \$419,984). The Keno fund balance increased to \$17,326 as compared to \$4,046 in 2013. Keno proceeds increased 17.4% and transfers out for community betterment capital projects were \$47,378 in 2014 as compared to \$97,288 in 2013. The Storm Water Management fund accounts for the costs associated with the implementation of the plan and the revenue sources, including grant specific funds, and had a fund balance of \$56,048 at year end. The 911 Surcharge fund had a fund balance of \$36,758 at the end of 2014 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 2014 equipment of \$60,476 was purchased and \$118,130 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 or committed for specific purposes: \$50,987 for library improvements and \$69,600 for public safety equipment. Major capital projects in 2014 include: the library renovation project construction phase, which was 67% complete at fiscal year-end; skateboard park and other park improvements; police facility HVAC improvements; a new ambulance, fire truck refurbishment, police vehicle, and other fire and police 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 \$7,326,777, which is a decrease of \$649,003 from 2013. The Electric fund decreased \$384,918; the Water Fund decreased \$3,096; the Water Pollution Control fund decreased \$91,036; and the BASWA fund decreased \$169,953. Restricted net position for debt service was \$654,799 at year end as compared to \$635,176 in 2013. Net investment in capital assets increased from \$22,413,044 in FY2013 to \$23,130,413 in FY2014. 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

There were no amendments made to the originally adopted budget for the fiscal year 2014.

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, 2014, amounts to \$54,546,228 (net of accumulated depreciation) and land of \$2,781,464. 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 less than 1 percent (a 0.6% increase for governmental activities and a 0.7% increase for business-type activities).

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

September 30, 2014 and 2013

| | Governmental activities | | Business-Type activities | | Total | |
|-------------------------------|----------------------------|----------|-----------------------------|----------|----------|----------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | 2,663 | 2,636 | 118 | 118 | 2,781 | 2,754 |
| Buildings and system | 8,068 | 6,986 | 10,587 | 10,273 | 18,655 | 17,259 |
| Improvements other than Bldgs | 4,273 | 4,182 | 57,663 | 56,532 | 61,936 | 60,714 |
| Machinery & Equipment | 9,851 | 9,437 | 7,842 | 6,863 | 17,693 | 16,300 |
| Infrastructure | 28,003 | 27,513 | - | - | 28,003 | 27,513 |
| Construction in progress | - | 123 | 59 | - | 59 | 123 |
| Less accumulated depreciation | (23,313) | (21,509) | (48,486) | (46,208) | (71,799) | (67,717) |
| TOTAL | 29,545 | 29,368 | 27,783 | 27,578 | 57,328 | 56,946 |

Major changes in capital assets in the governmental activities during fiscal year 2014 included infrastructure improvements for street and drainage projects; other improvements included the Carnegie building parking lot, ball field improvements, and water park upgrades; building improvements were done at the street shop bay, fire station, police station, and construction began on the library renovation project; equipment purchases included a new ambulance, fire truck refurbish, a new patrol vehicle, skate park and playground equipment, a mower, a tank for liquid de-icer for the streets, computer equipment, and other necessary public safety and maintenance equipment.

Major changes in capital assets in the business-type activities include: in the Electric fund continuation of 12.5 KV conversions, an aerial truck, new shop bay, street light replacements, new transformers, SCADA system costs, new services, substation improvements, metering and initial costs for AMI system, and decorative lighting for the

business district; in the Water fund water main distribution projects in 2014 included the areas of South 6th from Bell to Caldwell and the West Court Street bridge, new shop bay, and installation of VFD's at the well field; in the Water Pollution Control fund projects included a future plant and rate study, various manhole and sewer repairs, and the purchase of a jet vac truck; and the BASWA fund purchased a used rolloff truck and made a final payment on the Construction and Demolition Site.

Additional information on the City of Beatrice's capital assets can be found in note E on pages 55 to 56 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 \$4,855,000. Of this amount, \$375,000 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 \$322,378 in other payables, \$1,573,697 for compensated absences, and \$3,119,000 for closure post-closure costs.

During the current fiscal year, the City of Beatrice did not issue any new bonds and with the payment of the annual bond maturities decreased the bonded debt \$785,000.

The Beatrice Airport Authority, a component unit of the City of Beatrice, had outstanding debt of \$180,000 at September 30, 2014; this amount comprises bonded debt paid through a special levy approved by the City of Beatrice. During the current fiscal year, with the payment of annual maturities, the net change is a decrease of \$45,000.

The Community Redevelopment Authority, a component unit of the City of Beatrice, had outstanding debt at September 30, 2014, of \$400,000, a decrease of \$235,000. The revenue bonds are repaid solely through proceeds from tax increment financing.

Additional information on the City of Beatrice's long-term debt can be found on pages 58 to 62 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the City of Beatrice is currently 4 %, a slight decrease from a rate of 4.1 % a year ago. While higher than the state's average unemployment rate of 3.2 %, this compares favorably to the national average of 5.9 %.

Sales tax revenues can be affected year to year by tax incentives offered to local business that receive tax credits, thereby reducing the sales tax remitted to the City. Sales tax revenues prior to any tax credits increased 7.4% for the calendar year 2014; this increase can be attributed to an improved retail economy and also due to annexations of various adjacent properties that went into effect on January 1, 2014. Economic development efforts continue to try and attract more new companies. In 2012, City and County officials combined efforts and formed a new economic development organization, Gage Area Growth Enterprises (NGage), to promote Beatrice and the surrounding area. The loss of a long-time manufacturing company in late 2014 could have an impact on the City's economy.

The City of Beatrice prepared and approved a budget plan that included both fiscal year 2014 and fiscal year 2015. That budget presented a balanced budget of operating revenues to meet expenditure needs, along with a contingency, which if not needed, that would increase fund balance and replenish cash reserves. At the end of fiscal year end 2014, the total fund balance in the General fund increased from \$1,921,097 to \$2,678,375. Tax revenue projections included a conservative increase in sales tax revenues and in 2014 the total property tax requirements increased 5.6%; however, due to an increase in property valuations through annexations the levy remained close to the same as the prior year at .345707; a general tax levy of .313212 and debt levy of .032495. Property tax requirements for fiscal year 2015 required a 7.3% increase partially for capital projects, which resulted in a levy increase of 2.4 cents for a total levy of .370223; general tax levy of .337511 and debt levy of .032712

In 2014, the City was fortunate to receive the total of Municipal Equalization funding from the State; however, in fiscal year 2015, the City's non-debt levy fell below the state-wide average and therefore the City's allocation will be reduced by 20% resulting in a loss in intergovernmental revenues of \$98,000. Major capital projects over the two fiscal years include: HVAC improvements to the police facility, a \$1.5 million library building renovation funded entirely with private funds, and grant funded trail improvements. Costs associated with the EPA cleanup at a former gas plant site on property acquired by the City have not been determined or fully funded.

In 2015, the Electric fund revenue projections include a 1% rate increase to cover the increase in purchase power rates from Nebraska Public Power District; the increase will provide projected revenues that are sufficient to fund operations, capital costs, and maintain prudent reserves for cash flow and emergencies. An increase in rates was budgeted in the Water fund of \$1.00 on the base monthly service fee plus .09 cents per 1,000 gallons of usage, to fund replacement of aging water mains and increase cash reserves. The Water Pollution Control fund revenues for 2015 include the addition of an infrastructure improvement fee of \$3.00 per month for residential customers and \$4.00 per month for commercial customers to be set aside for future plant improvements. The Beatrice Area Solid Waste Agency projected a revenue increase of 5.5% for 2015 that includes rate increases implemented in July of 2013 for residential disposal fees and commercial disposal fees over a two year period to increase funding of the closure and post-closure reserves and plan for future solid waste disposal options as the current landfill has an expected 8 years of life remaining.

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, 2014
 With comparative totals for September 30, 2013

| | Primary Government | | | | 2014 |
|---|----------------------------|-----------------------------|---------------|---------------|--------------------|
| | Governmental Activities | Business-Type Activities | 2014 Total | 2013 Total | Component Units |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 4,548,569 | \$ 5,771,058 | \$ 10,319,627 | \$ 9,881,031 | \$ 1,554,939 |
| Cash on deposit - county treasurer | 145,479 | - | 145,479 | 112,387 | 16,376 |
| Accounts receivable | 686,432 | 1,464,400 | 2,150,832 | 2,353,670 | 17,143 |
| Interest receivable | 71,591 | 12,071 | 83,662 | 99,143 | - |
| Assessments receivable | 209,807 | - | 209,807 | 267,844 | - |
| Unbilled and accrued revenues | - | 845,704 | 845,704 | 790,860 | - |
| Due from other governments | 406,566 | - | 406,566 | - | - |
| Materials and supplies inventories | - | 936,962 | 936,962 | 867,443 | 62,016 |
| Prepaid expenses | - | 12,759 | 12,759 | 12,909 | - |
| In-lieu-of assessments receivable | 10,105 | - | 10,105 | 10,105 | - |
| Taxes receivable | 145,236 | - | 145,236 | 142,397 | - |
| Current portion of loans receivable | 38,400 | - | 38,400 | - | 17,465 |
| Total Current Assets | 6,262,185 | 9,042,954 | 15,305,139 | 14,537,789 | 1,667,939 |
| Noncurrent Assets | | | | | |
| Investments | 400,000 | 2,625,000 | 3,025,000 | 3,052,631 | 1,016,422 |
| Restricted Cash and Cash Equivalents | | | | | |
| Employee benefits | - | 20,229 | 20,229 | 75,660 | - |
| Debt service reserve account | - | - | - | - | 87,945 |
| Customer and developer deposits | - | 167,460 | 167,460 | 98,360 | - |
| Grants and capital projects | - | - | - | 19,941 | 975,837 |
| Restricted Investments | | | | | |
| Debt service reserve account | - | 654,799 | 654,799 | 635,176 | - |
| Bond construction account | - | - | - | - | - |
| Customer deposits | - | 280,000 | 280,000 | 230,000 | - |
| Grants and capital projects | - | - | - | 79,389 | 116,218 |
| | - | 1,078,351 | 1,078,351 | 860,630 | - |
| Restricted TIF receivable | - | - | - | - | 185,745 |
| Total Restricted Assets | - | 2,200,839 | 2,200,839 | 1,999,156 | 1,365,745 |
| Capital Assets | | | | | |
| Land | 2,663,388 | 118,076 | 2,781,464 | 2,754,417 | 1,321,356 |
| Construction in progress | - | 58,867 | 58,867 | 122,678 | - |
| Capital assets, net of accumulated depreciation | 26,881,182 | 27,606,179 | 54,487,361 | 54,068,695 | 1,515,767 |
| Net Capital Assets | 29,544,570 | 27,783,122 | 57,327,692 | 56,945,790 | 2,837,123 |
| Other Assets | | | | | |
| Loans receivable, net of current portion | 490,738 | - | 490,738 | 949,122 | - |
| Total Noncurrent Assets | 30,435,308 | 32,608,961 | 63,044,269 | 62,946,699 | 5,219,290 |
| Total Assets | \$ 36,697,493 | \$ 41,651,915 | \$ 78,349,408 | \$ 77,484,488 | \$ 6,887,229 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET POSITION - CONTINUED
 September 30, 2014
 With comparative totals for September 30, 2013

| | Primary Government | | | | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|---------------------|
| | Governmental | Business-Type | 2014 | 2013 | Component |
| | Activities | Activities | Total | Total | Units |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 483,987 | \$ 1,258,070 | \$ 1,742,057 | \$ 1,612,702 | \$ 5,897 |
| Claims incurred but not reported | 88,011 | 97,843 | 185,854 | 129,853 | - |
| Accrued compensated absences | 296,451 | 246,993 | 543,444 | 459,014 | 13,069 |
| Sales tax payable | - | 43,571 | 43,571 | 91,747 | - |
| Accrued interest payable | 18,591 | 35,957 | 54,548 | 51,058 | 2,764 |
| Accrued expenses | - | 127,327 | 127,327 | 90,679 | 1,278 |
| Other accrued liabilities | - | 11,564 | 11,564 | - | - |
| Customer and developer deposits | - | 447,310 | 447,310 | 328,360 | - |
| Unearned rent | - | - | - | - | 7,956 |
| Current portion of registered warrants | 100,000 | - | 100,000 | - | - |
| Due to developer | - | - | - | - | 36,015 |
| Current maturities of lease obligation | - | 50,588 | 50,588 | 44,830 | - |
| Current maturities of bonds and notes | 185,000 | 494,389 | 679,389 | 789,303 | 135,000 |
| Total Current Liabilities | <u>1,172,040</u> | <u>2,813,612</u> | <u>3,985,652</u> | <u>3,597,546</u> | <u>201,979</u> |
| Noncurrent Liabilities, Net of Current Portion | | | | | |
| Compensated absences | 494,714 | 535,539 | 1,030,253 | 798,651 | 46,467 |
| Registered warrants payable | 85,626 | - | 85,626 | 262,815 | - |
| Revenue bonds | - | 3,990,000 | 3,990,000 | 4,480,000 | - |
| General obligation bonds | 190,000 | - | 190,000 | 375,000 | 445,000 |
| Notes payable | - | 77,485 | 77,485 | 81,875 | - |
| Lease obligation | - | 4,290 | 4,290 | 59,021 | - |
| Closure and postclosure costs | - | 3,119,000 | 3,119,000 | 2,638,000 | - |
| Total Noncurrent Liabilities | <u>770,340</u> | <u>7,726,314</u> | <u>8,496,654</u> | <u>8,695,362</u> | <u>491,467</u> |
| Total Liabilities | <u>1,942,380</u> | <u>10,539,926</u> | <u>12,482,306</u> | <u>12,292,908</u> | <u>693,446</u> |
| Net Position | | | | | |
| Net investment in capital assets | 28,967,476 | 23,130,413 | 52,097,889 | 51,115,761 | 2,657,123 |
| Restricted net position | | | | | |
| Restricted for economic development | 1,128,265 | - | 1,128,265 | 1,016,166 | - |
| Restricted for debt service | 69,182 | 654,799 | 723,981 | 812,453 | 93,817 |
| Restricted for grant expenses | - | - | - | 28,800 | - |
| Restricted revolving loan fund | 622,605 | - | 622,605 | 1,249,361 | - |
| Restricted for E911 public safety | 36,758 | - | 36,758 | 92,446 | - |
| Restricted for streets | 1,171,626 | - | 1,171,626 | 546,085 | - |
| Restricted for storm water management | 56,048 | - | 56,048 | 41,726 | - |
| Restricted for runway expansion | - | - | - | - | 538,219 |
| Restricted for Library Foundation | 10,112 | - | 10,112 | - | 1,257,412 |
| Unrestricted net position | <u>2,693,041</u> | <u>7,326,777</u> | <u>10,019,818</u> | <u>10,288,782</u> | <u>1,647,212</u> |
| Total Net Position | <u>\$ 34,755,113</u> | <u>\$ 31,111,989</u> | <u>\$ 65,867,102</u> | <u>\$ 65,191,580</u> | <u>\$ 6,193,783</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF ACTIVITIES
 For the year ended September 30, 2014
 With comparative totals for the year ended September 30, 2013

| Functions/Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | | | 2014 Component Units |
|--|--------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|----------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | 2014 Total | 2013 Total | |
| Primary Government: | | | | | | | | | |
| Governmental Activities | | | | | | | | | |
| General government | \$ 3,286,519 | \$ 1,744,814 | \$ - | \$ 12,638 | \$ (1,529,067) | \$ - | \$ (1,529,067) | \$ (1,077,247) | \$ - |
| Public safety | 5,609,235 | 1,340,782 | 479,784 | 117,791 | (3,670,878) | - | (3,670,878) | (3,065,612) | - |
| Highways and streets | 2,116,534 | 219,903 | 874,796 | 917,788 | (104,047) | - | (104,047) | (98,548) | - |
| Culture and recreation | 1,422,746 | 36,988 | 25,510 | 592,838 | (767,410) | - | (767,410) | (836,131) | - |
| Interest on long-term debt | 12,603 | - | - | - | (12,603) | - | (12,603) | (24,120) | - |
| Total Governmental Activities | 12,447,637 | 3,342,487 | 1,380,090 | 1,641,055 | (6,084,005) | - | (6,084,005) | (5,101,658) | - |
| Business-type Activities | | | | | | | | | |
| Electric | 15,224,361 | 15,165,993 | - | - | - | (58,368) | (58,368) | 85,152 | - |
| Water | 2,255,678 | 2,360,903 | - | - | - | 105,225 | 105,225 | (5,801) | - |
| Water pollution control | 1,524,519 | 1,536,331 | - | - | - | 11,812 | 11,812 | 53,499 | - |
| BASWA | 992,209 | 1,136,396 | - | - | - | 144,187 | 144,187 | - | - |
| Sanitation | 1,295,857 | 1,295,857 | - | - | - | - | - | (199,552) | - |
| Total Business-type Activities | 21,292,624 | 21,495,480 | - | - | - | 202,856 | 202,856 | (66,702) | - |
| Total Primary Government | 33,740,261 | 24,837,967 | 1,380,090 | 1,641,055 | (6,084,005) | 202,856 | (5,881,149) | (5,168,360) | - |
| Component Units: | | | | | | | | | |
| Beatrice Airport Authority | 787,683 | 551,517 | - | 240,506 | | | | | 4,340 |
| Community Redevelopment Authority | 369,203 | - | - | - | | | | | (369,203) |
| Beatrice Public Library Foundation | 398,353 | 4,500 | - | - | | | | | (393,853) |
| Total Component Units | \$ 1,555,239 | \$ 556,017 | \$ - | \$ 240,506 | | | | | (758,716) |
| General Revenues | | | | | | | | | |
| Taxes | | | | | | | | | |
| Property tax | | | | | 1,919,294 | - | 1,919,294 | 1,998,461 | 249,270 |
| Tax increment financing | | | | | - | - | - | - | 356,478 |
| Sales tax | | | | | 3,082,267 | - | 3,082,267 | 2,848,579 | - |
| Occupation tax | | | | | 760,862 | - | 760,862 | 736,385 | - |
| Unrestricted intergovernmental | | | | | 689,779 | - | 689,779 | 659,517 | - |
| Miscellaneous revenues | | | | | 221,673 | 195,737 | 417,410 | 667,384 | 24,444 |
| Unrestricted investment earnings | | | | | 6,231 | 44,801 | 51,032 | 48,673 | 110,967 |
| Loss on disposal of capital assets | | | | | (7,074) | - | (7,074) | (57,757) | - |
| Special item | | | | | - | - | - | (191,485) | - |
| Total General Revenues | | | | | 6,673,032 | 240,538 | 6,913,570 | 6,709,757 | 741,159 |
| Change in Net Position | | | | | 589,027 | 443,394 | 1,032,421 | 1,541,397 | (17,557) |
| Net Position, Beginning of Year - as previously stated | | | | | 34,167,580 | 31,024,000 | 65,191,580 | 63,650,183 | 6,493,282 |
| Adjustments Applicable to Prior Years | | | | | (1,494) | (355,405) | (356,899) | - | (281,942) |
| Net Position, Beginning of Year - restated | | | | | 34,166,086 | 30,668,595 | 64,834,681 | 63,650,183 | 6,211,340 |
| Net Position, End of Year | | | | | \$ 34,755,113 | \$ 31,111,989 | \$ 65,867,102 | \$ 65,191,580 | \$ 6,193,783 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|--|---------------------|---------------------|--------------------------------|------------------|------------------|
| | General Fund | Streets Fund | Other Governmental Funds | Total | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,099,020 | \$ 1,136,206 | \$ 1,107,965 | \$ 4,343,191 | \$ 3,492,121 |
| Investments | | | 400,000 | 400,000 | 400,000 |
| Restricted: | | | | | |
| Cash and cash equivalents | - | - | - | - | 19,941 |
| Investments | - | - | - | - | 79,389 |
| Cash on deposit - county treasurer | 133,305 | - | 12,174 | 145,479 | 112,387 |
| Accounts receivable | 466,709 | 39,142 | 160,982 | 666,833 | 982,032 |
| Taxes receivable | 127,482 | - | 17,754 | 145,236 | 142,397 |
| Due from other governments | 213,425 | 193,141 | - | 406,566 | - |
| Interest receivable | - | - | 71,591 | 71,591 | 87,903 |
| Assessments receivable | - | - | 209,807 | 209,807 | 267,844 |
| Loans receivable | - | - | 529,138 | 529,138 | 949,122 |
| In-lieu of assessments receivable | - | - | 10,105 | 10,105 | 10,105 |
| Total Assets | <u>3,039,941</u> | <u>1,368,489</u> | <u>2,519,516</u> | <u>6,927,946</u> | <u>6,543,241</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | 139,664 | 196,863 | 147,460 | 483,987 | 436,508 |
| Accrued interest payable | - | - | 2,123 | 2,123 | 18,311 |
| Registered warrants payable | - | - | - | - | 262,815 |
| Total Liabilities | <u>139,664</u> | <u>196,863</u> | <u>149,583</u> | <u>486,110</u> | <u>717,634</u> |
| Deferred Inflow of Resources | | | | | |
| Unavailable revenue | <u>221,902</u> | <u>-</u> | <u>305,282</u> | <u>527,184</u> | <u>217,283</u> |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Economic development | - | - | 1,128,265 | 1,128,265 | 1,016,166 |
| Library capital improvements | - | - | 10,112 | 10,112 | - |
| Debt service | - | - | 69,182 | 69,182 | 177,277 |
| Revolving loan fund | - | - | 622,605 | 622,605 | 1,249,361 |
| E911 public safety | - | - | 36,758 | 36,758 | 92,446 |
| Police grants and programs | - | - | - | - | 28,800 |
| Streets | - | 1,171,626 | - | 1,171,626 | 546,085 |
| Storm water management | - | - | 56,048 | 56,048 | 41,726 |
| Committed for: | | | | | |
| Library capital improvements | - | - | 40,876 | 40,876 | 211,822 |
| Public safety equipment | - | - | 69,600 | 69,600 | 198,964 |
| Community betterment | - | - | 17,326 | 17,326 | 4,046 |
| Assigned, for | | | | | |
| Subsequent years' expenditures | 817,938 | - | - | 817,938 | 894,714 |
| Debt service | - | - | 13,879 | 13,879 | - |
| Unassigned, reported in | | | | | |
| Debt service fund | - | - | - | - | (10,394) |
| General fund | <u>1,860,437</u> | <u>-</u> | <u>-</u> | <u>1,860,437</u> | <u>1,157,311</u> |
| Total Fund Balance | <u>2,678,375</u> | <u>1,171,626</u> | <u>2,064,651</u> | <u>5,914,652</u> | <u>5,608,324</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 3,039,941</u> | <u>\$ 1,368,489</u> | <u>\$ 2,519,516</u> | | |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
BALANCE SHEET - CONTINUED
GOVERNMENTAL FUNDS
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> Total | <u>2013</u> Total |
|---|----------------------|----------------------|
| Fund Balance Governmental Funds | 5,914,652 | 5,608,324 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds. | \$ 29,544,570 | \$ 29,367,717 |
| Internal service funds are used by management to charge the costs 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. | 136,965 | 221,807 |
| Unavailable revenues that are not current financial resources are recognized in the government-wide financial statements. | 527,185 | 217,283 |
| 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 | (16,468) | - |
| Registered warrants | (185,626) | - |
| Bonds payable | (375,000) | (665,000) |
| Compensated absences | (791,165) | (582,551) |
| Net Position of Governmental Activities | <u>\$ 34,755,113</u> | <u>\$ 34,167,580</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, 2014
 With comparative totals for the year ended September 30, 2013

| | 2014 | | | | 2013 |
|--|---------------------|---------------------|--------------------------------|--------------------------------|---------------------|
| | General Fund | Streets Fund | Other Governmental Funds | Total Governmental Funds | Total |
| Revenues | | | | | |
| Taxes | | | | | |
| Property tax | \$ 1,794,237 | \$ - | \$ 186,380 | \$ 1,980,617 | \$ 1,881,463 |
| Sales tax | 2,215,814 | 616,453 | 250,000 | 3,082,267 | 2,848,579 |
| Occupation tax | 760,862 | - | - | 760,862 | 736,385 |
| Licenses and permits | 114,685 | - | - | 114,685 | 78,920 |
| Intergovernmental | 1,154,254 | 1,443,514 | 196,560 | 2,794,328 | 3,191,033 |
| Charges for services | 1,598,566 | 36,989 | 122,918 | 1,758,473 | 1,847,614 |
| Keno proceeds | - | - | 73,188 | 73,188 | 62,296 |
| Special assessments | - | - | 40,723 | 40,723 | 118,261 |
| Interest | 3,017 | - | 45,911 | 48,928 | 43,664 |
| Miscellaneous | 151,573 | - | 855,374 | 1,006,947 | 464,741 |
| Total Revenues | <u>7,793,008</u> | <u>2,096,956</u> | <u>1,771,054</u> | <u>11,661,018</u> | <u>11,272,956</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 949,631 | - | 733,227 | 1,682,858 | 1,403,472 |
| Public safety | 5,024,814 | - | - | 5,024,814 | 4,888,595 |
| Highways and streets | - | 1,067,619 | - | 1,067,619 | 1,086,835 |
| Culture and recreation | 908,159 | - | - | 908,159 | 926,500 |
| Debt Service | | | | | |
| Principal | - | - | 290,000 | 290,000 | 140,000 |
| Interest | - | - | 5,050 | 5,050 | 18,140 |
| Bond issuance costs | - | - | - | - | 5,980 |
| Capital outlay | 224,431 | 587,711 | 1,864,484 | 2,676,626 | 2,434,862 |
| MFO payments - other entities | - | - | 106,438 | 106,438 | 108,923 |
| Total Expenditures | <u>7,107,035</u> | <u>1,655,330</u> | <u>2,999,199</u> | <u>11,761,564</u> | <u>11,013,307</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 685,973 | 441,626 | (1,228,145) | (100,546) | 259,649 |
| Other Financing Sources (Uses) | | | | | |
| Sale of capital assets | - | - | 20,000 | 20,000 | - |
| Proceeds from long-term debt | - | - | - | - | 520,000 |
| Transfers in | 118,130 | - | 266,412 | 384,542 | 374,263 |
| Transfers out | (219,034) | - | (165,508) | (384,542) | (374,263) |
| Total Other Financing Sources (Uses) | <u>(100,904)</u> | <u>-</u> | <u>120,904</u> | <u>20,000</u> | <u>520,000</u> |
| Net Change in Fund Balance | 585,069 | 441,626 | (1,107,241) | (80,546) | 779,649 |
| Fund Balance, Beginning of Year - As previously stated | 1,921,097 | 546,085 | 3,141,142 | 5,608,324 | 4,828,675 |
| Adjustments Applicable to Prior Years | 172,209 | 183,915 | 30,750 | 386,874 | - |
| Fund Balance, Beginning of Year - Restated | <u>2,093,306</u> | <u>730,000</u> | <u>3,171,892</u> | <u>5,995,198</u> | <u>4,828,675</u> |
| Fund Balance, End of Year | <u>\$ 2,678,375</u> | <u>\$ 1,171,626</u> | <u>\$ 2,064,651</u> | <u>\$ 5,914,652</u> | <u>\$ 5,608,324</u> |

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, 2014
 With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|---------------------|
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Net change in fund balance - total governmental funds | \$ (80,546) | \$ 779,649 |
| 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 | 2,203,804 | 2,310,616 |
| Depreciation expense | (1,757,147) | (1,457,929) |
| Change in unavailable revenues that are not current financial resources but that are recognized in the government-wide statements. | (11,197) | (1,262) |
| The issuance of long-term debt provides current financial resources to governmental fund, 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. | 366,902 | (378,406) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This includes the (increase) decrease in compensated absences. | (20,785) | (57,099) |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position. | (27,162) | - |
| The net revenue of certain activities of internal service funds is reported with governmental activities. | <u>(84,842)</u> | <u>249,618</u> |
| Change in Net Position of Governmental Activities | <u>\$ 589,027</u> | <u>\$ 1,445,187</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 September 30, 2014
 With comparative totals for September 30, 2013

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Funds Internal Service Fund | |
|--|--|--------------|-------------------------------|--------------|------------------------|---------------|---------------|---|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2014 Total | 2013 Total | 2014 Total | 2013 Total |
| Current Assets | | | | | | | | | |
| Cash and cash equivalents | \$ 3,695,700 | \$ 862,706 | \$ 1,028,187 | \$ 160,548 | \$ 23,917 | \$ 5,771,058 | \$ 6,338,299 | \$ 205,378 | \$ 255,742 |
| Accounts receivable | 1,036,387 | 132,321 | 64,724 | 167,788 | 63,180 | 1,464,400 | 1,354,208 | 19,599 | 17,430 |
| Unbilled and accrued revenues | 616,672 | 137,981 | 91,051 | - | - | 845,704 | 790,860 | - | - |
| Materials and supplies inventories | 657,659 | 279,303 | - | - | - | 936,962 | 867,443 | - | - |
| Prepaid expenses | 4,698 | 5,553 | 2,508 | - | - | 12,759 | 12,909 | - | - |
| Interest receivable | 7,429 | 2,490 | 2,152 | - | - | 12,071 | 11,240 | - | - |
| Total Current Assets | 6,018,545 | 1,420,354 | 1,188,622 | 328,336 | 87,097 | 9,042,954 | 9,374,959 | 224,977 | 273,172 |
| Noncurrent Assets | | | | | | | | | |
| Investments | 2,375,000 | - | 250,000 | - | - | 2,625,000 | 2,447,500 | - | - |
| Restricted Cash and Cash Equivalents | | | | | | | | | |
| Employee benefits | 20,229 | - | - | - | - | 20,229 | 75,660 | - | - |
| Customer and developer deposits | 87,460 | 35,000 | 45,000 | - | - | 167,460 | 98,360 | - | - |
| Restricted Investments | | | | | | | | | |
| Debt service reserve account | 79,275 | 134,581 | 183,341 | 257,602 | - | 654,799 | 635,176 | - | - |
| Customer deposits | 280,000 | - | - | - | - | 280,000 | 230,000 | - | - |
| Closure and post-closure costs | - | - | - | 1,078,351 | - | 1,078,351 | 860,630 | - | - |
| Total Restricted Cash, Cash Equivalents and Investments | 466,964 | 169,581 | 228,341 | 1,335,953 | - | 2,200,839 | 1,899,826 | - | - |
| Capital Assets | | | | | | | | | |
| Land and land rights | 46,030 | 55,458 | 16,588 | - | - | 118,076 | 118,076 | - | - |
| Construction in progress | 4,116 | 54,751 | - | - | - | 58,867 | - | - | - |
| Buildings and improvements | 1,357,813 | 134,285 | 9,094,840 | - | - | 10,586,938 | 10,272,650 | - | - |
| Improvements other than buildings | 28,452,749 | 15,410,167 | 8,464,627 | 5,335,026 | - | 57,662,569 | 56,531,748 | - | - |
| Machinery and equipment | 3,377,786 | 958,187 | 2,216,679 | 1,289,645 | - | 7,842,297 | 6,863,369 | - | - |
| Total Capital Assets | 33,238,494 | 16,612,848 | 19,792,734 | 6,624,671 | - | 76,268,747 | 73,785,843 | - | - |
| Less accumulated depreciation | (20,182,783) | (10,971,601) | (13,305,697) | (4,025,544) | - | (48,485,625) | (46,207,770) | - | - |
| Net Capital Assets | 13,055,711 | 5,641,247 | 6,487,037 | 2,599,127 | - | 27,783,122 | 27,578,073 | - | - |
| Total Noncurrent Assets | 15,897,675 | 5,810,828 | 6,965,378 | 3,935,080 | - | 32,608,961 | 31,925,399 | - | - |
| Total Assets | \$ 21,916,220 | \$ 7,231,182 | \$ 8,154,000 | \$ 4,263,416 | \$ 87,097 | \$ 41,651,915 | \$ 41,300,358 | \$ 224,977 | \$ 273,172 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF NET POSITION - CONTINUED
 PROPRIETARY FUNDS
 September 30, 2014
 With comparative totals for September 30, 2013

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Funds Internal Service Fund | |
|--|--|--------------|-------------------------------|--------------|------------------------|---------------|---------------|---|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2014 Total | 2013 Total | 2014 Total | 2013 Total |
| Liabilities | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Accounts payable | \$ 1,144,618 | \$ 15,255 | \$ 3,372 | \$ 7,728 | \$ 87,097 | \$ 1,258,070 | \$ 1,176,194 | \$ - | \$ - |
| Claims incurred but not reported | 97,843 | - | - | - | - | 97,843 | 78,488 | 88,011 | 51,365 |
| Accrued compensated absences | 127,661 | 85,931 | 28,303 | 5,098 | - | 246,993 | 223,647 | - | - |
| Accrued payroll | 78,535 | 29,747 | 15,265 | 3,780 | - | 127,327 | 90,679 | - | - |
| Sales tax payable | 43,551 | 20 | - | - | - | 43,571 | 91,747 | - | - |
| Accrued interest | 2,590 | 5,365 | 8,487 | 19,515 | - | 35,957 | 32,747 | - | - |
| Other accrued liabilities | 6,970 | 3,128 | 1,466 | - | - | 11,564 | - | - | - |
| Customer and developer deposits | 367,310 | 35,000 | 45,000 | - | - | 447,310 | 328,360 | - | - |
| Current maturities of lease obligation | - | - | - | 50,588 | - | 50,588 | 44,830 | - | - |
| Current maturities of long-term debt | 61,250 | 111,470 | 161,669 | 160,000 | - | 494,389 | 499,303 | - | - |
| Total Current Liabilities | 1,930,328 | 285,916 | 263,562 | 246,709 | 87,097 | 2,813,612 | 2,565,995 | 88,011 | 51,365 |
| Noncurrent Liabilities, Net of Current Portion | | | | | | | | | |
| Compensated absences | 260,458 | 227,899 | 47,182 | - | - | 535,539 | 451,467 | - | - |
| Revenue bonds | 589,750 | 999,610 | 1,360,640 | 1,040,000 | - | 3,990,000 | 4,480,000 | - | - |
| Notes payable | - | - | 77,485 | - | - | 77,485 | 81,875 | - | - |
| Lease obligation | - | - | - | 4,290 | - | 4,290 | 59,021 | - | - |
| Closure and post-closure cost | - | - | - | 3,119,000 | - | 3,119,000 | 2,638,000 | - | - |
| Total Noncurrent Liabilities | 850,208 | 1,227,509 | 1,485,307 | 4,163,290 | - | 7,726,314 | 7,710,363 | - | - |
| Total Liabilities | 2,780,536 | 1,513,425 | 1,748,869 | 4,409,999 | 87,097 | 10,539,926 | 10,276,358 | 88,011 | 51,365 |
| Net Position | | | | | | | | | |
| Net investment in capital assets | 12,402,121 | 4,524,802 | 4,878,756 | 1,324,734 | - | 23,130,413 | 22,413,044 | - | - |
| Restricted for debt service | 79,275 | 134,581 | 183,341 | 257,602 | - | 654,799 | 635,176 | - | - |
| Unrestricted | 6,654,288 | 1,058,374 | 1,343,034 | (1,728,919) | - | 7,326,777 | 7,975,780 | 136,966 | 221,807 |
| Total Net Position | \$ 19,135,684 | \$ 5,717,757 | \$ 6,405,131 | \$ (146,583) | \$ - | \$ 31,111,989 | \$ 31,024,000 | \$ 136,966 | \$ 221,807 |

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, 2014
 With comparative totals for the year ended September 30, 2013

| | Business-Type Activities Enterprise Funds | | | | | | Governmental Funds Internal Service Fund | | |
|--|--|---------------------|-------------------------------|---------------------|------------------------|----------------------|---|-------------------|-------------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2014 Total | 2013 Total | 2014 Total | 2013 Total |
| Operating Revenues | | | | | | | | | |
| Charges for services | \$ 15,165,993 | \$ 2,360,903 | \$ 1,536,331 | \$ 1,136,396 | \$ 1,295,857 | \$ 21,495,480 | \$ 20,969,555 | \$ 1,337,277 | \$ 1,305,605 |
| Reinsurance coverage reimbursements | - | - | - | - | - | - | - | 56,399 | 80,895 |
| Total Operating Revenues | <u>15,165,993</u> | <u>2,360,903</u> | <u>1,536,331</u> | <u>1,136,396</u> | <u>1,295,857</u> | <u>21,495,480</u> | <u>20,969,555</u> | <u>1,393,676</u> | <u>1,386,500</u> |
| Operating Expenses | | | | | | | | | |
| Electric energy purchased | 11,305,198 | - | - | - | - | 11,305,198 | 11,010,727 | - | - |
| Operating and maintenance expenses | 1,161,213 | 1,066,485 | 550,871 | - | 1,295,857 | 4,074,426 | 3,862,433 | - | - |
| Customer accounting expenses | 273,795 | 130,360 | 66,526 | - | - | 470,681 | 456,277 | - | - |
| Engineering services | 166,352 | 17,500 | 16,320 | - | - | 200,172 | 173,401 | - | - |
| Administrative and general expense | 824,634 | 427,163 | 259,838 | 478,237 | - | 1,989,872 | 2,037,548 | - | - |
| Depreciation and amortization | 979,304 | 542,986 | 581,585 | 197,935 | - | 2,301,810 | 2,261,724 | - | - |
| Municipal expenses | 504,881 | 52,545 | 19,833 | - | - | 577,259 | 562,902 | - | - |
| Landfill operating contracts | - | - | - | 272,898 | - | 272,898 | 449,102 | - | - |
| Health insurance claims paid | - | - | - | - | - | - | - | 1,142,657 | 820,842 |
| Health and life insurance premiums | - | - | - | - | - | - | - | 179,682 | 182,981 |
| Payflex expenses | - | - | - | - | - | - | - | 120,276 | 108,537 |
| Workers' compensation claims paid | - | - | - | - | - | - | - | - | 209 |
| Other services and charges | - | - | - | - | - | - | - | 36,144 | 24,437 |
| Total Operating Expenses | <u>15,215,377</u> | <u>2,237,039</u> | <u>1,494,973</u> | <u>949,070</u> | <u>1,295,857</u> | <u>21,192,316</u> | <u>20,814,114</u> | <u>1,478,759</u> | <u>1,137,006</u> |
| Operating Income (Loss) | <u>(49,384)</u> | <u>123,864</u> | <u>41,358</u> | <u>187,326</u> | <u>-</u> | <u>303,164</u> | <u>155,441</u> | <u>(85,083)</u> | <u>249,494</u> |
| Nonoperating Revenues (Expenses) | | | | | | | | | |
| Interest income | 25,978 | 3,950 | 5,824 | 9,049 | - | 44,801 | 43,348 | 242 | 124 |
| Merchandising, etc. | - | - | - | - | - | - | 132,712 | - | - |
| Loss on disposal of capital asset | - | - | - | - | - | - | (57,757) | - | - |
| Miscellaneous | 106,014 | 51,644 | 37,322 | 757 | - | 195,737 | 236,094 | - | - |
| Interest expense | (8,984) | (18,639) | (29,546) | (43,139) | - | (100,308) | (196,643) | - | - |
| Bond issuance cost | - | - | - | - | - | - | (25,500) | - | - |
| Total Nonoperating Revenues (Expenses) | <u>123,008</u> | <u>36,955</u> | <u>13,600</u> | <u>(33,333)</u> | <u>-</u> | <u>140,230</u> | <u>132,254</u> | <u>242</u> | <u>124</u> |
| Special Item | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(191,485)</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | 73,624 | 160,819 | 54,958 | 153,993 | - | 443,394 | 96,210 | (84,841) | 249,618 |
| Net Position, Beginning of Year - as previously stated | 19,089,530 | 5,569,778 | 6,354,235 | 10,457 | - | 31,024,000 | 30,927,790 | 221,807 | (27,811) |
| Adjustments Applicable to Prior Years | (27,470) | (12,840) | (4,062) | (311,033) | - | (355,405) | - | - | - |
| Net Position, Beginning of Year - restated | <u>19,062,060</u> | <u>5,556,938</u> | <u>6,350,173</u> | <u>(300,576)</u> | <u>-</u> | <u>30,668,595</u> | <u>30,927,790</u> | <u>221,807</u> | <u>(27,811)</u> |
| Net Position, End of Year | <u>\$ 19,135,684</u> | <u>\$ 5,717,757</u> | <u>\$ 6,405,131</u> | <u>\$ (146,583)</u> | <u>\$ -</u> | <u>\$ 31,111,989</u> | <u>\$ 31,024,000</u> | <u>\$ 136,966</u> | <u>\$ 221,807</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Funds Internal Service Fund | |
|--|--|--------------|-------------------------------|--------------|------------------------|---------------|---------------|---|---------------|
| | Electric | Water | Water Pollution Control | BASWA | Nonmajor Sanitation | 2014 Total | 2013 Total | 2014 Total | 2013 Total |
| Cash Flows From Operating Activities | | | | | | | | | |
| Cash received from customers | \$ 15,172,010 | \$ 2,373,560 | \$ 1,585,750 | \$ 1,063,956 | \$ 1,254,875 | \$ 21,450,151 | \$ 21,533,986 | \$ 1,391,507 | \$ 1,584,055 |
| Cash paid to suppliers for goods and services | (12,640,238) | (1,062,274) | (563,445) | (423,363) | (1,236,869) | (15,926,189) | (14,841,092) | (1,442,113) | (1,348,515) |
| Cash paid to employees for services | (1,519,041) | (621,824) | (324,959) | (233,583) | - | (2,699,407) | (3,442,506) | - | - |
| Net cash provided by (used in) operating activities | 1,012,731 | 689,462 | 697,346 | 407,010 | 18,006 | 2,824,555 | 3,250,388 | (50,606) | 235,540 |
| Cash Flows from Noncapital Financing Activities | | | | | | | | | |
| Other miscellaneous receipts | 106,014 | 51,644 | 37,322 | - | - | 194,980 | 23,757 | - | - |
| Cash Flows from Capital and Related Financing Activities | | | | | | | | | |
| Principal payments on long-term debt | (63,000) | (113,220) | (163,083) | (208,973) | - | (548,276) | (511,625) | - | - |
| Payment on refunded bond | - | - | - | - | - | - | (1,970,000) | - | - |
| Proceeds from long-term debt | - | - | - | - | - | - | 2,040,000 | - | - |
| Interest paid on long-term debt | (11,504) | (17,500) | (23,990) | (42,174) | - | (95,168) | (231,673) | - | - |
| Purchases of capital assets | (1,342,091) | (578,915) | (563,389) | (22,464) | - | (2,506,859) | (2,604,555) | - | - |
| Net cash used in capital and related financing activities | (1,416,595) | (709,635) | (750,462) | (273,611) | - | (3,150,303) | (3,277,853) | - | - |
| Cash Flows From Investing Activities | | | | | | | | | |
| Net purchases of investments | (157,875) | (7,291) | (101,872) | (218,577) | - | (485,615) | - | - | - |
| Interest received | 25,725 | 3,542 | 5,654 | 9,049 | - | 43,970 | 38,665 | 242 | 124 |
| Net cash provided by (used in) investing activities | (132,150) | (3,749) | (96,218) | (209,528) | - | (441,645) | 38,665 | 242 | 124 |
| Net Change in Cash and Cash Equivalents | (430,000) | 27,722 | (112,012) | (76,129) | 18,006 | (572,413) | 34,957 | (50,364) | 235,664 |
| Cash and Cash Equivalents, Beginning of Year - as restated | 4,233,389 | 869,984 | 1,185,199 | 236,677 | 5,911 | 6,531,160 | 10,650,668 | 255,742 | 20,078 |
| Cash and Cash Equivalents, End of Year | 3,803,389 | 897,706 | 1,073,187 | 160,548 | 23,917 | 5,958,747 | 10,685,625 | 205,378 | 255,742 |
| Composition of Cash and Cash Equivalents | | | | | | | | | |
| Cash and cash equivalents | 3,695,700 | 862,706 | 1,028,187 | 160,548 | 23,917 | 5,771,058 | 6,338,299 | 205,378 | 255,742 |
| Restricted cash and cash equivalents | 107,689 | 35,000 | 45,000 | - | - | 187,689 | 75,660 | - | - |
| Certificates of deposit | - | - | - | - | - | - | 2,447,500 | - | - |
| Restricted investments | - | - | - | - | - | - | 963,536 | - | - |
| Closure/post-closure maintenance account | - | - | - | - | - | - | 860,630 | - | - |
| Total Cash and Cash Equivalents | \$ 3,803,389 | \$ 897,706 | \$ 1,073,187 | \$ 160,548 | \$ 23,917 | \$ 5,958,747 | \$ 10,685,625 | \$ 205,378 | \$ 255,742 |

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, 2014
With comparative totals for September 30, 2013

| | Business-Type Activities Enterprise Funds | | | | | | | Governmental Funds Internal Service Fund | |
|---|--|------------|-------------------------------|------------|------------------------|--------------|--------------|---|---------------|
| | | | Water Pollution Control | | Nonmajor Sanitation | 2014 | 2013 | | |
| | Electric | Water | | BASWA | | Total | Total | 2014 Total | 2013 Total |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | | | | | |
| Operating income (loss) | \$ (49,384) | \$ 123,864 | \$ 41,358 | \$ 187,326 | \$ - | \$ 303,164 | \$ 155,441 | \$ (85,083) | \$ 249,494 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | | | |
| Depreciation | 979,304 | 542,986 | 581,585 | 197,935 | - | 2,301,810 | 2,261,724 | - | - |
| Merchandise and miscellaneous revenue | - | - | - | 757 | - | 757 | 368,806 | - | - |
| Changes in operating assets and liabilities: | | | | | | | | | |
| Close / post-closure care | - | - | - | 171,000 | - | 171,000 | 352,000 | - | - |
| Accounts receivable | (5,945) | (549) | 10,481 | (73,197) | - | (69,210) | 272,758 | (2,169) | (17,687) |
| Unbilled and accrued revenues | (26,988) | (21,794) | (6,062) | - | (40,982) | (95,826) | (77,135) | - | - |
| Materials and supplies inventory | (11,585) | (51,691) | - | - | - | (63,276) | (40,790) | - | - |
| Prepaid expenses | 183 | (100) | 66 | - | - | 149 | (541) | - | - |
| Accounts payable | 81,159 | 7,591 | 2,083 | (67,945) | 58,988 | 81,876 | (80,817) | - | - |
| Accrued compensated absences | 1,577 | 45,294 | 18,318 | - | - | 65,189 | 175 | - | - |
| Customer and developer deposits | 38,950 | 35,000 | 45,000 | - | - | 118,950 | 35,525 | - | - |
| Other accrued liabilities | 5,460 | 8,861 | 4,517 | (8,866) | - | 9,972 | 3,242 | 36,646 | 3,733 |
| Total adjustments | 1,062,115 | 565,598 | 655,988 | 219,684 | 18,006 | 2,521,391 | 3,094,947 | 34,477 | (13,954) |
| Net cash provided by (used in) operating activities | \$ 1,012,731 | \$ 689,462 | \$ 697,346 | \$ 407,010 | \$ 18,006 | \$ 2,824,555 | \$ 3,250,388 | \$ (50,606) | \$ 235,540 |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 For the years ended September 30, 2014
 With comparative totals for September 30, 2013

| | Pension Trust Fund | |
|------------------------------------|-----------------------|----------------------|
| | 2014 | 2013 |
| Assets | | |
| Investments with fiscal agent: | | |
| Guaranteed interest accounts | \$ 8,034,780 | \$ 8,606,273 |
| Publicly traded equities | 10,743,686 | 10,118,341 |
| Total Assets | <u>\$ 18,778,466</u> | <u>\$ 18,724,614</u> |
| Net Position | | |
| Held in trust for pension benefits | <u>\$ 18,778,466</u> | <u>\$ 18,724,614</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, 2014
With comparative totals for September 30, 2013

| | Pension Trust Fund | |
|---|-----------------------|----------------------|
| | 2014 | 2013 |
| Additions | | |
| Contributions | | |
| Employer | \$ 460,665 | \$ 455,628 |
| Employee | 390,493 | 385,935 |
| Total Contributions | <u>851,158</u> | <u>841,563</u> |
| Investment earnings | | |
| Net appreciation in the fair value of investments | <u>1,412,712</u> | <u>1,726,741</u> |
| Total Additions | <u>2,263,870</u> | <u>2,568,304</u> |
| Deductions | | |
| Benefits | 2,209,982 | 576,168 |
| Administrative expenses | 36 | 14,281 |
| Total Deductions | <u>2,210,018</u> | <u>590,449</u> |
| Change in Net Position | <u>53,852</u> | <u>1,977,855</u> |
| Net Position, Beginning of Year | <u>18,724,614</u> | <u>16,746,759</u> |
| Net Position, End of Year | <u>\$ 18,778,466</u> | <u>\$ 18,724,614</u> |

See accompanying notes and independent auditor's report.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 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 Authority |
| 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, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 financially accountable for the Airport as a result of fiscal dependency in the form of the City’s approval of the Airport Authority’s annual budgetary request for tax levies and debt issuances. 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, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2014 financial statements are amounts as of and for the Foundation’s fiscal year ended July 31, 2014.

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

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, 2013, from which the summarized information was derived. Additionally, this summarized information has not been changed for the effects of the restatements discussed in Note M.

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, 2014

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. The Code imposes an excise tax of 2% on net investment income of private foundations.

The Beatrice Public Library Foundation has adopted the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Beatrice Public Library Foundation continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax laws, and new authoritative rulings. The federal information returns for tax years 2010 and after are subject to examination.

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, 2014.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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 last-in, first-out (LIFO) 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, 2014

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 at estimated fair value at time of donation. The accounting for property, plant, and equipment and accumulated depreciation in the Electric, Water, and Water Pollution Control enterprise funds is recorded at cost less retirements in the manner prescribed by the Federal 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, 2014

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 which 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, 2014

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 city 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, up to 50% of 1,040 maximum hours, and upon death or reaching the age of 55, employees shall be compensated for 75% of any accumulated unused sick leave, up to 75% of 1,040 maximum hours. Fire captains, union police and fire 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 will receive 50% of any accumulated unused sick leave hours, up to maximum of 540 hours, upon retirement or death. 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 720 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, 2014

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. Equity 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, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Equity 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 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, 2014

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. There were no encumbrances at the fiscal year ended September 30, 2014.

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, 2014

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, 2014 was \$.313212 per \$100 of assessed valuation. The City has a tax margin of \$0.186722 per \$100 of assessed valuation and could raise taxes by \$1,073,659, based on the present assessed valuation of \$575,004,180, before the limit is reached.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

18. Implementation of New Accounting Principles

In 2014, the City implemented the provisions of the following accounting principles:

GASB Statement No. 66, *Technical Corrections-2012* – This standard resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports.

GASB Statement No. 67, *Financial Reporting Pension Plans, An Amendment of GASB Statement No. 25* – The requirements of this statement will improve financial reporting by state and local governmental pension plans primarily through enhanced note disclosures and schedules of required supplementary information.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – The requirements of this standard will enhance the comparability of financial statements among governments by requiring consistent reporting by those governments that extend or receive nonexchange financial guarantees.

The implementation of these standards did not have a significant impact on the City's 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, 2014

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

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

In-lieu-of the bond requirement, any bank making application to become a depository of the City may deposit security with the City Clerk as provided in State Statute 16-715. Provided, that the penal sum of said bond of the sum of said pledge of assets shall be of the value equal to or greater than the amount of the deposit in excess of that portion of said deposit insured by the 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, 2014

NOTE B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

2. Revenue Restrictions

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

3. 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.

4. 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, 2014.

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, 2013, and ending September 30, 2014. 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, 2014

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

The budget amounts shown in the financial statements are the final authorized amounts as revised during the fiscal period. There were no budget revisions during the period that would have increased the appropriations budget.

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, the Debt Service Reserve Account, the Renewal and Replacement Account, and the Retirement and Betterment Account. The Airport Authority maintains restricted cash and cash equivalents for a runway extension project funded by a donor. 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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE C. CASH AND INVESTMENTS - CONTINUED

them. 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 institutional 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, 2014, 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, 2014, 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, 2014, the amount the Beatrice Public Library Foundation held in cash and certificates of deposits at banks, financial institutions, and brokerage accounts was \$1,483,308, 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, 2014, all cash and certificates of deposit held at banks, financial institutions, and brokerage accounts were fully insured.

At July 31, 2014, money market accounts held in brokerage accounts were \$1,145,400.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, the City's investments significant investment concentrations are as follows:

| <u>Type</u> | <u>Portfolio Composition</u> |
|---|----------------------------------|
| Certificates of deposit | |
| Pinnacle Bank | 5.40% |
| Security First Bank | 13.96% |
| Institutional Funds - Amertias Life Insurance Co. | |
| Stable Value/ Guaranteed | 33.74% |
| Large Equity | 8.88% |
| Mid Equity | 7.66% |
| Small Equity | 5.57% |
| Target Date | 5.58% |

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, 2014.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014:

| | Primary Government | Fiduciary Funds | Totals | Component Units |
|-----------------|-------------------------------|----------------------------|----------------------|----------------------------|
| Cash on deposit | \$ 145,479 | \$ - | \$ 145,479 | \$ 51,619 |
| Demand deposits | 10,507,316 | - | 10,507,316 | 1,133,258 |
| Time deposits | 4,609,851 | - | 4,609,851 | 1,450,220 |
| Investments | 428,299 | 18,778,466 | 19,206,765 | 1,132,640 |
| Totals | <u>\$ 15,690,945</u> | <u>\$ 18,778,466</u> | <u>\$ 34,469,411</u> | <u>\$ 3,767,737</u> |

| | Government- Wide Statement of Net Position | Fiduciary Funds Statement of Net Position | Totals | Component Units |
|---------------------------|---|--|----------------------|----------------------------|
| Cash and cash equivalents | \$ 10,319,627 | \$ - | \$ 10,319,627 | \$ 1,554,939 |
| Cash on deposit | 145,479 | - | 145,479 | 51,619 |
| Investments | 3,025,000 | - | 3,025,000 | 1,016,422 |
| Restricted Assets: | | | | |
| Cash and cash equivalents | 187,689 | - | 187,689 | 1,028,539 |
| Investments | 2,013,150 | 18,778,466 | 20,791,616 | 116,218 |
| | <u>\$ 15,690,945</u> | <u>\$ 18,778,466</u> | <u>\$ 34,469,411</u> | <u>\$ 3,767,737</u> |

As of September 30, 2014, the Beatrice Airport Authority had cash on deposit with the Gage County Treasurer of \$16,376 and demand deposits of \$883,271. As of September 30, 2014, the Community Redevelopment Authority had demand deposits of \$216,899. The Beatrice Public Library Foundation, Inc. had demand deposits of \$33,088; time deposits of \$1,450,220; and investments of \$1,132,640 as of July 31, 2014.

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, 2014

NOTE C. CASH AND INVESTMENTS – CONTINUED

6. Summary of Deposit and Investment Balances - Continued

Investments

At September 30, 2014, the City had the following investments, maturities, and credit ratings:

| | September 30, 2014 | | | | | |
|------------------------------|----------------------|---------------------|------------------|----------------|-----------|-----------|
| Type | Carrying Value | Maturities in Years | | | Ratings | |
| | | Less than 1 | 1 - 5 | 6 - 10 | Moody's | S&P |
| Primary Government: | | | | | | |
| Money market mutual fund | \$ 257,602 | \$ 257,602 | \$ - | \$ - | Aaa-mf | AAAm |
| U.S. Treasury Note | 170,697 | - | - | 170,697 | Aaa | AA+ |
| Certificates of Deposit | 4,609,851 | 976,500 | 3,633,351 | - | Not rated | Not rated |
| | 5,038,150 | <u>1,234,102</u> | <u>3,633,351</u> | <u>170,697</u> | | |
| Cash on deposit | 145,479 | | | | | |
| Demand deposits | 10,507,316 | | | | | |
| Total Primary Government | <u>15,690,945</u> | | | | | |
| Pension Trust Funds: | | | | | | |
| Institutional Funds | | | | | | |
| Stable Value/ Guaranteed | 8,034,780 | | | | | |
| Investment Grade Bond | 245,012 | | | | | |
| Short-Term Bond | 26,594 | | | | | |
| High Yield/ Multisector Bond | 117,979 | | | | | |
| Real Estate | 1,123,954 | | | | | |
| Large Equity | 2,113,950 | | | | | |
| Mid Equity | 1,824,029 | | | | | |
| Small Equity | 1,326,929 | | | | | |
| International Equity | 780,385 | | | | | |
| Emerging Markets | 198,739 | | | | | |
| Balanced | 836,865 | | | | | |
| World Bond | 24,362 | | | | | |
| World Stock | 49,584 | | | | | |
| Technology | 726,163 | | | | | |
| Natural Resources | 19,506 | | | | | |
| Target Date | 1,329,635 | | | | | |
| Total Pension Funds | <u>18,778,466</u> | | | | | |
| Total | <u>\$ 34,469,411</u> | | | | | |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, were as follows:

| | <u>Cost</u> | <u>Gain</u> | <u>Loss</u> | <u>Fair Value</u> |
|---|-------------------|-------------------|------------------|---------------------|
| Investments Stated at Fair Value | | | | |
| Unrestricted | | | | |
| Governmental agencies | \$ 37,883 | \$ - | \$ 8,206 | \$ 29,677 |
| Common stock | 231,539 | 79,945 | - | 311,484 |
| Corporate bonds | 134,022 | 6,471 | - | 140,493 |
| Mutual Funds | 400,320 | 64,596 | - | 464,916 |
| Preferred stock | 70,182 | 440 | 770 | 69,852 |
| Total unrestricted | <u>873,946</u> | <u>151,452</u> | <u>8,976</u> | <u>1,016,422</u> |
| Restricted | | | | |
| Governmental agencies | | | | |
| Federal Home Loan Mtg. Corp. | 15,754 | 100 | - | 15,854 |
| Government Asset Backed/ CMO | 8,982 | 515 | - | 9,497 |
| Corporate bonds | 17,712 | 1,400 | - | 19,112 |
| Mutual funds | 23,569 | - | 465 | 23,104 |
| Preferred stock | 49,587 | - | 936 | 48,651 |
| Total restricted | <u>115,604</u> | <u>2,015</u> | <u>1,401</u> | <u>116,218</u> |
| Total | <u>\$ 989,550</u> | <u>\$ 153,467</u> | <u>\$ 10,377</u> | <u>\$ 1,132,640</u> |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE D. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables and Due from Other Governments at September 30, 2014, consist of the following:

| Fund | Taxes | Accounts | Loans Receivable | Special Assessments | Accrued Interest | Gross Receivables | Allowance | Net |
|----------------------------|-------------------|---------------------|---------------------|------------------------|---------------------|----------------------|---------------------|---------------------|
| General | \$ 691,264 | \$ 191,352 | \$ - | \$ - | \$ - | \$ 882,616 | \$ (75,000) | \$ 807,616 |
| Street | 92,498 | 139,785 | - | - | - | 232,283 | - | 232,283 |
| Electric | - | 1,722,920 | - | - | 7,429 | 1,730,349 | (69,861) | 1,660,488 |
| Water | - | 286,388 | - | - | 2,490 | 288,878 | (16,086) | 272,792 |
| WPC | - | 162,363 | - | - | 2,152 | 164,515 | (6,588) | 157,927 |
| BASWA | - | 167,788 | - | - | - | 167,788 | - | 167,788 |
| Nonmajor | | | | | | | | |
| Special Revenue | - | 1,276 | 1,119,138 | - | - | 1,120,414 | (590,000) | 530,414 |
| Debt Service | 17,754 | 10,105 | - | 209,807 | 71,591 | 309,257 | - | 309,257 |
| Capital Projects | - | 159,706 | - | - | - | 159,706 | - | 159,706 |
| Sanitation | - | 63,180 | - | - | - | 63,180 | - | 63,180 |
| Internal Service | - | 19,599 | - | - | - | 19,599 | - | 19,599 |
| Total Primary Government | <u>\$ 801,516</u> | <u>\$ 2,924,462</u> | <u>\$ 1,119,138</u> | <u>\$ 209,807</u> | <u>\$ 83,662</u> | <u>\$ 5,138,585</u> | <u>\$ (757,535)</u> | <u>\$ 4,381,050</u> |
| CRA | \$ - | \$ - | \$ 185,745 | \$ - | \$ - | \$ 185,745 | \$ - | \$ 185,745 |
| Beatrice Airport Authority | 17,465 | 17,143 | - | - | - | 34,608 | - | 34,608 |
| Total Component Units | <u>\$ 17,465</u> | <u>\$ 17,143</u> | <u>\$ 185,745</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 220,353</u> | <u>\$ -</u> | <u>\$ 220,353</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 highway user fees from the State of Nebraska; the nonmajor capital projects receivables are grant/contribution receivables; the enterprise funds (Electric, Water, Water Pollution Control, BASWA, and Sanitation) accounts receivables are primarily made up of charges for services provided to external customers; 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE E. CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended September 30, 2014, was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|--------------------|---------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 2,636,341 | \$ 27,047 | \$ - | \$ 2,663,388 |
| Construction in progress | 122,678 | - | (122,678) | - |
| Total capital assets, not being depreciated | <u>2,759,019</u> | <u>27,047</u> | <u>(122,678)</u> | <u>2,663,388</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 6,986,115 | 1,081,820 | - | 8,067,935 |
| Improvements other than buildings | 4,181,913 | 90,971 | - | 4,272,884 |
| Machinery and equipment | 9,437,471 | 636,543 | (223,306) | 9,850,708 |
| Infrastructure | 27,512,503 | 490,101 | - | 28,002,604 |
| Total capital assets, being depreciated | <u>48,118,002</u> | <u>2,299,435</u> | <u>(223,306)</u> | <u>50,194,131</u> |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (2,596,692) | (173,960) | - | (2,770,652) |
| Improvements other than buildings | (2,700,827) | (163,798) | - | (2,864,625) |
| Machinery and equipment | (5,764,498) | (649,205) | 196,232 | (6,217,471) |
| Infrastructure | (10,690,017) | (770,184) | - | (11,460,201) |
| Total accumulated depreciation | <u>(21,752,034)</u> | <u>(1,757,147)</u> | <u>196,232</u> | <u>(23,312,949)</u> |
| Total capital assets, being depreciated, net | <u>26,365,968</u> | <u>542,288</u> | <u>(27,074)</u> | <u>26,881,182</u> |
| Governmental activities capital assets, net | <u>\$ 29,124,987</u> | <u>\$ 569,335</u> | <u>\$ (149,752)</u> | <u>\$ 29,544,570</u> |
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 118,076 | \$ - | \$ - | \$ 118,076 |
| Construction in progress | - | 58,867 | - | 58,867 |
| Total capital assets, not being depreciated | <u>118,076</u> | <u>58,867</u> | <u>-</u> | <u>176,943</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 10,272,650 | 314,288 | - | 10,586,938 |
| Improvements other than buildings | 56,531,748 | 1,130,821 | - | 57,662,569 |
| Machinery and equipment | 6,863,369 | 1,002,883 | (23,955) | 7,842,297 |
| Total capital assets, being depreciated | <u>73,667,767</u> | <u>2,447,992</u> | <u>(23,955)</u> | <u>76,091,804</u> |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (8,264,737) | (236,779) | - | (8,501,516) |
| Improvements other than buildings | (33,248,007) | (1,651,582) | - | (34,899,589) |
| Machinery and equipment | (4,695,026) | (413,449) | 23,955 | (5,084,520) |
| Total accumulated depreciation | <u>(46,207,770)</u> | <u>(2,301,810)</u> | <u>23,955</u> | <u>(48,485,625)</u> |
| Total capital assets, being depreciated, net | <u>27,459,997</u> | <u>146,182</u> | <u>-</u> | <u>27,606,179</u> |
| Business-type activities capital assets, net | <u>\$ 27,578,073</u> | <u>\$ 205,049</u> | <u>\$ -</u> | <u>\$ 27,783,122</u> |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE E. CAPITAL ASSETS AND DEPRECIATION - CONTINUED

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2014:

Governmental Activities:

| | |
|----------------------------|------------------|
| General government | \$ 27,357 |
| Public safety | 445,583 |
| Highway and streets | 877,867 |
| Culture and recreation | 406,340 |
| Total depreciation expense | <u>1,757,147</u> |

Business-Type Activities:

| | |
|-------------------------|---------------------|
| Electric | 979,304 |
| Water | 542,986 |
| Water Pollution Control | 581,585 |
| Sanitation | - |
| BASWA | 197,935 |
| | <u>\$ 2,301,810</u> |

Capital assets activity for the Beatrice Airport Authority for the year ended September 30, 2014, 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 | 1,702,796 | - | - | 1,702,796 |
| Improvements other than buildings | 5,154,884 | 113,590 | - | 5,268,474 |
| Machinery and equipment | 319,619 | - | (918) | 318,701 |
| Total capital assets, being depreciated | 7,177,299 | 113,590 | (918) | 7,289,971 |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (1,310,702) | (51,410) | - | (1,362,112) |
| Improvements other than buildings | (4,068,651) | (97,316) | - | (4,165,967) |
| Machinery and equipment | (306,362) | (3,615) | 918 | (309,059) |
| Total accumulated depreciation | (5,685,715) | (152,341) | 918 | (5,837,138) |
| Total capital assets, being depreciated, net | 1,491,584 | (38,751) | - | 1,452,833 |
| Beatrice Airport Authority capital assets, net | <u>\$ 2,812,940</u> | <u>\$ (38,751)</u> | <u>\$ -</u> | <u>\$ 2,774,189</u> |

The Beatrice Public Library Foundation, Inc. had capital assets of \$62,934 as of July 31, 2014, which is net of \$17,097 in accumulated depreciation.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, except for the Foundation which are as of July 31, 2014.

| | Employee Benefits | Customer and Developer Deposits | Debt Service Reserve | Closure and Postclosure Costs | Donor/ Grantor Restrictions | Developer Tax Increment Financing | Total |
|-----------------------------------|----------------------|--|----------------------------|--|-----------------------------------|--|---------------------|
| Enterprise Funds | | | | | | | |
| Electric | \$ 20,229 | \$ 367,460 | \$ 79,275 | \$ - | \$ - | \$ - | \$ 466,964 |
| Water | - | 35,000 | 134,581 | - | - | - | 169,581 |
| Water Pollution Control | - | 45,000 | 183,341 | - | - | - | 228,341 |
| BASWA | - | - | 257,602 | 1,078,351 | - | - | 1,335,953 |
| Total | <u>\$ 20,229</u> | <u>\$ 447,460</u> | <u>\$ 654,799</u> | <u>\$ 1,078,351</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,200,839</u> |
| Component Units | | | | | | | |
| Beatrice Airport Authority | \$ - | \$ - | \$ 87,945 | \$ - | \$ 538,219 | \$ - | \$ 626,164 |
| Community Redevelopment Authority | - | - | - | - | - | 437,887 | 437,887 |
| Beatrice Library Foundation, Inc. | - | - | - | - | 301,694 | - | 301,694 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 87,945</u> | <u>\$ -</u> | <u>\$ 839,913</u> | <u>\$ 437,887</u> | <u>\$ 1,365,745</u> |

NOTE G. INTERFUND ACTIVITY

Interfund transfers were as follows for the year ended September 30, 2014:

| Transfers Out | Transfers In | | |
|--------------------------|-------------------|--------------------------------|-------------------|
| | General Fund | Other Governmental Funds | Total |
| General Fund | \$ - | \$ 219,034 | \$ 219,034 |
| Other Governmental Funds | 118,130 | 47,378 | 165,508 |
| Total | <u>\$ 118,130</u> | <u>\$ 266,412</u> | <u>\$ 384,542</u> |

During the year ended September 30, 2014, the 911 surcharge fund transferred \$118,130 to the general fund; the keno fund transferred \$47,378 to the capital improvements fund; and the general fund transferred \$219,034 to the capital improvements fund.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE H. DEFICIT FUND BALANCES

The BASWA enterprise fund had a deficit balance of \$146,583 as of September 30, 2014. The deficit is expected to be reduced through future fee collections.

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 issued registered warrants to finance various municipal improvement projects. Special assessments were levied against affected property owners and are repaid from collections from the affected property owners. In the unlikely event collections are not sufficient to pay the registered warrants, the responsibility rests with the City to meet that obligation. There are no specific repayment terms and interest is due upon repayment of the registered warrants. Interest rates range from 3.25% to 6.50%.

The City has entered into a lease agreement, as lessee, to finance the acquisition of a Caterpillar for use by the Beatrice Area Solid Waste Agency ("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 Beatrice Public Works Water Fund has entered into a \$98,575 loan agreement with the Nebraska Department of Environmental Quality ("NDEQ") to fund certain water improvements. The interest rate throughout the term of the loan is 2.0% and an administrative fee of 1% is incurred annually.

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

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE I. LONG-TERM OBLIGATIONS - CONTINUED

The Community Redevelopment Authority, a component unit of the City, issued redevelopment revenue bonds to finance tax increment financing development projects which allows the City to create special districts to enable public/private improvements within those districts that will generate public/private sector development. These bonds are repaid from tax increment financing/property tax collections made within the development agreement period. If the tax increment financing/property tax collections are insufficient, the Authority is authorized to levy a \$0.026 levy per \$100 taxable value on all the taxable property within the City. The Authority expects the tax increment financing collections to be sufficient to service the outstanding debt.

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 | Date Callable ¹ | 9/30/2014 Outstanding |
|---|---------------------|--|-------------------|--------------|-------------------------------|--------------------------|
| Governmental Activities: | | | | | | |
| Tax Supported Bonds: | | | | | | |
| \$ 520,000 | 2013 | Public Safety Tax Anticipation Bonds | 0.35 - 0.65% | 2014 to 2016 | --- | <u>\$ 375,000</u> |
| Business-Type Activities: | | | | | | |
| Combined Utilities Bonds: | | | | | | |
| \$ 1,725,000 | 2011 | Combined Utilities Revenue Refunding Bonds | 0.45 - 2.80% | 2012 to 2021 | 2016 | \$ 1,420,000 |
| 2,040,000 | 2013 | Combined Utilities Revenue Refunding Bonds | 0.40 - 2.30% | 2013 to 2023 | 2018 | <u>1,860,000</u> |
| Total Combined Utilities Bonds | | | | | | <u>\$ 3,280,000</u> |
| Beatrice Area Solid Waste Agency (BASWA): | | | | | | |
| \$ 1,655,000 | 2011 | BASWA Disposal Facilities Revenue Bonds | 1.00 - 4.70% | 2012 to 2027 | 2016 | <u>\$ 1,200,000</u> |
| Component Units: | | | | | | |
| Beatrice Airport Authority: | | | | | | |
| \$ 340,000 | 2010 | Airport Authority Bonds | 1.00 - 3.35% | 2011 to 2018 | 2015 | <u>\$ 180,000</u> |
| Community Redevelopment Authority (CRA): | | | | | | |
| Redevelopment Revenue Bonds: | | | | | | |
| \$ 860,000 | 2005 | Redevelopment Revenue Bonds | 4.60 - 6.05% | 2009 to 2018 | 2010 | <u>\$ 400,000</u> |

¹ Fiscal year

All of the long-term bonds 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, 2014

NOTE I. LONG-TERM OBLIGATIONS - CONTINUED

Long-term obligations activity for the year ended September 30, 2014, for the City and its component units was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------|----------------------|-------------------|-----------------------|--------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 665,000 | \$ - | \$ (290,000) | \$ 375,000 | \$ 185,000 |
| Compensated absences | 770,380 | 304,505 | (283,720) | 791,165 | 296,451 |
| Warrants payable | 262,815 | - | (77,189) | 185,626 | 100,000 |
| | <u>1,698,195</u> | <u>304,505</u> | <u>(650,909)</u> | <u>1,351,791</u> | <u>581,451</u> |
| Business-Type Activities: | | | | | |
| Revenue bonds payable | 4,975,000 | - | (495,000) | 4,480,000 | 490,000 |
| Loan payable | 86,178 | - | (4,304) | 81,874 | 4,389 |
| Lease payable | 103,851 | - | (48,973) | 54,878 | 50,588 |
| Compensated absences | 726,763 | 246,993 | (191,224) | 782,532 | 246,993 |
| Closure and post-closure costs | 2,948,000 | 179,445 | (8,445) | 3,119,000 | - |
| | <u>8,839,792</u> | <u>426,438</u> | <u>(747,946)</u> | <u>8,518,284</u> | <u>791,970</u> |
| Primary Government | <u>\$10,537,987</u> | <u>\$ 730,943</u> | <u>\$ (1,398,855)</u> | <u>\$9,870,075</u> | <u>\$1,373,421</u> |
| Component Units: | | | | | |
| Airport Authority: | | | | | |
| Bonds payable | \$ 225,000 | \$ - | \$ (45,000) | \$ 180,000 | \$ 45,000 |
| Compensated absences | 50,696 | 13,069 | (4,229) | 59,536 | 13,069 |
| Community Redevelopment Authority: | | | | | |
| Bonds payable | 635,000 | - | (235,000) | 400,000 | 90,000 |
| Component Units | <u>\$ 910,696</u> | <u>\$ 13,069</u> | <u>\$ (284,229)</u> | <u>\$ 639,536</u> | <u>\$ 148,069</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, 2014

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 | |
| | Principal | Interest |
| 2015 | \$ 185,000 | \$ 2,068 |
| 2016 | 190,000 | 1,235 |
| | <u>\$ 375,000</u> | <u>\$ 3,303</u> |

| Fiscal Year Ending September 30 | Business-Type Activities | | | | | | |
|---------------------------------------|--------------------------|-------------------|------------------|------------------|-----------------|------------------|-----------------|
| | Revenue Bonds | | Loans Payable | | | Capital Lease | |
| | Principal | Interest | Principal | Interest | Fees | Principal | Interest |
| 2015 | \$ 490,000 | \$ 92,283 | \$ 4,389 | \$ 1,616 | \$ 808 | \$ 50,588 | \$ 1,171 |
| 2016 | 500,000 | 86,348 | 4,477 | 1,527 | 764 | 4,290 | 35 |
| 2017 | 510,000 | 78,942 | 4,567 | 1,437 | 719 | - | - |
| 2018 | 510,000 | 69,887 | 4,659 | 1,346 | 673 | - | - |
| 2019 | 515,000 | 59,297 | 4,753 | 1,252 | 626 | - | - |
| 2020 - 2024 | 1,815,000 | 140,488 | 25,236 | 4,788 | 2,394 | - | - |
| 2025 - 2029 | 140,000 | 13,215 | 27,876 | 2,148 | 1,074 | - | - |
| 2030 | - | - | 5,917 | 89 | 44 | - | - |
| | <u>\$ 4,480,000</u> | <u>\$ 540,460</u> | <u>\$ 81,874</u> | <u>\$ 14,203</u> | <u>\$ 7,102</u> | <u>\$ 54,878</u> | <u>\$ 1,206</u> |

| Fiscal Year Ending September 30 | Component Units | | | |
|---------------------------------------|-------------------------|------------------|-------------------|------------------|
| | Airport Authority Bonds | | CRA Revenue Bonds | |
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 45,000 | \$ 5,265 | \$ 90,000 | \$ 23,643 |
| 2016 | 45,000 | 4,185 | 95,000 | 18,513 |
| 2017 | 45,000 | 2,925 | 105,000 | 12,955 |
| 2018 | 45,000 | 1,507 | 110,000 | 6,655 |
| | <u>\$ 180,000</u> | <u>\$ 13,882</u> | <u>\$ 400,000</u> | <u>\$ 61,766</u> |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, there were approximately \$1,725,000 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.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, there were 22 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, 2014, there were 24 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 eight participants remained under this arrangement as of September 30, 2014. The City obtained an actuarial study for this arrangement, as of October 1, 2013, 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, 2014.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE J. EMPLOYEES' RETIREMENT PLANS - CONTINUED

1. Police and Firefighters - Continued

Contribution Requirements and Contributions Made

Police – The contribution rate for police employees is 6.5% of gross compensation, with the City also providing a 6.5% matching contribution. Both the City and the covered employees made the required contributions, amounting to \$158,824, for 2014.

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 \$149,557 and \$74,778, respectively, for 2014.

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, 2014, there were 40 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 \$149,187 for 2014.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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, 2014, there were 59 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 \$318,812 for 2014.

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 \$396,630 to the plan in 2014.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

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.

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 \$88,011 reported at September 30, 2014.

The change in the Fund's claims liability amount in fiscal 2014 was as follows:

| | <u>2014</u> |
|-------------------------------------|--------------------|
| Beginning claims liability | \$ 51,365 |
| Charges | 1,179,303 |
| Claims paid and changes in estimate | <u>(1,142,657)</u> |
| Ending claims liability | <u>\$ 88,011</u> |

NOTE L. COMMITMENTS AND CONTINGENCIES

1. General

The City participates in some federal and statement 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, 2014, approximately 81% of the full-time, regular City's employees are represented by a Union. Most existing contracts expired in September 2014. All future labor contracts involving City employees have been negotiated to cover a period through September 2015.

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE L. COMMITMENTS AND CONTINGENCIES

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 Potential Responsible party as defined by the Comprehensive Environmental Compensation and Liability Act of 1980 by reason of current ownership of property with the presence of contamination. The City's potential exposure to the clean-up costs may be up to 25% of the total costs, which the City will try to recover from the previous owner and the engineering firm that performed the environmental assessment prior to purchase of the property. The City will participate in studies to evaluate the best course of action to clean up the site in the future. The ultimate cost will depend on the extent of remediation requirement which is not able to be estimated at this time.

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, 2014.

At September 30, 2014, the City incurred a liability of approximately \$2,950,000 for the municipal solid waste landfill which represents the costs reported to date based on the approximately 74% of the landfill capacity used to date. The remaining estimated liability for these costs is approximately \$1,055,000, which will be recognized as the remaining capacity is used (estimated to be over approximately 8 years).

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE L. COMMITMENTS AND CONTINGENCIES – CONTINUED

2. Closure and Postclosure Care Cost – Continued

At September 30, 2014, the City incurred a liability of approximately \$6,000 for the construction and demolition debris landfill which represents the costs reported to date based on approximately 1% 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 95 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, 2014, a liability for closure and postclosure care costs is recorded in the amount of approximately \$163,000. 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, 2014, the City holds investments of \$1,078,351 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, 2014

NOTE M. ADJUSTMENTS APPLICABLE TO PRIOR YEARS

During 2014, the City retroactively restated the 2013 ending net position /fund balances to make adjustments involving various receivables, material and supplies inventory, capital assets, accrued interest payable, compensated absences, registered warrants, TIF notes payable, unavailable revenues and the related revenues and expenses. The following table summarizes these adjustments and what their impact would have been on the change in net position / fund balance for the 2013 fiscal year:

| | Government-Wide | | Governmental Funds | | |
|--|-------------------------|--------------------------|--------------------|-------------|--------------------------|
| | Governmental Activities | Business-Type Activities | General Fund | Street Fund | Other Governmental Funds |
| Beginning net position/ fund balance, as previously reported | \$ 34,167,580 | \$ 31,024,000 | \$ 1,921,097 | \$ 546,085 | \$ 3,141,142 |
| Adjustments applicable to prior years | | | | | |
| Accounts receivable | 43,738 | - | 43,640 | - | - |
| Due from other governments | 385,329 | - | 201,414 | 183,915 | - |
| Materials and supplies inventories | - | 6,243 | - | - | - |
| Capital assets | (242,730) | - | - | - | - |
| Accrued interest payable | - | - | - | - | 16,188 |
| Registered warrants | - | - | - | - | 262,815 |
| Unavailable revenues | - | - | (72,845) | - | (248,253) |
| Compensated absences | (187,831) | (51,648) | - | - | - |
| Closure and postclosure costs | - | (310,000) | - | - | - |
| Total adjustments | (1,494) | (355,405) | 172,209 | 183,915 | 30,750 |
| Beginning net position/ fund balance, as restated | \$ 34,166,086 | \$ 30,668,595 | \$ 2,093,306 | \$ 730,000 | \$ 3,171,892 |
| Impact on fiscal 2013 change in net position/fund balance | \$ (302,128) | \$ (120,978) | \$ 1,078 | \$ 19,682 | \$ (249,397) |

City of Beatrice, Nebraska
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

NOTE M. ADJUSTMENTS APPLICABLE TO PRIOR YEARS - CONTINUED

| | Proprietary Funds | | | | Component Units | |
|--|-------------------|--------------|------------------------------|--------------|----------------------------|-----------------------------------|
| | Electric Fund | Water Fund | Water Pollution Control Fund | BASWA Fund | Beatrice Airport Authority | Community Redevelopment Authority |
| Beginning net position/ fund balance, as previously reported | \$ 19,089,530 | \$ 5,569,778 | \$ 6,354,235 | \$ 10,457 | \$ 3,228,268 | \$ 308,454 |
| Adjustments applicable to prior years | | | | | | |
| Property taxes receivable | - | - | - | - | (12,651) | - |
| TIF receivable | - | - | - | - | - | (2,043,674) |
| Materials and supplies inventories | - | 6,243 | - | - | - | - |
| Capital assets | - | - | - | - | 41,748 | - |
| Accrued interest payable | - | - | - | - | 1,018 | (638) |
| Compensated absences | (27,470) | (19,083) | (4,062) | (1,033) | (3,603) | - |
| TIF payable | - | - | - | - | - | - |
| Due to developer | - | - | - | - | - | 1,890,330 |
| Closure and postclosure costs | - | - | - | (310,000) | - | (154,472) |
| Total adjustments | (27,470) | (12,840) | (4,062) | (311,033) | 39,163 | 1,735,220 |
| Beginning net position, as restated | \$ 19,062,060 | \$ 5,556,938 | \$ 6,350,173 | \$ (300,576) | \$ 3,267,431 | \$ 2,043,674 |
| Impact on fiscal 2013 change in net position | \$ 23,459 | \$ 3,827 | \$ (33,341) | \$ 127,033 | \$ 54,140 | \$ (199,828) |

NOTE N. SUBSEQUENT EVENTS

In December 2014, the Beatrice Airport Authority, a discretely presented component unit of the City, issued \$395,000 of Airport Authority Bonds, Series 2014, to provide funds for the costs of constructing additions and improvements to the existing airport facility. Interest rates on the serial bonds range from 0.40% to 1.45%. Debt service principal payments are scheduled annually at amounts that range from \$60,000 to \$110,000 starting in 2015 and ending in 2019.

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, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|--------------------|--------------------|------------------|------------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Revenues | | | | | |
| Taxes | | | | | |
| Property tax | \$ 1,789,150 | \$ 1,789,150 | \$ 1,794,237 | \$ 5,087 | \$ 1,729,011 |
| Sales tax | 2,020,000 | 2,020,000 | 2,215,814 | 195,814 | 2,028,863 |
| Occupation tax | 781,675 | 781,675 | 760,862 | (20,813) | 736,385 |
| Licenses and permits | 77,600 | 77,600 | 114,685 | 37,085 | 78,920 |
| Intergovernmental | 1,240,500 | 1,240,500 | 1,154,254 | (86,246) | 1,137,650 |
| Charges for services | 2,246,164 | 2,246,164 | 1,598,566 | (647,598) | 1,665,594 |
| Interest | 5,000 | 5,000 | 3,017 | (1,983) | 2,298 |
| Miscellaneous | 115,700 | 115,700 | 151,573 | 35,873 | 128,745 |
| Total Revenues | <u>8,275,789</u> | <u>8,275,789</u> | <u>7,793,008</u> | <u>(482,781)</u> | <u>7,507,466</u> |
| Expenditures | | | | | |
| General government | 1,184,275 | 1,184,275 | 953,113 | 231,162 | 1,032,789 |
| Public safety | 5,702,480 | 5,702,480 | 5,069,388 | 633,092 | 4,931,996 |
| Culture and recreation | 1,115,221 | 1,115,221 | 1,084,534 | 30,687 | 1,073,739 |
| Total Expenditures | <u>8,001,976</u> | <u>8,001,976</u> | <u>7,107,035</u> | <u>894,941</u> | <u>7,038,524</u> |
| Excess of Revenues Over Expenditures | 273,813 | 273,813 | 685,973 | 412,160 | 468,942 |
| Other Financing Sources (Uses) | | | | | |
| Transfers from other funds | 118,500 | 118,500 | 118,130 | (370) | 117,044 |
| Transfers to other funds | (402,832) | (402,832) | (219,034) | 183,798 | (159,931) |
| Total Other Financing Uses | <u>(284,332)</u> | <u>(284,332)</u> | <u>(100,904)</u> | <u>183,428</u> | <u>(42,887)</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ (10,519)</u> | <u>\$ (10,519)</u> | <u>585,069</u> | <u>595,588</u> | <u>426,055</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, 2014
With comparative totals for September 30, 2013

| | 2014 | | | |
|--|--------------------|-----------------|------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| | | | | 2013 Actual |
| Revenues | | | | |
| Taxes | | | | |
| Sales tax | \$ 565,000 | \$ 565,000 | \$ 616,453 | \$ 51,453 |
| Intergovernmental: | | | | |
| Local shared revenue | 25,000 | 25,000 | 24,595 | (405) |
| State shared revenue | 1,396,145 | 1,396,145 | 1,418,919 | 22,774 |
| Federal grants | - | - | - | - |
| Total Intergovernmental | 1,421,145 | 1,421,145 | 1,443,514 | 22,369 |
| Charges for services | 22,000 | 22,000 | 36,989 | 14,989 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 2,008,145 | 2,008,145 | 2,096,956 | 88,811 |
| Expenditures | | | | |
| Personal services | 837,220 | 837,220 | 779,388 | 57,832 |
| Other services and charges | 147,525 | 147,525 | 75,799 | 71,726 |
| Supplies | 320,800 | 320,800 | 212,432 | 108,368 |
| Capital outlay | 1,269,320 | 1,269,320 | 587,711 | 681,609 |
| Total Expenditures | 2,574,865 | 2,574,865 | 1,655,330 | 919,535 |
| Other Financing Sources | | | | |
| Transfers from other funds | - | - | - | - |
| Total Other Financing Sources | - | - | - | - |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | \$ (566,720) | \$ (566,720) | \$ 441,626 | \$ 1,008,346 |

See independent auditor's report.

SUPPLEMENTARY INFORMATION

City of Beatrice
COMPARATIVE BALANCE SHEET - GENERAL FUND
September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 2,099,020 | \$ 1,442,571 |
| Restricted cash and cash equivalents | - | 19,941 |
| Cash on deposit - county treasurer | 133,305 | 104,694 |
| Accounts receivable | 466,709 | 476,757 |
| Taxes receivable | 127,482 | 131,144 |
| Due from other governments | 213,425 | - |
| Total Assets | <u>3,039,941</u> | <u>2,175,107</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities | | |
| Accounts payable | <u>139,664</u> | <u>146,258</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenues | <u>221,902</u> | <u>107,752</u> |
| Fund Balance | | |
| Restricted for police grants and programs | - | 28,800 |
| Assigned for subsequent years' expenditures | 817,938 | 734,986 |
| Unassigned | <u>1,860,437</u> | <u>1,157,311</u> |
| Total Fund Balance | <u>2,678,375</u> | <u>1,921,097</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 3,039,941</u> | <u>\$ 2,175,107</u> |

See independent auditor's report.

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

For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|---|--------------------|------------------|------------------|------------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Taxes | | | | | |
| Property tax | \$ 1,608,150 | \$ 1,608,150 | \$ 1,617,808 | \$ 9,658 | \$ 1,544,693 |
| Homestead exemption allocation | 120,000 | 120,000 | 116,967 | (3,033) | 122,820 |
| Property tax credit | 55,000 | 55,000 | 52,811 | (2,189) | 55,336 |
| Interest on delinquent taxes | 6,000 | 6,000 | 6,651 | 651 | 6,162 |
| City sales tax | 2,020,000 | 2,020,000 | 2,215,814 | 195,814 | 2,028,863 |
| Utilities occupation tax | 680,000 | 680,000 | 647,380 | (32,620) | 629,911 |
| Beer and liquor occupation tax | 20,000 | 20,000 | 19,130 | (870) | 19,765 |
| Insurance company occupation tax | 75 | 75 | 50 | (25) | 60 |
| Lodging occupation tax | 78,000 | 78,000 | 89,247 | 11,247 | 82,239 |
| Miscellaneous occupation tax | 3,600 | 3,600 | 5,055 | 1,455 | 4,410 |
| Total Taxes | 4,590,825 | 4,590,825 | 4,770,913 | 180,088 | 4,494,259 |
| Licenses and Permits | | | | | |
| Bicycle licenses | 100 | 100 | 60 | (40) | 85 |
| Pet licenses | 6,000 | 6,000 | 5,422 | (578) | 5,361 |
| Plumbers' licenses | 2,000 | 2,000 | 1,929 | (71) | 100 |
| Building permits | 60,000 | 60,000 | 100,171 | 40,171 | 61,499 |
| Plumbing permits | 3,000 | 3,000 | 3,120 | 120 | 5,261 |
| Mechanical permits | 1,500 | 1,500 | 961 | (539) | 959 |
| Miscellaneous permits | 5,000 | 5,000 | 3,022 | (1,978) | 5,655 |
| Total Licenses and Permits | 77,600 | 77,600 | 114,685 | 37,085 | 78,920 |
| Intergovernmental | | | | | |
| Motor vehicle tax | 200,000 | 200,000 | 206,784 | 6,784 | 198,784 |
| County library aid | 24,200 | 24,200 | 23,000 | (1,200) | 23,000 |
| Interlocal 911 dispatch aid | 132,675 | 132,675 | 134,020 | 1,345 | 67,649 |
| County ambulance service | 180,000 | 180,000 | 180,000 | - | 180,000 |
| Local match - SEADE | 30,450 | 30,450 | - | (30,450) | - |
| Intergovernmental-school officer | 36,300 | 36,300 | 36,489 | 189 | 35,556 |
| Other intergovernmental | 12,000 | 12,000 | 7,000 | (5,000) | 11,483 |
| Municipal equalization funds | 456,875 | 456,875 | 476,682 | 19,807 | 454,083 |
| Victim assistance grants | 38,000 | 38,000 | 41,701 | 3,701 | 42,050 |
| Library state aid | 2,700 | 2,700 | 2,510 | (190) | 2,680 |
| Pro-Rate motor vehicle | 5,300 | 5,300 | 5,738 | 438 | 6,064 |
| Other state grants | - | - | 6,800 | 6,800 | - |
| Federal - SEADE grants | 100,000 | 100,000 | - | (100,000) | 86,706 |
| Library grants | - | - | - | - | 1,000 |
| Federal funds police assistance | 7,000 | 7,000 | 16,117 | 9,117 | 5,773 |
| Hazard mitigation grant | 15,000 | 15,000 | 12,288 | (2,712) | 17,522 |
| CDBG downtown revitalization | - | - | 5,125 | 5,125 | - |
| LWCF grant - Riverside Park | - | - | - | - | 5,300 |
| Total Intergovernmental | 1,240,500 | 1,240,500 | 1,154,254 | (86,246) | 1,137,650 |
| Charges for Services | | | | | |
| Publication cost income | 500 | 500 | 410 | (90) | 477 |
| Management and budget miscellaneous charges | 1,500 | 1,500 | 1,478 | (22) | 2,222 |
| Accounting services | 32,880 | 32,880 | 32,880 | - | 32,208 |
| BASWA management services | 21,800 | 21,800 | 21,800 | - | 21,200 |
| Administration and legal services | 152,400 | 152,400 | 152,415 | 15 | 144,000 |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|---|---------------------|---------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Charges for Services (Continued) | | | | | |
| CDBG administration fees | \$ 1,000 | \$ 1,000 | \$ - | \$ (1,000) | \$ 2,500 |
| Legal miscellaneous charges | 100 | 100 | - | (100) | - |
| Restitution - fees and damages | 3,000 | 3,000 | 530 | (2,470) | 2,127 |
| Inspection miscellaneous charges | 1,500 | 1,500 | 1,052 | (448) | 1,708 |
| Recover demolition charges | 5,000 | 5,000 | 31 | (4,969) | 8,809 |
| Police charges | 3,000 | 3,000 | 2,237 | (763) | 3,794 |
| Fire charges | 10,834 | 10,834 | 8,470 | (2,364) | 22,925 |
| Ambulance charges | 1,730,000 | 1,730,000 | 1,626,462 | (103,538) | 1,704,376 |
| Ambulance contracted adjustments | - | - | (502,266) | (502,266) | (539,978) |
| Public safety miscellaneous charges | 28,500 | 28,500 | 27,418 | (1,082) | 25,848 |
| Stop program charges | 1,500 | 1,500 | 1,800 | 300 | 1,320 |
| Land use agreements | 5,750 | 5,750 | 6,361 | 611 | 5,923 |
| Auditorium use fee | 29,000 | 29,000 | 25,119 | (3,881) | 28,531 |
| Water park admissions | 84,000 | 84,000 | 73,671 | (10,329) | 78,089 |
| Water park concessions and sales | 30,800 | 30,800 | 27,418 | (3,382) | 26,028 |
| Swim lessons | 5,000 | 5,000 | 4,675 | (325) | 5,895 |
| Mowing fees | 15,000 | 15,000 | 8,711 | (6,289) | 8,751 |
| Camping receipts | 35,000 | 35,000 | 35,993 | 993 | 34,478 |
| Farm income | 24,000 | 24,000 | 25,405 | 1,405 | - |
| Public properties miscellaneous charges | 7,000 | 7,000 | 1,031 | (5,969) | 28,446 |
| Library use fees | 8,000 | 8,000 | 6,135 | (1,865) | 7,736 |
| Library copying fees | 3,000 | 3,000 | 3,233 | 233 | 2,961 |
| Library miscellaneous charges | 2,000 | 2,000 | 1,977 | (23) | 1,905 |
| Interlibrary loan revenue | 300 | 300 | 175 | (125) | 50 |
| Parking fines and rents | 1,400 | 1,400 | 1,535 | 135 | 1,265 |
| School fines and fees | 2,400 | 2,400 | 2,410 | 10 | 2,000 |
| Total Charges for Services | <u>2,246,164</u> | <u>2,246,164</u> | <u>1,598,566</u> | <u>(647,598)</u> | <u>1,665,594</u> |
| Interest | | | | | |
| Interest earnings | 5,000 | 5,000 | 3,017 | (1,983) | 2,298 |
| Miscellaneous | | | | | |
| Reimbursements | 1,000 | 1,000 | 10,491 | 9,491 | 2,038 |
| Lease income - BASWA | 54,500 | 54,500 | 54,500 | - | 53,000 |
| Donations | - | - | 350 | 350 | - |
| Donations - Beatrice plus program | 9,000 | 9,000 | 5,169 | (3,831) | 9,096 |
| Police donations | 5,700 | 5,700 | 850 | (4,850) | 1,043 |
| Fire donations | 1,000 | 1,000 | 2,500 | 1,500 | 8,731 |
| Water park donations | 1,500 | 1,500 | 335 | (1,165) | 1,984 |
| Public properties donations | 5,000 | 5,000 | 35,092 | 30,092 | 9,156 |
| Library donations | 8,000 | 8,000 | 6,687 | (1,313) | 7,244 |
| Library donations - foundation | 28,000 | 28,000 | 30,083 | 2,083 | 28,087 |
| Sales of capital assets | 2,000 | 2,000 | 5,516 | 3,516 | 8,366 |
| Total Miscellaneous | <u>115,700</u> | <u>115,700</u> | <u>151,573</u> | <u>35,873</u> | <u>128,745</u> |
| Total Revenues | <u>\$ 8,275,789</u> | <u>\$ 8,275,789</u> | <u>\$ 7,793,008</u> | <u>\$ (482,781)</u> | <u>\$ 7,507,466</u> |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|-----------------------------|--------------------|-----------------|------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| General Government | | | | | |
| Management and Budget | | | | | |
| Personal services | \$ 576,693 | \$ 576,693 | \$ 593,616 | (16,923) | \$ 574,335 |
| Other services and charges | 106,150 | 106,150 | 89,713 | 16,437 | 82,348 |
| Supplies | 6,400 | 6,400 | 6,245 | 155 | 4,863 |
| Capital outlay | 15,000 | 15,000 | 3,236 | 11,764 | 3,344 |
| Contingency | 181,650 | 181,650 | 28,853 | 152,797 | 52,846 |
| Contractual services | 112,865 | 112,865 | 103,101 | 9,764 | 115,989 |
| Total Management and Budget | 998,758 | 998,758 | 824,764 | 173,994 | 833,725 |
| Inspection | | | | | |
| Personal services | 130,167 | 130,167 | 104,771 | 25,396 | 112,960 |
| Other services and charges | 50,550 | 50,550 | 21,217 | 29,333 | 23,517 |
| Supplies | 4,800 | 4,800 | 2,115 | 2,685 | 2,587 |
| Capital outlay | - | - | 246 | (246) | - |
| Contractual services | - | - | - | - | 60,000 |
| Total Inspection | 185,517 | 185,517 | 128,349 | 57,168 | 199,064 |
| Total General Government | 1,184,275 | 1,184,275 | 953,113 | 231,162 | 1,032,789 |
| Public Safety | | | | | |
| Police | | | | | |
| Personal services | 2,286,393 | 2,286,393 | 2,312,570 | (26,177) | 2,320,276 |
| Other services and charges | 213,582 | 213,582 | 197,142 | 16,440 | 202,902 |
| Supplies | 87,900 | 87,900 | 71,411 | 16,489 | 86,469 |
| Capital outlay | 28,210 | 28,210 | 38,637 | (10,427) | 24,364 |
| Contractual services | 60,000 | 60,000 | 60,000 | - | - |
| Contingencies (SEADE) | 130,450 | 130,450 | 27,033 | 103,417 | 1,597 |
| Total Police | 2,806,535 | 2,806,535 | 2,706,793 | 99,742 | 2,635,608 |
| Fire and Ambulance | | | | | |
| Personal services | 1,996,795 | 1,996,795 | 2,035,357 | (38,562) | 1,955,072 |
| Other services and charges | 760,125 | 760,125 | 220,975 | 539,150 | 208,711 |
| Supplies | 128,100 | 128,100 | 100,326 | 27,774 | 113,568 |
| Capital outlay | 10,925 | 10,925 | 5,937 | 4,988 | 19,037 |
| Total Fire | 2,895,945 | 2,895,945 | 2,362,595 | 533,350 | 2,296,388 |
| Total Public Safety | 5,702,480 | 5,702,480 | 5,069,388 | 633,092 | 4,931,996 |

See independent auditor's report.

City of Beatrice, Nebraska
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|--------------------|-----------------|--------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Totals |
| Culture and Recreation | | | | | |
| Public Properties | | | | | |
| Personal services | \$ 331,365 | \$ 331,365 | \$ 326,935 | 4,430 | \$ 323,942 |
| Other services and charges | 100,625 | 100,625 | 84,111 | 16,514 | 89,208 |
| Supplies | 143,650 | 143,650 | 126,148 | 17,502 | 124,192 |
| Capital outlay | 35,200 | 35,200 | 70,304 | (35,104) | 43,380 |
| Contractual services | 48,000 | 48,000 | 36,325 | 11,675 | 35,324 |
| Total Public Properties | 658,840 | 658,840 | 643,823 | 15,017 | 616,046 |
| Library | | | | | |
| Personal services | 281,181 | 281,181 | 278,200 | 2,981 | 302,558 |
| Other services and charges | 47,170 | 47,170 | 48,508 | (1,338) | 42,421 |
| Supplies | 9,800 | 9,800 | 7,931 | 1,869 | 8,855 |
| Capital outlay | 106,540 | 106,540 | 106,071 | 469 | 103,859 |
| Contractual services | 11,690 | 11,690 | - | 11,690 | - |
| Total Library | 456,381 | 456,381 | 440,710 | 15,671 | 457,693 |
| Total Culture and Recreation | 1,115,221 | 1,115,221 | 1,084,533 | 30,688 | 1,073,739 |
| Total Expenditures | 8,001,976 | 8,001,976 | 7,107,035 | 894,942 | 7,038,524 |
| Excess of Revenues Over Expenditures | 273,813 | 273,813 | 685,973 | 412,161 | 468,942 |
| Other Financing Sources (Uses) | | | | | |
| Transfers from other funds | 118,500 | 118,500 | 118,130 | (370) | 117,044 |
| Transfers to other funds | (402,832) | (402,832) | (219,034) | 183,798 | (159,931) |
| Total Other Financing Uses | (284,332) | (284,332) | (100,904) | 183,428 | (42,887) |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | \$ (10,519) | \$ (10,519) | 585,069 | 595,589 | 426,055 |
| Fund Balance, Beginning of Year - Restated | | | 2,093,306 | | 1,495,042 |
| Fund Balance, End of Year | | | \$ 2,678,375 | | \$ 1,921,097 |

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
BALANCE SHEET
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|----------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,136,206 | \$ 515,119 |
| Accounts receivable | 39,142 | 49,465 |
| Due from other governments | <u>193,141</u> | <u>-</u> |
| Total Assets | <u><u>1,368,489</u></u> | <u><u>564,584</u></u> |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts payable | 196,863 | 18,499 |
| Fund Balance | | |
| Restricted for Streets | <u>1,171,626</u> | <u>546,085</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 1,368,489</u></u> | <u><u>\$ 564,584</u></u> |

See independent auditor's report.

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

For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | Variance Positive (Negative) | 2013 Actual |
|-----------------------------------|--------------------|-----------------|--------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | | |
| Revenues | | | | | |
| Taxes | | | | | |
| Sales tax | \$ 565,000 | \$ 565,000 | \$ 616,453 | \$ 51,453 | \$ 569,716 |
| Intergovernmental | | | | | |
| Local shared revenue | 25,000 | 25,000 | 24,595 | (405) | 25,000 |
| State shared revenue | 1,396,145 | 1,396,145 | 1,418,919 | 22,774 | 1,297,270 |
| Federal grants | - | - | - | - | 9 |
| Total Intergovernmental | 1,421,145 | 1,421,145 | 1,443,514 | 22,369 | 1,322,279 |
| Charges for services | 22,000 | 22,000 | 36,989 | 14,989 | 28,796 |
| Miscellaneous | - | - | - | - | 1,031 |
| Total Revenues | 2,008,145 | 2,008,145 | 2,096,956 | 88,811 | 1,921,822 |
| Expenditures | | | | | |
| Personal Services | | | | | |
| Salaries | 595,750 | 595,750 | 538,470 | 57,280 | 527,178 |
| Social security | 34,750 | 34,750 | 33,387 | 1,363 | 32,485 |
| Retirement | 23,000 | 23,000 | 19,851 | 3,149 | 20,182 |
| Health and life insurance | 153,720 | 153,720 | 155,678 | (1,958) | 173,040 |
| Workmen's compensation | 30,000 | 30,000 | 27,166 | 2,834 | 28,139 |
| Unemployment compensation | - | - | 4,836 | (4,836) | - |
| Total Personal Services | 837,220 | 837,220 | 779,388 | 57,832 | 781,024 |
| Other Services and Charges | | | | | |
| Insurance | 16,500 | 16,500 | 16,085 | 415 | 15,522 |
| Utilities | 600 | 600 | 600 | - | 600 |
| Maintenance and repairs | 45,750 | 45,750 | 28,273 | 17,477 | 24,503 |
| Rentals | 70,900 | 70,900 | 22,760 | 48,140 | 26,385 |
| Training and transportation | 3,800 | 3,800 | 1,141 | 2,659 | 1,158 |
| Communications | 3,100 | 3,100 | 2,458 | 642 | 2,463 |
| Miscellaneous | 6,875 | 6,875 | 4,482 | 2,393 | 5,326 |
| Total Other Services and Charges | 147,525 | 147,525 | 75,799 | 71,726 | 75,957 |
| Supplies | | | | | |
| Operating supplies | 122,300 | 122,300 | 85,131 | 37,169 | 103,946 |
| Repairs and maintenance supplies | 198,500 | 198,500 | 127,301 | 71,199 | 125,908 |
| Total Supplies | 320,800 | 320,800 | 212,432 | 108,368 | 229,854 |
| Capital Outlay | | | | | |
| Buildings | 10,000 | 10,000 | 11,113 | (1,113) | - |
| Improvements other than buildings | 1,189,000 | 1,189,000 | 505,547 | 683,453 | 483,072 |
| Machinery and equipment | 70,320 | 70,320 | 71,051 | (731) | 240,191 |
| Total Capital Outlay | 1,269,320 | 1,269,320 | 587,711 | 681,609 | 723,263 |
| Total Expenditures | \$ 2,574,865 | \$ 2,574,865 | \$ 1,655,330 | \$ 919,535 | \$ 1,810,098 |

See independent auditor's report.

City of Beatrice, Nebraska
STREETS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|---------------------|---------------------|---------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Other Financing Sources | | | | | |
| Transfers from other funds | \$ - | \$ - | \$ - | \$ - | \$ 39,272 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>39,272</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | <u>\$ (566,720)</u> | <u>\$ (566,720)</u> | 441,626 | <u>\$ 1,008,346</u> | 150,996 |
| Fund Balance, Beginning of Year - Restated | | | <u>730,000</u> | | <u>395,089</u> |
| Fund Balance, End of Year | | | <u>\$ 1,171,626</u> | | <u>\$ 546,085</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2014
 With comparative totals for September 30, 2013

2014

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds | 2013 Total |
|--|-----------------------------|--------------------------|------------------------------|--|---------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 930,588 | \$ 69,035 | \$ 108,342 | \$ 1,107,965 | \$ 1,534,431 |
| Investments | 400,000 | - | - | 400,000 | 400,000 |
| Restricted investments | - | - | - | - | 79,389 |
| Cash on deposit - county treasurer | - | 12,174 | - | 12,174 | 7,693 |
| Accounts receivable | 1,276 | - | 159,706 | 160,982 | 455,810 |
| Taxes receivable | - | 17,754 | - | 17,754 | 11,253 |
| Interest receivable | - | 71,591 | - | 71,591 | 87,903 |
| Assessments receivable | - | 209,807 | - | 209,807 | 267,844 |
| Loans receivable | 529,138 | - | - | 529,138 | 949,122 |
| In-lieu-of assessments | - | 10,105 | - | 10,105 | 10,105 |
| Total Assets | 1,861,002 | 390,466 | 268,048 | 2,519,516 | 3,803,550 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | - | - | 147,460 | 147,460 | 271,751 |
| Accrued interest payable | - | 2,123 | - | 2,123 | 18,311 |
| Registered warrants payable | - | - | - | - | 262,815 |
| Total Liabilities | - | 2,123 | 147,460 | 149,583 | 552,877 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue | - | 305,282 | - | 305,282 | 109,531 |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Economic development | 1,128,265 | - | - | 1,128,265 | 1,016,166 |
| Library capital improvements | - | - | 10,112 | 10,112 | - |
| Debt service | - | 69,182 | - | 69,182 | 177,277 |
| Revolving loan fund | 622,605 | - | - | 622,605 | 1,249,361 |
| Storm water management | 56,048 | - | - | 56,048 | 41,726 |
| E-911 public safety | 36,758 | - | - | 36,758 | 92,446 |
| Committed for: | | | | | |
| Library capital improvements | - | - | 40,876 | 40,876 | 211,822 |
| Public safety equipment | - | - | 69,600 | 69,600 | 198,964 |
| Community betterment | 17,326 | - | - | 17,326 | 4,046 |
| Assigned for: | | | | | |
| Subsequent years' expenditures | - | - | - | - | 159,728 |
| Debt service | - | 13,879 | - | 13,879 | - |
| Unassigned | - | - | - | - | (10,394) |
| Total Fund Balance | 1,861,002 | 83,061 | 120,588 | 2,064,651 | 3,141,142 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 1,861,002 | \$ 390,466 | \$ 268,048 | \$ 2,519,516 | \$ 3,803,550 |

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, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|--|-----------------------------|--------------------------|------------------------------|--|---------------------|
| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds | Total |
| Revenues | | | | | |
| Taxes | | | | | |
| Property tax | \$ - | \$ 186,380 | \$ - | \$ 186,380 | \$ 152,452 |
| Sales tax | 250,000 | - | - | 250,000 | 250,000 |
| Intergovernmental | 18,996 | 575 | 176,989 | 196,560 | 731,104 |
| Charges for services | 122,918 | - | - | 122,918 | 153,224 |
| Keno proceeds | 73,188 | - | - | 73,188 | 62,296 |
| Special assessments | - | 40,723 | - | 40,723 | 118,261 |
| Interest | 8,618 | 37,255 | 38 | 45,911 | 41,366 |
| Donations and other revenue | 19,844 | - | 835,530 | 855,374 | 334,965 |
| Total Revenues | <u>493,564</u> | <u>264,933</u> | <u>1,012,557</u> | <u>1,771,054</u> | <u>1,843,668</u> |
| Expenditures | | | | | |
| General government | 733,227 | - | - | 733,227 | 374,027 |
| Capital outlay | 157,572 | 84,455 | 1,622,457 | 1,864,484 | 1,511,463 |
| Debt Service: | | | | | |
| Principal | - | 290,000 | - | 290,000 | 140,000 |
| Interest | - | 5,050 | - | 5,050 | 18,140 |
| Bond issuance cost | - | - | - | - | 5,980 |
| MFO payments - other entities | - | - | 106,438 | 106,438 | 108,923 |
| Total Expenditures | <u>890,799</u> | <u>379,505</u> | <u>1,728,895</u> | <u>2,999,199</u> | <u>2,158,533</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(397,235)</u> | <u>(114,572)</u> | <u>(716,338)</u> | <u>(1,228,145)</u> | <u>(314,865)</u> |
| Other Financing Sources (Uses) | | | | | |
| Sale of capital assets | 20,000 | - | - | 20,000 | - |
| Proceeds from long-term debt | - | - | - | - | 520,000 |
| Transfers from other funds | - | - | 266,412 | 266,412 | 217,947 |
| Transfers to other funds | (165,508) | - | - | (165,508) | (214,332) |
| Total Other Financing Sources (Uses) | <u>(145,508)</u> | <u>-</u> | <u>266,412</u> | <u>120,904</u> | <u>523,615</u> |
| Net Change in Fund Balance | <u>(542,743)</u> | <u>(114,572)</u> | <u>(449,926)</u> | <u>(1,107,241)</u> | <u>208,750</u> |
| Fund Balance, Beginning of Year - As previously stated | 2,403,745 | 166,883 | 570,514 | 3,141,142 | 2,932,392 |
| Adjustments Applicable to Prior Years | - | 30,750 | - | 30,750 | - |
| Fund Balance, Beginning of Year - Restated | <u>2,403,745</u> | <u>197,633</u> | <u>570,514</u> | <u>3,171,892</u> | <u>2,932,392</u> |
| Fund Balance, End of Year | <u>\$ 1,861,002</u> | <u>\$ 83,061</u> | <u>\$ 120,588</u> | <u>\$ 2,064,651</u> | <u>\$ 3,141,142</u> |

See independent auditor's report.

City of Beatrice, Nebraska
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2014
with comparative totals for September 30, 2013

| | 2014 | | | | | 2013 |
|------------------------------------|-------------------------|---|------------------|------------------|------------------------------|---------------------|
| | Economic Development | Community Development Block Grant | Keno | 911 Surcharge | Storm Water Management | Total |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 726,989 | \$ 93,467 | \$ 17,326 | \$ 36,758 | \$ 56,048 | \$ 930,588 |
| Investments | 400,000 | - | - | - | - | 400,000 |
| Accounts receivable | 1,276 | - | - | - | - | 1,276 |
| Loans receivable | - | 529,138 | - | - | - | 529,138 |
| Total Assets | <u>1,128,265</u> | <u>622,605</u> | <u>17,326</u> | <u>36,758</u> | <u>56,048</u> | <u>1,861,002</u> |
| Liabilities and Fund Balance | | | | | | |
| Accounts payable | - | - | - | - | - | - |
| Fund Balance | | | | | | |
| Restricted for: | | | | | | |
| Economic development | 1,128,265 | - | - | - | - | 1,128,265 |
| Revolving loan fund | - | 622,605 | - | - | - | 622,605 |
| Storm water management | - | - | - | - | 56,048 | 56,048 |
| E911 public safety | - | - | - | 36,758 | - | 36,758 |
| Committed for: | | | | | | |
| Community betterment | - | - | 17,326 | - | - | 17,326 |
| Total Fund Balance | <u>1,128,265</u> | <u>622,605</u> | <u>17,326</u> | <u>36,758</u> | <u>56,048</u> | <u>1,861,002</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,128,265</u> | <u>\$ 622,605</u> | <u>\$ 17,326</u> | <u>\$ 36,758</u> | <u>\$ 56,048</u> | <u>\$ 1,861,002</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, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | | | 2013 |
|--|-------------------------|---|------------------|------------------|------------------------------|---------------------|---------------------|
| | Economic Development | Community Development Block Grant | Keno | 911 Surcharge | Storm Water Management | Total | Total |
| Revenues | | | | | | | |
| Taxes | | | | | | | |
| Sales tax | \$ 250,000 | \$ - | \$ - | \$ - | \$ - | \$ 250,000 | \$ 250,000 |
| Intergovernmental | - | - | - | - | 18,996 | 18,996 | 48,996 |
| Charges for services | - | - | - | 122,918 | - | 122,918 | 153,224 |
| Keno proceeds | - | - | 73,188 | - | - | 73,188 | 62,296 |
| Interest earnings | 2,694 | 5,924 | - | - | - | 8,618 | 13,402 |
| Other revenue | 19,844 | - | - | - | - | 19,844 | 193,207 |
| Total Revenues | <u>272,538</u> | <u>5,924</u> | <u>73,188</u> | <u>122,918</u> | <u>18,996</u> | <u>493,564</u> | <u>721,125</u> |
| Expenditures | | | | | | | |
| General government | 83,343 | 632,680 | 12,530 | - | 4,674 | 733,227 | 374,027 |
| Capital outlay | 97,096 | - | - | 60,476 | - | 157,572 | 74,694 |
| Total Expenditures | <u>180,439</u> | <u>632,680</u> | <u>12,530</u> | <u>60,476</u> | <u>4,674</u> | <u>890,799</u> | <u>448,721</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 92,099 | (626,756) | 60,658 | 62,442 | 14,322 | (397,235) | 272,404 |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of capital assets | 20,000 | - | - | - | - | 20,000 | - |
| Transfers to other funds | - | - | (47,378) | (118,130) | - | (165,508) | (214,332) |
| Total Other Financing Sources (Uses) | <u>20,000</u> | <u>-</u> | <u>(47,378)</u> | <u>(118,130)</u> | <u>-</u> | <u>(145,508)</u> | <u>(214,332)</u> |
| Net Change in Fund Balance | 112,099 | (626,756) | 13,280 | (55,688) | 14,322 | (542,743) | 58,072 |
| Fund Balance, Beginning of Year - Restated | <u>1,016,166</u> | <u>1,249,361</u> | <u>4,046</u> | <u>92,446</u> | <u>41,726</u> | <u>2,403,745</u> | <u>2,345,673</u> |
| Fund Balance, End of Year | <u>\$ 1,128,265</u> | <u>\$ 622,605</u> | <u>\$ 17,326</u> | <u>\$ 36,758</u> | <u>\$ 56,048</u> | <u>\$ 1,861,002</u> | <u>\$ 2,403,745</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|---------------------|---------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Revenues | | | | | |
| Taxes | | | | | |
| Sales tax | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ - | \$ 250,000 |
| CDBG grant | - | - | - | - | 30,000 |
| Interest earnings | 2,500 | 2,500 | 2,694 | 194 | 2,589 |
| Loans/rents revenue | 20,328 | 20,328 | 19,844 | (484) | 20,328 |
| Total Revenues | <u>272,828</u> | <u>272,828</u> | <u>272,538</u> | <u>(290)</u> | <u>302,917</u> |
| Expenditures | | | | | |
| Economic development | 130,000 | 130,000 | 83,343 | 46,657 | 155,343 |
| Capital outlay | 2,237,035 | 2,237,035 | 97,096 | 2,139,939 | 59,624 |
| Total Expenditures | <u>2,367,035</u> | <u>2,367,035</u> | <u>180,439</u> | <u>2,186,596</u> | <u>214,967</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,094,207)</u> | <u>(2,094,207)</u> | <u>92,099</u> | <u>2,186,306</u> | <u>87,950</u> |
| Other Financing Sources | | | | | |
| Sale of capital assets | 150,000 | 150,000 | 20,000 | (130,000) | - |
| Bond proceeds | 1,000,000 | 1,000,000 | - | (1,000,000) | - |
| Total Other Financing Sources | <u>1,150,000</u> | <u>1,150,000</u> | <u>20,000</u> | <u>(1,130,000)</u> | <u>-</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures | <u>\$ (944,207)</u> | <u>\$ (944,207)</u> | <u>112,099</u> | <u>\$ 1,056,306</u> | <u>87,950</u> |
| Fund Balance, Beginning of Year - Restated | | | <u>1,016,166</u> | | <u>928,216</u> |
| Fund Balance, End of Year | | | <u>\$ 1,128,265</u> | | <u>\$ 1,016,166</u> |

See independent auditor's report.

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

For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|--|---------------------|---------------------|-------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Grants | \$ 505,000 | \$ 505,000 | \$ - | \$ (505,000) | \$ - |
| Re-use funds returned | - | - | - | - | 172,879 |
| Interest earnings | - | - | 241 | 241 | 274 |
| Loan payments - interest | 7,148 | 7,148 | 5,683 | (1,465) | 10,539 |
| Total Revenues | 512,148 | 512,148 | 5,924 | (506,224) | 183,692 |
| Expenditures | | | | | |
| Administration | 5,000 | 5,000 | - | 5,000 | 2,500 |
| Grant repayments | 29,166 | 29,166 | 29,166 | - | 50,000 |
| Re-use loans | 885,983 | 885,983 | - | 885,983 | - |
| Loan forgiveness | - | - | 603,512 | (603,512) | 172,292 |
| Total Expenditures | 920,149 | 920,149 | 632,680 | 287,469 | 224,792 |
| Deficiency of Revenues Under Expenditures | <u>\$ (408,001)</u> | <u>\$ (408,001)</u> | (626,756) | <u>\$ (218,755)</u> | (41,100) |
| Fund Balance, Beginning of Year | | | 1,249,361 | | 1,290,461 |
| Fund Balance, End of Year | | | <u>\$ 622,605</u> | | <u>\$ 1,249,361</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 KENO/LOTTERY SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | |
|---|--------------------|------------------|------------------|------------------------------------|-----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Revenues | | | | | |
| Keno/lottery proceeds | \$ 65,000 | \$ 65,000 | \$ 73,188 | \$ 8,188 | \$ 62,296 |
| Expenditures | | | | | |
| Other services and charges | 12,000 | 12,000 | 12,530 | (530) | 11,317 |
| Excess of Revenues Over Expenditures | 53,000 | 53,000 | 60,658 | 7,658 | 50,979 |
| Other Financing Uses | | | | | |
| Transfers to other funds | (37,500) | (37,500) | (47,378) | (9,878) | (97,288) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses | <u>\$ 15,500</u> | <u>\$ 15,500</u> | 13,280 | <u>\$ (2,220)</u> | (46,309) |
| Fund Balance, Beginning of Year | | | 4,046 | | 50,355 |
| Fund Balance, End of Year | | | <u>\$ 17,326</u> | | <u>\$ 4,046</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 911 SURCHARGE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | |
|---|--------------------|--------------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | 2013 Actual |
| 911 service surcharge | \$ 68,000 | \$ 68,000 | \$ 52,936 | \$ (15,064) |
| E911 wireless surcharge | 70,000 | 70,000 | 69,982 | (18) |
| Total Revenues | <u>138,000</u> | <u>138,000</u> | <u>122,918</u> | <u>(15,082)</u> |
| Expenditures | | | | |
| Capital outlay | <u>65,525</u> | <u>65,525</u> | <u>60,476</u> | <u>5,049</u> |
| Excess of Revenues Over Expenditures | <u>72,475</u> | <u>72,475</u> | <u>62,442</u> | <u>(10,033)</u> |
| Other Financing Uses | | | | |
| Transfers to other funds | <u>(118,500)</u> | <u>(118,500)</u> | <u>(118,130)</u> | <u>370</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses | <u>\$ (46,025)</u> | <u>\$ (46,025)</u> | <u>(55,688)</u> | <u>\$ (9,663)</u> |
| Fund Balance, Beginning of Year | | | <u>92,446</u> | <u>71,336</u> |
| Fund Balance, End of Year | | | <u>\$ 36,758</u> | <u>\$ 92,446</u> |

See independent auditor's report.

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

For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | |
|-----------------------------------|--------------------|-----------------|-----------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | 2013 Totals |
| Intergovernmental | \$ 19,000 | \$ 19,000 | \$ 18,996 | \$ 18,996 |
| Total Revenues | 19,000 | 19,000 | 18,996 | 18,996 |
| Expenditures | | | | |
| Personal services | 2,000 | 2,000 | - | - |
| Other services and charges | 16,000 | 16,000 | 4,674 | 14,159 |
| Supplies | 1,000 | 1,000 | - | 11 |
| Total Expenditures | 19,000 | 19,000 | 4,674 | 14,170 |
| Excess Revenues Over Expenditures | \$ - | \$ - | 14,322 | \$ 4,826 |
| Fund Balance, Beginning of Year | | | 41,726 | 36,900 |
| Fund Balance, End of Year | | | \$ 56,048 | \$ 41,726 |

See independent auditor's report.

City of Beatrice, Nebraska
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|---|-----------------------|---------------------|-------------------------|------------|------------|
| | General Obligation | Bonded Districts | Unbonded Assessments | Total | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 55,155 | \$ - | \$ 13,880 | \$ 69,035 | \$ 172,742 |
| Cash on deposit - county treasurer | 12,174 | - | - | 12,174 | 7,693 |
| Taxes receivable | 17,754 | - | - | 17,754 | 11,253 |
| Assessments receivable: | | | | | |
| Current | - | - | 17,622 | 17,622 | 20,456 |
| Delinquent | - | - | 119,659 | 119,659 | 157,208 |
| Deferred | - | - | 72,526 | 72,526 | 90,180 |
| Accrued interest receivable | - | - | 71,591 | 71,591 | 87,903 |
| In-lieu-of assessments | - | 10,105 | - | 10,105 | 10,105 |
| Total Assets | 85,083 | 10,105 | 295,278 | 390,466 | 557,540 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accrued interest payable | 2,123 | - | - | 2,123 | 18,311 |
| Registered warrants payable | - | - | - | - | 262,815 |
| Total Liabilities | 2,123 | - | - | 2,123 | 281,126 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue | 13,778 | 10,105 | 281,399 | 305,282 | 109,531 |
| Fund Balance (Deficit) | | | | | |
| Restricted for debt service | 69,182 | - | - | 69,182 | 177,277 |
| Assigned for debt service | - | - | 13,879 | 13,879 | - |
| Unassigned | - | - | - | - | (10,394) |
| Total Fund Balance | 69,182 | - | 13,879 | 83,061 | 166,883 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 85,083 | \$ 10,105 | \$ 295,278 | \$ 390,466 | \$ 557,540 |

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, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|---|-----------------------|---------------------|-------------------------|------------------|-------------------|
| | General Obligation | Bonded Districts | Unbonded Assessments | Total | Totals |
| Revenues | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 186,380 | \$ - | \$ - | \$ 186,380 | \$ 152,452 |
| Intergovernmental revenues | 575 | - | - | 575 | 586 |
| Special assessments | - | - | 40,723 | 40,723 | 118,261 |
| Interest on assessments | - | - | 37,255 | 37,255 | 27,924 |
| Total Revenues | <u>186,955</u> | <u>-</u> | <u>77,978</u> | <u>264,933</u> | <u>299,223</u> |
| Expenditures | | | | | |
| Capital projects: | | | | | |
| Principal and interest on registered warrants | - | - | 84,455 | 84,455 | 10,397 |
| Debt service: | | | | | |
| Interest | 5,050 | - | - | 5,050 | 7,743 |
| Principal | 290,000 | - | - | 290,000 | 140,000 |
| Total Expenditures | <u>295,050</u> | <u>-</u> | <u>84,455</u> | <u>379,505</u> | <u>158,140</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(108,095)</u> | <u>-</u> | <u>(6,477)</u> | <u>(114,572)</u> | <u>141,083</u> |
| Fund Balance (Deficit), Beginning of Year - As previously stated | 177,277 | - | (10,394) | 166,883 | 25,800 |
| Adjustments Applicable to Prior Years | <u>-</u> | <u>-</u> | <u>30,750</u> | <u>30,750</u> | <u>-</u> |
| Fund Balance, Beginning of Year - Restated | <u>177,277</u> | <u>-</u> | <u>20,356</u> | <u>197,633</u> | <u>25,800</u> |
| Fund Balance, End of Year | <u>\$ 69,182</u> | <u>\$ -</u> | <u>\$ 13,879</u> | <u>\$ 83,061</u> | <u>\$ 166,883</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, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | |
|--|---------------------|---------------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | 2013 Actual |
| Property taxes | \$ 185,000 | \$ 185,000 | \$ 186,380 | \$ 1,380 |
| Intergovernmental revenues | 500 | 500 | 575 | 75 |
| Total Revenues | <u>185,500</u> | <u>185,500</u> | <u>186,955</u> | <u>1,455</u> |
| Expenditures | | | | |
| Debt Service: | | | | |
| Interest | 5,049 | 5,049 | 5,050 | (1) |
| Principal | 290,000 | 290,000 | 290,000 | - |
| Total Expenditures | <u>295,049</u> | <u>295,049</u> | <u>295,050</u> | <u>(1)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (109,549)</u> | <u>\$ (109,549)</u> | (108,095) | <u>\$ 1,454</u> |
| Fund Balance, Beginning of Year | | | <u>177,277</u> | <u>171,982</u> |
| Fund Balance, End of Year | | | <u>\$ 69,182</u> | <u>\$ 177,277</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, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | |
|--|--------------------|-----------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | 2013 Actual |
| Special assessments | \$ 165,609 | \$ 165,609 | \$ 40,723 | \$ (124,886) |
| Interest on assessments | 101,938 | 101,938 | 37,255 | (64,683) |
| Total Revenues | <u>267,547</u> | <u>267,547</u> | <u>77,978</u> | <u>(189,569)</u> |
| Expenditures | | | | |
| Interest on registered warrants | 15,800 | 15,800 | 7,264 | 8,536 |
| Principal on registered warrants | 251,577 | 251,577 | 77,191 | 174,386 |
| Total Expenditures | <u>267,377</u> | <u>267,377</u> | <u>84,455</u> | <u>182,922</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 170</u> | <u>\$ 170</u> | (6,477) | <u>\$ (6,647)</u> |
| Fund Deficit, Beginning of Year - As previously stated | | | (10,394) | (146,182) |
| Adjustments Applicable to Prior Years | | | <u>30,750</u> | <u>-</u> |
| Fund Balance (Deficit), Beginning of Year - Restated | | | <u>20,356</u> | <u>(146,182)</u> |
| Fund Balance (Deficit), End of Year | | | <u>\$ 13,879</u> | <u>\$ (10,394)</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|--|------------------------------------|--|-------------------------|-------------------|-------------------|
| | Library Capital Improvements | Public Safety Capital Improvements | Capital Improvements | Total | Total |
| Assets | | | | | |
| Cash and cash equivalents | \$ 40,876 | \$ 69,601 | \$ (2,135) | \$ 108,342 | \$ 332,916 |
| Investments | - | - | - | - | 79,389 |
| Accounts receivable | - | 38,302 | 121,404 | 159,706 | 425,810 |
| Total Assets | <u>40,876</u> | <u>107,903</u> | <u>119,269</u> | <u>268,048</u> | <u>838,115</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | - | - | 147,460 | 147,460 | 267,601 |
| Fund Balance | | | | | |
| Restricted for library capital improvement | - | - | 10,112 | 10,112 | - |
| Committed for library capital improvement | 40,876 | - | - | 40,876 | 211,822 |
| Committed for public safety equipment | - | 69,600 | - | 69,600 | 198,964 |
| Assigned for subsequent years' expenditure | - | - | - | - | 159,728 |
| Total Fund Balance | <u>40,876</u> | <u>69,600</u> | <u>10,112</u> | <u>120,588</u> | <u>570,514</u> |
| Total Liabilities and Fund Balance | <u>\$ 40,876</u> | <u>\$ 69,600</u> | <u>\$ 157,572</u> | <u>\$ 268,048</u> | <u>\$ 838,115</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, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|---|------------------------------------|--|-------------------------|-------------------|-------------------|
| | Library Capital Improvements | Public Safety Capital Improvements | Capital Improvements | Total | Total |
| Revenues | | | | | |
| Intergovernmental | \$ - | \$ 176,989 | \$ - | \$ 176,989 | \$ 681,522 |
| Interest | 38 | - | - | 38 | 40 |
| Donations and other revenue | - | 1,908 | 833,622 | 835,530 | 141,758 |
| Total Revenues | <u>38</u> | <u>178,897</u> | <u>833,622</u> | <u>1,012,557</u> | <u>823,320</u> |
| Expenditures | | | | | |
| Capital projects | 38,551 | 485,824 | 1,098,082 | 1,622,457 | 1,436,769 |
| MFO payments - other entities | - | 106,438 | - | 106,438 | 108,923 |
| Debt service | | | | | |
| Bond issuance cost | - | - | - | - | 5,980 |
| Total Expenditures | <u>38,551</u> | <u>592,262</u> | <u>1,098,082</u> | <u>1,728,895</u> | <u>1,551,672</u> |
| Deficiency of Revenues Under Expenditures | <u>(38,513)</u> | <u>(413,365)</u> | <u>(264,460)</u> | <u>(716,338)</u> | <u>(728,352)</u> |
| Other Financing Sources | | | | | |
| Proceeds from long-term debt | - | - | - | - | 520,000 |
| Transfers from other funds | - | 124,274 | 142,138 | 266,412 | 217,947 |
| Total Other Financing Sources | <u>-</u> | <u>124,274</u> | <u>142,138</u> | <u>266,412</u> | <u>737,947</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(38,513)</u> | <u>(289,091)</u> | <u>(122,322)</u> | <u>(449,926)</u> | <u>9,595</u> |
| Fund Balances, Beginning of Year - Restated | <u>79,389</u> | <u>358,691</u> | <u>132,434</u> | <u>570,514</u> | <u>560,919</u> |
| Fund Balances, End of Year | <u>\$ 40,876</u> | <u>\$ 69,600</u> | <u>\$ 10,112</u> | <u>\$ 120,588</u> | <u>\$ 570,514</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 LIBRARY CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL

For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | 2013 Actual |
|--|--------------------|--------------------|------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| Revenues | | | | |
| Interest | \$ 50 | \$ 50 | \$ 38 | \$ (12) |
| Total Revenues | <u>50</u> | <u>50</u> | <u>38</u> | <u>(12)</u> |
| Expenditures | | | | |
| Capital outlay | 30,000 | 30,000 | 38,551 | (8,551) |
| Total Expenditures | <u>30,000</u> | <u>30,000</u> | <u>38,551</u> | <u>(8,551)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ (29,950)</u> | <u>\$ (29,950)</u> | (38,513) | <u>\$ (8,563)</u> |
| Fund Balance, Beginning of Year | | | 79,389 | 79,349 |
| Fund Balance, End of Year | | | <u>\$ 40,876</u> | <u>\$ 79,389</u> |

See independent auditor's report.

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

For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | 2013 |
|--|---------------------|---------------------|------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | Actual |
| Revenues | | | | | |
| Intergovernmental | \$ 177,000 | \$ 177,000 | \$ 176,989 | \$ (11) | \$ 267,683 |
| Donations and other revenue | - | - | 1,908 | 1,908 | - |
| Total Revenues | <u>177,000</u> | <u>177,000</u> | <u>178,897</u> | <u>1,897</u> | <u>267,683</u> |
| Expenditures | | | | | |
| Capital Projects | | | | | |
| Police facility improvements | 67,200 | 67,200 | 53,902 | 13,298 | - |
| Fire facility improvements | - | - | - | - | 20,232 |
| Police equipment | 34,000 | 34,000 | 35,253 | (1,253) | 31,918 |
| Fire equipment | 259,500 | 259,500 | 396,669 | (137,169) | 734,378 |
| MFO payments - other entities | 106,450 | 106,450 | 106,438 | 12 | 108,923 |
| Debt service | | | | | |
| Bond issuance cost | - | - | - | - | 5,980 |
| Total Expenditures | <u>467,150</u> | <u>467,150</u> | <u>592,262</u> | <u>(125,112)</u> | <u>901,431</u> |
| Deficiency of Revenues Under Expenditures | <u>(290,150)</u> | <u>(290,150)</u> | <u>(413,365)</u> | <u>(123,215)</u> | <u>(633,748)</u> |
| Other Financing Sources | | | | | |
| Proceeds from long-term debt | - | - | - | - | 520,000 |
| Transfers from other funds | 140,000 | 140,000 | 124,274 | (15,726) | 19,820 |
| Total Other Financing Sources | <u>140,000</u> | <u>140,000</u> | <u>124,274</u> | <u>(15,726)</u> | <u>539,820</u> |
| Deficiency of Revenues and Other Sources Under Expenditures | <u>\$ (150,150)</u> | <u>\$ (150,150)</u> | <u>(289,091)</u> | <u>\$ (138,941)</u> | <u>(93,928)</u> |
| Fund Balance, Beginning of Year - Restated | | | <u>358,691</u> | | <u>452,619</u> |
| Fund Balance, End of Year | | | <u>\$ 69,600</u> | | <u>\$ 358,691</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|--------------------|------------------|------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Revenues | | | | | |
| Intergovernmental | \$ 250,000 | \$ 250,000 | \$ - | \$ (250,000) | \$ 413,839 |
| Donations and other revenue | 2,004,477 | 2,004,477 | 833,622 | (1,170,855) | 141,758 |
| Total Revenues | <u>2,254,477</u> | <u>2,254,477</u> | <u>833,622</u> | <u>(1,420,855)</u> | <u>555,597</u> |
| Expenditures | | | | | |
| Capital Projects | | | | | |
| Public building improvements | 5,000 | 5,000 | 4,418 | 582 | 20,232 |
| Police facility improvements | 87,800 | 87,800 | - | 87,800 | - |
| Library renovation | 2,000,000 | 2,000,000 | 950,726 | 1,049,274 | 43,567 |
| Downtown revitalization | - | - | - | - | 358,935 |
| Welcome sign project | - | - | 593 | (593) | - |
| Trail improvements | 262,500 | 262,500 | 88 | 262,412 | 54,510 |
| Park other improvements | 43,000 | 43,000 | - | 43,000 | 17,728 |
| Campground improvements | - | - | - | - | 80,576 |
| Ball field improvements | - | - | - | - | 13,451 |
| Beatrice Plus projects | 24,000 | 24,000 | 15,376 | 8,624 | - |
| Lodging tax projects | 35,000 | 35,000 | 33,712 | 1,288 | 48,256 |
| Skateboard park equipment | 25,000 | 25,000 | 46,785 | (21,785) | - |
| Public properties equipment | 26,000 | 26,000 | 8,519 | 17,481 | - |
| Computer equipment | 46,509 | 46,509 | 37,865 | 8,644 | 50,035 |
| Total Expenditures | <u>2,554,809</u> | <u>2,554,809</u> | <u>1,098,082</u> | <u>1,456,727</u> | <u>687,290</u> |
| Deficiency of Revenues Under Expenditures | <u>(300,332)</u> | <u>(300,332)</u> | <u>(264,460)</u> | <u>35,872</u> | <u>(131,693)</u> |
| Other Financing Sources | | | | | |
| Transfers from other funds | 300,332 | 300,332 | 142,138 | (158,194) | 198,127 |
| Total Other Financing Sources | <u>300,332</u> | <u>300,332</u> | <u>142,138</u> | <u>(158,194)</u> | <u>198,127</u> |
| Deficiency of Revenues and Other Sources Under Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>(122,322)</u> | <u>\$ (122,322)</u> | <u>66,434</u> |
| Fund Balance, Beginning of Year - Restated | | | <u>132,434</u> | | <u>66,000</u> |
| Fund Balance, End of Year | | | <u>\$ 10,112</u> | | <u>\$ 132,434</u> |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET
September 30, 2014

With comparative totals for September 30, 2013

| | 2014 | 2013 |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 3,695,700 | \$ 4,051,494 |
| Accounts receivable | 1,036,387 | 1,030,442 |
| Unbilled and accrued revenues | 616,672 | 589,684 |
| Materials and supplies inventories | 657,659 | 646,074 |
| Prepaid expenses | 4,698 | 4,881 |
| Interest receivable | 7,429 | 7,176 |
| Total Current Assets | <u>6,018,545</u> | <u>6,329,751</u> |
| Noncurrent Assets | | |
| Investments | 2,375,000 | 2,282,875 |
| Restricted cash and cash equivalents | | |
| Employee benefits | 20,229 | 75,660 |
| Customer deposits | 87,460 | 98,360 |
| Total Restricted Cash and Cash Equivalents | <u>107,689</u> | <u>174,020</u> |
| Restricted investments | | |
| Debt service reserve account | 79,275 | 71,400 |
| Customer deposits | 280,000 | 230,000 |
| Total Restricted Investments | <u>359,275</u> | <u>301,400</u> |
| Capital Assets | | |
| Land and land rights | 46,030 | 46,030 |
| Construction in progress | 4,116 | - |
| Buildings and improvements | 1,357,813 | 1,142,733 |
| Improvements other than building | 28,452,749 | 27,801,024 |
| Machinery and equipment | 3,377,786 | 2,906,616 |
| | <u>33,238,494</u> | <u>31,896,403</u> |
| Less accumulated depreciation | <u>(20,182,783)</u> | <u>(19,203,479)</u> |
| Net Capital Assets | <u>13,055,711</u> | <u>12,692,924</u> |
| Total Noncurrent Assets | <u>15,897,675</u> | <u>15,451,219</u> |
| Total Assets | <u>\$21,916,220</u> | <u>\$21,780,970</u> |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|----------------------------|----------------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,144,618 | \$ 1,063,459 |
| Accrued compensated absences | 127,661 | 118,303 |
| Accrued payroll | 78,535 | 51,611 |
| Sales tax payable | 43,551 | 91,340 |
| Employee insurance payable | 97,843 | 78,488 |
| Accrued interest | 2,590 | 5,110 |
| Other accrued liabilities | 6,970 | - |
| Customer deposits | 367,310 | 328,360 |
| Current portion of long-term debt | 61,250 | 63,000 |
| Total Current Liabilities | <u>1,930,328</u> | <u>1,799,671</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 260,458 | 240,769 |
| Revenue bonds, net of current portion | <u>589,750</u> | <u>651,000</u> |
| Total noncurrent liabilities | <u>850,208</u> | <u>891,769</u> |
| Total Liabilities | <u>2,780,536</u> | <u>2,691,440</u> |
| Net Position | | |
| Net investment in capital assets | 12,402,121 | 11,978,924 |
| Restricted for debt service | 79,275 | 71,400 |
| Unrestricted | <u>6,654,288</u> | <u>7,039,206</u> |
| Total Net Position | <u>19,135,684</u> | <u>19,089,530</u> |
| Total Liabilities and Net Position | <u><u>\$21,916,220</u></u> | <u><u>\$21,780,970</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | Variance | 2013 |
|--|--------------------|-------------------|----------------------|------------------------|----------------------|
| | Original Budget | Final Budget | Actual | Positive (Negative) | Totals |
| Operating Revenues | | | | | |
| Charges for services | \$ 15,736,760 | \$ 15,736,760 | \$ 15,165,993 | \$ (570,767) | \$ 14,838,324 |
| Operating Expenses | | | | | |
| Electric energy purchased | 11,500,000 | 11,500,000 | 11,305,198 | 194,802 | 11,010,727 |
| Operating and maintenance expense | 1,199,300 | 1,199,300 | 1,161,213 | 38,087 | 1,059,689 |
| Customer accounting expenses | 271,050 | 271,050 | 273,795 | (2,745) | 254,222 |
| Engineering services | 183,750 | 183,750 | 166,352 | 17,398 | 141,401 |
| Administrative and general expense | 877,750 | 877,750 | 824,634 | 53,116 | 780,229 |
| Municipal expenses | 481,200 | 481,200 | 504,881 | (23,681) | 485,890 |
| Depreciation | 960,000 | 960,000 | 979,304 | (19,304) | 960,029 |
| Total operating expenses | <u>15,473,050</u> | <u>15,473,050</u> | <u>15,215,377</u> | <u>257,673</u> | <u>14,692,187</u> |
| Operating Income | 263,710 | 263,710 | (49,384) | (313,094) | 146,137 |
| Nonoperating Revenues (Expenses) | | | | | |
| Merchandising, etc. | - | - | - | - | 53,546 |
| Interest income | 27,000 | 27,000 | 25,978 | (1,022) | 34,818 |
| Miscellaneous | 484,520 | 484,520 | 106,014 | (378,506) | 186,628 |
| Interest expense | (8,984) | (8,984) | (8,984) | - | (52,064) |
| Special item | - | - | - | - | (191,485) |
| Bond issuance cost | - | - | - | - | (8,921) |
| Total Nonoperating Revenues (Expenses) | <u>502,536</u> | <u>502,536</u> | <u>123,008</u> | <u>(379,528)</u> | <u>22,522</u> |
| Change in Net Position | <u>\$ 766,246</u> | <u>\$ 766,246</u> | 73,624 | <u>\$ (692,622)</u> | 168,659 |
| Net Position, Beginning of Year - As previously stated | | | 19,089,530 | | 18,920,871 |
| Adjustments Applicable to Prior Years | | | (27,470) | | - |
| Net Position, Beginning of Year - Restated | | | <u>19,062,060</u> | | <u>18,920,871</u> |
| Net Position, End of Year | | | <u>\$ 19,135,684</u> | | <u>\$ 19,089,530</u> |

See independent auditor's report.

City of Beatrice, Nebraska
ELECTRIC ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | 2013 |
|---|----------------------------|----------------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$15,172,010 | \$15,263,412 |
| Cash paid to suppliers for goods and services | (12,640,238) | (12,244,592) |
| Cash paid to employees for services | (1,519,041) | (1,625,056) |
| Net cash provided by operating activities | <u>1,012,731</u> | <u>1,393,764</u> |
| Cash Flows From Noncapital Financing Activities | | |
| Other miscellaneous receipts | <u>106,014</u> | <u>23,757</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal payments on long-term debt | (63,000) | (52,500) |
| Payment on refunded bond | - | (689,500) |
| Proceeds from long-term debt | - | 714,000 |
| Interest paid on long-term debt | (11,504) | (63,870) |
| Purchases of capital assets | (1,342,091) | (914,590) |
| Net cash used in capital and related financing activities | <u>(1,416,595)</u> | <u>(1,006,460)</u> |
| Cash Flows From Investing Activities | | |
| Net purchases of investments | (157,875) | - |
| Interest received | <u>25,725</u> | <u>30,504</u> |
| Net cash provided by (used in) investing activities | <u>(132,150)</u> | <u>30,504</u> |
| Net Change in Cash and Cash Equivalents | (430,000) | 441,565 |
| Cash and Cash Equivalents, Beginning of Year - as restated | <u>4,233,389</u> | <u>6,368,224</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 3,803,389</u></u> | <u><u>\$ 6,809,789</u></u> |
| Composition of Cash and Cash Equivalents | | |
| Cash and cash equivalents | \$ 3,695,700 | \$ 4,051,494 |
| Restricted cash and cash equivalents | 107,689 | 147,060 |
| Certificates of deposit | - | \$ 2,282,875 |
| Customer deposit investments | - | 328,360 |
| Total cash and cash equivalents | <u><u>\$ 3,803,389</u></u> | <u><u>\$ 6,809,789</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | |
| Operating income (Loss) | \$ (49,384) | \$ 146,137 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 979,304 | 960,029 |
| Merchandise and miscellaneous revenue | - | 240,174 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (5,945) | 275,067 |
| Unbilled and accrued revenues | (26,988) | (90,155) |
| Materials and supplies inventory | (11,585) | (58,672) |
| Prepaid expenses | 183 | 738 |
| Accounts payable | 81,159 | (141,073) |
| Compensated absences | 1,577 | 21,791 |
| Customer and development deposits | 38,950 | 35,525 |
| Other accrued liabilities | 5,460 | 4,203 |
| Total adjustments | <u>1,062,115</u> | <u>1,247,627</u> |
| Net cash provided by operating activities | <u><u>\$ 1,012,731</u></u> | <u><u>\$ 1,393,764</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
BALANCE SHEET
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|----------------------------|----------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 862,706 | \$ 862,109 |
| Accounts receivable | 132,321 | 131,772 |
| Unbilled and accrued revenues | 137,981 | 116,187 |
| Materials and supplies inventories | 279,303 | 221,369 |
| Prepaid expenses | 5,553 | 5,453 |
| Interest receivable | 2,490 | 2,082 |
| Total Current Assets | <u>1,420,354</u> | <u>1,338,972</u> |
| Noncurrent Assets | | |
| Investments | - | 7,875 |
| Restricted cash and cash equivalents | | |
| Developer deposit | 35,000 | - |
| Restricted Investments | | |
| Debt service reserve account | 134,581 | 127,290 |
| Capital Assets | | |
| Land and land rights | 55,458 | 55,458 |
| Construction in progress | 54,751 | 0 |
| Buildings and improvements | 134,285 | 84,285 |
| Improvements other than building | 15,410,167 | 14,965,604 |
| Machinery and equipment | 958,187 | 928,586 |
| | <u>16,612,848</u> | <u>16,033,933</u> |
| Less accumulated depreciation | <u>(10,971,601)</u> | <u>(10,428,615)</u> |
| Net Capital Assets | 5,641,247 | 5,605,318 |
| Total Noncurrent Assets | <u>5,810,828</u> | <u>5,740,483</u> |
| Total Assets | <u><u>\$ 7,231,182</u></u> | <u><u>\$ 7,079,455</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|---------------------|---------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 15,255 | \$ 7,664 |
| Accrued compensated absences | 85,931 | 76,735 |
| Accrued payroll | 29,747 | 23,627 |
| Sales tax payable | 20 | 407 |
| Accrued interest | 5,365 | 4,226 |
| Other accrued liabilities | 3,128 | - |
| Developer deposit | 35,000 | - |
| Current portion of long-term debt | 111,470 | 113,220 |
| Total Current Liabilities | <u>285,916</u> | <u>225,879</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 227,899 | 172,718 |
| Revenue bonds, net of current portion | <u>999,610</u> | <u>1,111,080</u> |
| Total Long-term Liabilities | <u>1,227,509</u> | <u>1,283,798</u> |
| Total Liabilities | <u>1,513,425</u> | <u>1,509,677</u> |
| Net Position | | |
| Net investment in capital assets | 4,524,802 | 4,381,018 |
| Restricted for debt service | 134,581 | 127,290 |
| Unrestricted | <u>1,058,374</u> | <u>1,061,470</u> |
| Total Net Position | <u>5,717,757</u> | <u>5,569,778</u> |
| Total Liabilities and Net Position | <u>\$ 7,231,182</u> | <u>\$ 7,079,455</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|--------------------|-------------------|---------------------|------------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Totals |
| Operating Revenues | | | | | |
| Charges for services | \$ 2,356,311 | \$ 2,356,311 | \$ 2,360,903 | \$ 4,592 | \$ 2,230,423 |
| Operating Expenses | | | | | |
| Operating and maintenance expense | 1,060,450 | 1,060,450 | 1,066,485 | (6,035) | 1,042,900 |
| Customer accounting expenses | 140,380 | 140,380 | 130,360 | 10,020 | 134,156 |
| Engineering services | 17,500 | 17,500 | 17,500 | - | 16,000 |
| Administrative and general expense | 499,300 | 499,300 | 427,163 | 72,137 | 426,164 |
| Municipal expenses | 45,250 | 45,250 | 52,545 | (7,295) | 55,410 |
| Depreciation | 515,000 | 515,000 | 542,986 | (27,986) | 493,670 |
| Total operating expenses | <u>2,277,880</u> | <u>2,277,880</u> | <u>2,237,039</u> | <u>40,841</u> | <u>2,168,300</u> |
| Operating Income | 78,431 | 78,431 | 123,864 | 45,433 | 62,123 |
| Nonoperating Revenues (Expenses) | | | | | |
| Merchandising, etc. | - | - | - | - | 38,634 |
| Interest income | 5,000 | 5,000 | 3,950 | (1,050) | 1,151 |
| Miscellaneous | 198,012 | 198,012 | 51,644 | (146,368) | 28,823 |
| Interest expense | (18,639) | (18,639) | (18,639) | - | (59,003) |
| Bond issuance cost | - | - | - | - | (8,921) |
| Total nonoperating revenues (expenses) | <u>184,373</u> | <u>184,373</u> | <u>36,955</u> | <u>(147,418)</u> | <u>684</u> |
| Change in Net Position | <u>\$ 262,804</u> | <u>\$ 262,804</u> | 160,819 | <u>\$ (101,985)</u> | \$ 62,807 |
| Net Position, Beginning of Year - As previously stated | | | 5,569,778 | | 5,506,971 |
| Adjustments Applicable to Prior Years | | | (12,840) | | - |
| Net Position, Beginning of Year - Restated | | | <u>5,556,938</u> | | <u>5,506,971</u> |
| Net Position, End of Year | | | <u>\$ 5,717,757</u> | | <u>\$ 5,569,778</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 2,373,560 | \$ 2,309,810 |
| Cash paid to suppliers for goods and services | (1,062,274) | (713,936) |
| Cash paid to employees for services | (621,824) | (938,949) |
| Net cash provided by operating activities | <u>689,462</u> | <u>656,925</u> |
| Cash Flows From Noncapital Financing Activities | | |
| Other miscellaneous receipts | <u>51,644</u> | <u>-</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal payments on long-term debt | (113,220) | (101,100) |
| Payment on refunded bond | - | (689,500) |
| Proceeds from long-term debt | - | 714,000 |
| Interest paid on long-term debt | (17,500) | (70,809) |
| Purchases of capital assets | (578,915) | (520,326) |
| Net cash used in capital and related financing activities | <u>(709,635)</u> | <u>(667,735)</u> |
| Cash Flows From Investing Activities | | |
| Net purchases of investments | (7,291) | - |
| Interest received | 3,542 | 403 |
| Net cash provided by (used in) investing activities | <u>(3,749)</u> | <u>403</u> |
| Net Change in Cash and Cash Equivalents | 27,722 | (10,407) |
| Cash and Cash Equivalents, Beginning of Year - as restated | 869,984 | 1,007,681 |
| Cash and Cash Equivalents, End of Year | <u>\$ 897,706</u> | <u>\$ 997,274</u> |
| Composition of Cash and Cash Equivalents | | |
| Cash and cash equivalents | \$ 862,706 | \$ 862,109 |
| Restricted cash and cash equivalents | 35,000 | 127,290 |
| Certificates of deposit | - | 7,875 |
| Total Cash, Cash Equivalents, and Investments | <u>\$ 897,706</u> | <u>\$ 997,274</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating income | \$ 123,864 | \$ 62,123 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 542,986 | 493,670 |
| Merchandise and miscellaneous revenue | - | 67,457 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (549) | (839) |
| Unbilled and accrued receivable | (21,794) | 12,769 |
| Materials and supplies inventory | (51,691) | 17,882 |
| Prepaid expenses | (100) | (692) |
| Accounts payable | 7,591 | (5,082) |
| Compensated absences | 45,294 | 9,355 |
| Customer and developer deposits | 35,000 | - |
| Other accrued liabilities | 8,861 | 282 |
| Total adjustments | <u>565,598</u> | <u>594,802</u> |
| Net cash provided by operating activities | <u>\$ 689,462</u> | <u>\$ 656,925</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|----------------------------|----------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,028,187 | \$ 1,182,108 |
| Accounts receivable | 64,724 | 75,205 |
| Unbilled and accrued revenues | 91,051 | 84,989 |
| Prepaid expenses | 2,508 | 2,575 |
| Interest receivable | 2,152 | 1,982 |
| Total Current Assets | <u>1,188,622</u> | <u>1,346,859</u> |
| Noncurrent Assets | | |
| Investments | 250,000 | 156,750 |
| Restricted cash and cash equivalents | | |
| Developer deposit | 45,000 | - |
| Restricted Investments | | |
| Debt service reserve account | 183,341 | 177,810 |
| Capital Assets | | |
| Land and land rights | 16,588 | 16,588 |
| Buildings and improvements | 9,094,840 | 9,045,632 |
| Improvements other than building | 8,464,627 | 8,444,409 |
| Machinery and equipment | 2,216,679 | 1,722,716 |
| | <u>19,792,734</u> | <u>19,229,345</u> |
| Less accumulated depreciation | <u>(13,305,697)</u> | <u>(12,724,112)</u> |
| Net Capital Assets | 6,487,037 | 6,505,233 |
| Total Noncurrent Assets | <u>6,965,378</u> | <u>6,839,793</u> |
| Total Assets | <u><u>\$ 8,154,000</u></u> | <u><u>\$ 8,186,652</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
BALANCE SHEET - CONTINUED
September 30, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 3,372 | \$ 1,289 |
| Accrued compensated absences | 28,303 | 21,235 |
| Accrued payroll | 15,265 | 12,214 |
| Accrued interest | 8,487 | 2,931 |
| Other accrued liabilities | 1,466 | - |
| Developer deposits | 45,000 | - |
| Current portion of long-term debt | 161,669 | 163,083 |
| Total Current Liabilities | <u>263,562</u> | <u>200,752</u> |
| Noncurrent Liabilities | | |
| Compensated absences | 47,182 | 31,870 |
| Revenue bonds, net of current portion | 1,360,640 | 1,517,920 |
| Notes payable, net of current maturities | 77,485 | 81,875 |
| Total Noncurrent Liabilities | <u>1,485,307</u> | <u>1,631,665</u> |
| Total Liabilities | <u>1,748,869</u> | <u>1,832,417</u> |
| Net Position | | |
| Net investment in capital assets | 4,878,756 | 4,742,355 |
| Restricted for debt service | 183,341 | 177,810 |
| Unrestricted | 1,343,034 | 1,434,070 |
| Total Net Position | <u>6,405,131</u> | <u>6,354,235</u> |
| Total Liabilities and Net Position | <u>\$ 8,154,000</u> | <u>\$ 8,186,652</u> |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|--------------------|-----------------|--------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Totals |
| Operating Revenues | | | | | |
| Charges for services | \$ 1,600,000 | \$ 1,600,000 | \$ 1,536,331 | \$ (63,669) | \$ 1,562,711 |
| Operating Expenses | | | | | |
| Operating and maintenance expense | 600,750 | 600,750 | 550,871 | 49,879 | 507,842 |
| Customer accounting expenses | 67,850 | 67,850 | 66,526 | 1,324 | 67,899 |
| Engineering services | 16,320 | 16,320 | 16,320 | - | 16,000 |
| Administrative and general expense | 347,825 | 347,825 | 259,838 | 87,987 | 280,002 |
| Municipal expenses | 12,000 | 12,000 | 19,833 | (7,833) | 21,602 |
| Depreciation | 560,000 | 560,000 | 581,585 | (21,585) | 547,325 |
| Total operating expenses | 1,604,745 | 1,604,745 | 1,494,973 | 109,772 | 1,440,670 |
| Operating Income | (4,745) | (4,745) | 41,358 | 46,103 | 122,041 |
| Nonoperating Revenues (Expenses) | | | | | |
| Merchandising, etc. | - | - | - | - | 40,532 |
| Interest income | 5,000 | 5,000 | 5,824 | 824 | (3,377) |
| Miscellaneous | 124,000 | 124,000 | 37,322 | (86,678) | 20,136 |
| Interest expense | (30,524) | (30,524) | (29,546) | 978 | (60,884) |
| Bond issuance cost | - | - | - | - | (7,658) |
| Total nonoperating revenues (expenses) | 98,476 | 98,476 | 13,600 | (84,876) | (11,251) |
| Change in Net Position | \$ 93,731 | \$ 93,731 | \$ 54,958 | \$ (38,773) | \$ 110,790 |
| Net Position, Beginning of Year - As previously stated | | | 6,354,235 | | 6,243,445 |
| Adjustments Applicable to Prior Years | | | (4,062) | | - |
| Net Position, Beginning of Year - Restated | | | 6,350,173 | | 6,243,445 |
| Net Position, End of Year | | | \$ 6,405,131 | | \$ 6,354,235 |

See independent auditor's report.

City of Beatrice, Nebraska
WATER POLLUTION CONTROL ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | 2013 |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 1,585,750 | \$ 1,621,519 |
| Cash paid to suppliers for goods and services | (563,445) | (289,952) |
| Cash paid to employees for services | (324,959) | (646,015) |
| Net cash provided by operating activities | <u>697,346</u> | <u>685,552</u> |
| Cash Flows From Noncapital Financing Activities | | |
| Other miscellaneous receipts | <u>37,322</u> | <u>-</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal payments on long-term debt | (163,083) | (150,617) |
| Payment on refunded bond | - | (591,000) |
| Proceeds from long-term debt | - | 612,000 |
| Interest paid on long-term debt | (23,990) | (71,014) |
| Purchases of capital assets | (563,389) | (231,433) |
| Net cash used in capital and related financing activities | <u>(750,462)</u> | <u>(432,064)</u> |
| Cash Flows From Investing Activities | | |
| Net purchases of investments | (101,872) | - |
| Interest received | 5,654 | (2,998) |
| Net cash used in investing activities | <u>(96,218)</u> | <u>(2,998)</u> |
| Net Change in Cash and Cash Equivalents | (112,012) | 250,490 |
| Cash and Restricted Cash, Beginning of Year - as restated | 1,185,199 | 1,266,178 |
| Cash and Restricted Cash, End of Year | <u>\$ 1,073,187</u> | <u>\$ 1,516,668</u> |
| Composition of Cash and Cash Equivalents | | |
| Cash and cash equivalents | \$ 1,028,187 | \$ 1,182,108 |
| Restricted cash and cash equivalents | 45,000 | 177,810 |
| Certificates of deposits | - | 156,750 |
| Total cash and cash equivalents | <u>\$ 1,073,187</u> | <u>\$ 1,516,668</u> |
| Reconciliation of Operating Income to Net Cash | | |
| Provided by Operating Activities | | |
| Operating income | \$ 41,358 | \$ 122,041 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 581,585 | 547,325 |
| Merchandise and miscellaneous revenue | - | 60,668 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 10,481 | (2,111) |
| Unbilled and accrued revenues | (6,062) | 251 |
| Prepaid expenses | 66 | (587) |
| Accounts payable | 2,083 | (11,064) |
| Compensated absences | 18,318 | (30,971) |
| Customer and developer deposits | 45,000 | - |
| Other accrued liabilities | 4,517 | - |
| Total adjustments | <u>655,988</u> | <u>563,511</u> |
| Net cash provided by operating activities | <u>\$ 697,346</u> | <u>\$ 685,552</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2014
 With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|--------------------------------|--------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 160,548 | \$ 236,677 |
| Accounts receivable | <u>167,788</u> | <u>94,591</u> |
| Total Current Assets | <u>328,336</u> | <u>331,268</u> |
| Noncurrent Assets | | |
| Restricted investments | | |
| Debt service reserve account | 257,602 | 258,676 |
| Closure/post-closure maintenance account | <u>1,078,351</u> | <u>860,630</u> |
| Total Restricted Assets | <u>1,335,953</u> | <u>1,119,306</u> |
| Property, Plant and Equipment | | |
| Buildings and improvements | 5,335,026 | 5,320,711 |
| Machinery and equipment | <u>1,289,645</u> | <u>1,305,451</u> |
| Total Property, Plant and Equipment | <u>6,624,671</u> | <u>6,626,162</u> |
| Less: accumulated depreciation | <u>(4,025,544)</u> | <u>(3,851,564)</u> |
| Net Property, Plant and Equipment | <u>2,599,127</u> | <u>2,774,598</u> |
| Total Noncurrent Assets | <u>3,935,080</u> | <u>3,893,904</u> |
| Total Assets and Deferred Outflows | <u><u>\$ 4,263,416</u></u> | <u><u>\$ 4,225,172</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 BALANCE SHEET - CONTINUED
 September 30, 2014
 With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 7,728 | \$ 75,673 |
| Compensated absences | 5,098 | 7,374 |
| Accrued compensation | 3,780 | 3,227 |
| Accrued interest payable | 19,515 | 20,480 |
| Current maturities of lease obligation | 50,588 | 44,830 |
| Current maturities of bonds payable | 160,000 | 160,000 |
| Total Current Liabilities | <u>246,709</u> | <u>311,584</u> |
| Noncurrent Liabilities | | |
| Compensated absences | - | 6,110 |
| Revenue bonds payable | 1,040,000 | 1,200,000 |
| Lease obligation | 4,290 | 59,021 |
| Estimated current cost of closure and post-closure | 3,119,000 | 2,638,000 |
| Total Noncurrent Liabilities | <u>4,163,290</u> | <u>3,903,131</u> |
| Total Liabilities | <u>4,409,999</u> | <u>4,214,715</u> |
| Net Position | | |
| Net investment in capital assets | 1,324,734 | 1,310,747 |
| Restricted for debt service | 257,602 | 258,676 |
| Unrestricted | (1,728,919) | (1,558,966) |
| Net Position | <u>(146,583)</u> | <u>10,457</u> |
| Total Liabilities and Net Position | <u>\$ 4,263,416</u> | <u>\$ 4,225,172</u> |

See independent auditor's report.

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

For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|--|--------------------|--------------------|---------------------|------------------------------------|------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Operating Revenues | | | | | |
| Other government user fees | \$ 94,505 | \$ 94,505 | \$ 94,505 | \$ - | \$ 94,505 |
| Gate fees | 340,000 | 340,000 | 315,343 | (24,657) | 294,037 |
| Garbage service fees | 721,000 | 721,000 | 723,099 | 2,099 | 695,559 |
| Recycling income | 2,000 | 2,000 | 3,449 | 1,449 | 1,994 |
| Total Operating Revenues | <u>1,157,505</u> | <u>1,157,505</u> | <u>1,136,396</u> | <u>(21,109)</u> | <u>1,086,095</u> |
| Operating Expenses | | | | | |
| Personal services | 239,763 | 239,763 | 224,717 | 15,046 | 232,802 |
| Other services and charges | 228,375 | 228,375 | 162,074 | 66,301 | 228,637 |
| Supplies | 112,900 | 112,900 | 91,446 | 21,454 | 89,714 |
| Contractual services | 100,650 | 100,650 | 101,898 | (1,248) | 97,102 |
| Depreciation and amortization | 350,000 | 350,000 | 197,935 | 152,065 | 260,700 |
| Landfill closure and post-closure care | 209,000 | 209,000 | 171,000 | 38,000 | 352,000 |
| Total Operating Expenses | <u>1,240,688</u> | <u>1,240,688</u> | <u>949,070</u> | <u>291,618</u> | <u>1,260,955</u> |
| Operating Income (Loss) | <u>(83,183)</u> | <u>(83,183)</u> | <u>187,326</u> | <u>270,509</u> | <u>(174,860)</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Miscellaneous income | 500 | 500 | 757 | 257 | 507 |
| Loss on disposal of capital asset | - | - | - | - | (57,757) |
| Interest earnings | 5,550 | 5,550 | 9,049 | 3,499 | 10,756 |
| Interest expense | - | - | (43,139) | (43,139) | (24,692) |
| Total Nonoperating Revenues (Expenses) | <u>6,050</u> | <u>6,050</u> | <u>(33,333)</u> | <u>(39,383)</u> | <u>(71,186)</u> |
| Change in Net Position | <u>\$ (77,133)</u> | <u>\$ (77,133)</u> | <u>153,993</u> | <u>\$ 231,126</u> | <u>(246,046)</u> |
| Net Position, Beginning of Year - As previously stated | | | 10,457 | | 256,503 |
| Adjustments Applicable to Prior Years | | | <u>(311,033)</u> | | <u>-</u> |
| Net Position, Beginning of Year - Restated | | | <u>(300,576)</u> | | <u>256,503</u> |
| Net Position, End of Year | | | <u>\$ (146,583)</u> | | <u>\$ 10,457</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BASWA ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | 2013 |
|---|--------------------------|----------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers | \$ 1,063,956 | \$ 1,082,889 |
| Cash paid to suppliers for goods and services | (423,363) | (340,999) |
| Cash paid to employees for services | (233,583) | (232,486) |
| Net cash provided by operating activities | <u>407,010</u> | <u>509,404</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Bond principal repayments | (160,000) | (160,000) |
| Note payable repayments | (48,973) | (47,408) |
| Interest expenditures | (42,174) | (25,980) |
| Capital expenditures | (22,464) | (938,206) |
| Net cash used in capital and related financing activities | <u>(273,611)</u> | <u>(1,171,594)</u> |
| Cash Flows from Investing Activities | | |
| Interest received | 9,049 | 10,756 |
| Purchase of investments | (218,577) | - |
| Net cash provided by (used in) investing activities | <u>(209,528)</u> | <u>10,756</u> |
| Net Change in Cash and Cash Equivalents | (76,129) | (651,434) |
| Cash and Cash Equivalents, Beginning of Year - as restated | <u>236,677</u> | <u>2,007,417</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 160,548</u></u> | <u><u>\$ 1,355,983</u></u> |
| Cash and Cash Equivalents Consist of: | | |
| Cash and investments | \$ 160,548 | \$ 236,677 |
| Debt service reserve account | - | 258,676 |
| Closure/post-closure maintenance account | - | 860,630 |
| Total Cash and Cash Equivalents | <u><u>\$ 160,548</u></u> | <u><u>\$ 1,355,983</u></u> |
| Reconciliation of Net Income (Loss) to Net Cash | | |
| Provided by Operating Activities | | |
| Operating income (loss) | \$ 187,326 | \$ (174,860) |
| Adjustments to reconcile operating income (loss) to net cash provided | | |
| by operating activities: | | |
| Depreciation and amortization | 197,935 | 260,700 |
| Other revenue | 757 | 507 |
| Changes in operating assets and liabilities: | | |
| Closure / post-closure liabilities | 171,000 | 352,000 |
| Accounts receivable | (73,197) | (3,713) |
| Accounts payable | (67,945) | 74,454 |
| Accrued expenses | (8,866) | 316 |
| Total adjustments | <u>219,684</u> | <u>684,264</u> |
| Net cash provided by operating activities | <u><u>\$ 407,010</u></u> | <u><u>\$ 509,404</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 BALANCE SHEET
 September 30, 2014
 With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|------------------|------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 23,917 | \$ 5,911 |
| Accounts receivable | <u>63,180</u> | <u>22,198</u> |
| Total Assets | <u>\$ 87,097</u> | <u>\$ 28,109</u> |
| Liabilities and Net Position | | |
| Liabilities | | |
| Accounts payable | <u>87,097</u> | <u>28,109</u> |
| Net Position | | |
| Unrestricted | <u>-</u> | <u>-</u> |
| Total Liabilities and Net Position | <u>\$ 87,097</u> | <u>\$ 28,109</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 BEATRICE SANITATION ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 For the year ended September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | |
|---------------------------------|--------------------|-----------------|--------------|------------------------------------|----------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Totals |
| Operating Revenues | | | | | |
| Garbage service fees | \$ 1,282,100 | \$ 1,282,100 | \$ 1,295,857 | \$ 13,757 | \$ 1,252,002 |
| Operating Expenses | | | | | |
| Bad debt expense | 1,500 | 1,500 | - | 1,500 | 1,747 |
| Garbage disposal contract | 700,600 | 700,600 | 704,305 | (3,705) | 682,367 |
| Garbage hauler contract | 580,000 | 580,000 | 591,552 | (11,552) | 567,888 |
| Total Operating Expenses | 1,282,100 | 1,282,100 | 1,295,857 | (13,757) | 1,252,002 |
| Change in Net Position | <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, 2014
 With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------------|------------------------|
| Cash Flows From Operating Activities | | |
| Cash received from customers | \$ 1,254,875 | \$ 1,256,356 |
| Cash paid to supplies for goods and services | <u>(1,236,869)</u> | <u>(1,251,613)</u> |
| Net Change in Cash and Cash Equivalents | 18,006 | 4,743 |
| Cash and Cash Equivalents, Beginning of Year | <u>5,911</u> | <u>1,168</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 23,917</u></u> | <u><u>\$ 5,911</u></u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating income | \$ - | \$ - |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (40,982) | 4,354 |
| Accounts payable | <u>58,988</u> | <u>389</u> |
| Total adjustments | <u>18,006</u> | <u>4,743</u> |
| Net cash provided by operating activities | <u><u>\$ 18,006</u></u> | <u><u>\$ 4,743</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, 2014
With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|------------------------------------|-------------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 205,378 | \$ 255,742 |
| Accounts receivable | <u>19,599</u> | <u>17,430</u> |
| Total Assets | <u>224,977</u> | <u>273,172</u> |
| Liabilities and Net Position | | |
| Liabilities | | |
| Current Liabilities | | |
| Claims incurred but not reported | <u>88,011</u> | <u>51,365</u> |
| Net Position | | |
| Unrestricted | <u>136,966</u> | <u>221,807</u> |
| Total Liabilities and Net Position | <u>\$ 224,977</u> | <u>\$ 273,172</u> |

See independent auditor's report.

City of Beatrice, Nebraska
INTERNAL SERVICE FUND
SELF-INSURED GROUP INSURANCE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSIITON
BUDGET AND ACTUAL
For the year ended September 30, 2014
With comparative totals for September 30, 2013

| | 2014 | | | | |
|---------------------------------------|--------------------|------------------|-------------------|------------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) | 2013 Actual |
| Operating Revenues | | | | | |
| Charges for services, including COBRA | \$ 1,360,440 | \$ 1,360,340 | \$ 1,337,277 | \$ (23,063) | \$ 1,305,605 |
| Reinsurance coverage reimbursements | - | - | 56,399 | 56,399 | 80,895 |
| Total Operating Revenues | <u>1,360,440</u> | <u>1,360,340</u> | <u>1,393,676</u> | <u>33,336</u> | <u>1,386,500</u> |
| Operating Expenses | | | | | |
| Health insurance claims paid | 950,000 | 950,000 | 1,142,657 | (192,657) | 820,842 |
| Insurance premiums | 195,800 | 195,800 | 179,682 | 16,118 | 182,981 |
| Payflex expenditures | 150,000 | 150,000 | 120,276 | 29,724 | 108,537 |
| Workers' compensation claims paid | - | - | - | - | 209 |
| Other services and charges | 26,800 | 26,800 | 36,144 | (9,344) | 24,437 |
| Total Operating Expenses | <u>1,322,600</u> | <u>1,322,600</u> | <u>1,478,759</u> | <u>(156,159)</u> | <u>1,137,006</u> |
| Operating Income (Loss) | <u>37,840</u> | <u>37,740</u> | <u>(85,083)</u> | <u>(122,823)</u> | <u>249,494</u> |
| Nonoperating Revenues | | | | | |
| Interest | <u>100</u> | <u>100</u> | <u>242</u> | <u>142</u> | <u>124</u> |
| Change in Net Position | <u>37,940</u> | <u>37,840</u> | <u>(84,841)</u> | <u>(122,681)</u> | <u>249,618</u> |
| Net Position, Beginning of Year | | | <u>221,807</u> | | <u>(27,811)</u> |
| Net Position, End of Year | | | <u>\$ 136,966</u> | | <u>\$ 221,807</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, 2014
With comparative totals for September 30, 2013

| | 2014 | 2013 |
|---|---------------------------|--------------------------|
| Cash Flows From Operating Activities | | |
| Receipts from customers and users | \$ 1,391,507 | \$ 1,584,055 |
| Payments to suppliers | <u>(1,442,113)</u> | <u>(1,348,515)</u> |
| Net cash provided by (used in) operating activities | (50,606) | 235,540 |
| Cash Flows From Investing Activities | | |
| Interest received | <u>242</u> | <u>124</u> |
| Net Change in Cash and Cash Equivalents | <u>(50,364)</u> | <u>235,664</u> |
| Cash and Cash Equivalents, Beginning of Year | <u>255,742</u> | <u>20,078</u> |
| Cash and Cash Equivalents, End of Year | <u><u>205,378</u></u> | <u><u>255,742</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash | | |
| Provided by (Used in) Operating Activities: | | |
| Operating income (loss) | (85,083) | 249,494 |
| Adjustments to reconcile operating income (loss) to net cash provided | | |
| by operating activities: | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,169) | 197,555 |
| Due to other funds | - | (215,242) |
| Claims incurred but not reported | <u>36,646</u> | <u>3,733</u> |
| Total adjustments | <u>34,477</u> | <u>(13,954)</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (50,606)</u></u> | <u><u>\$ 235,540</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 EMPLOYEES' RETIREMENT SYSTEM PENSION TRUST FUND
 COMBINING STATEMENT OF NET POSITION
 September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | | | | | 2013 |
|--|---------------------|---------------------|-----------------------|-----------------------------|----------------------|----------------------|
| | Firefighters | Police | General Government | Board of Public Works | Total | Total |
| Assets | | | | | | |
| Investments with fiscal agent: | | | | | | |
| Guaranteed interest accounts | \$ 1,800,958 | \$ 892,591 | \$ 1,235,999 | \$ 4,105,232 | \$ 8,034,780 | \$ 8,606,273 |
| Publicly traded equities | 4,463,124 | 1,804,958 | 1,687,385 | 2,788,219 | 10,743,686 | 10,118,341 |
| Total Assets | <u>6,264,082</u> | <u>2,697,549</u> | <u>2,923,384</u> | <u>6,893,451</u> | <u>18,778,466</u> | <u>18,724,614</u> |
| Net Position | | | | | | |
| Restricted for employees' system retirement | <u>\$ 6,264,082</u> | <u>\$ 2,697,549</u> | <u>\$ 2,923,384</u> | <u>\$ 6,893,451</u> | <u>\$ 18,778,466</u> | <u>\$ 18,724,614</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, 2014
With comparative totals for the year ended September 30, 2013

| | 2014 | | | | | 2013 |
|--|---------------------|---------------------|---------------------|-----------------------|----------------------|----------------------|
| | Firefighters | Police | General Government | Board of Public Works | Total | Actual |
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Employer | \$ 149,557 | \$ 79,419 | \$ 74,594 | \$ 157,095 | \$ 460,665 | \$ 455,628 |
| Employee | 74,778 | 79,405 | 74,593 | 161,717 | 390,493 | 385,935 |
| Total Contributions | 224,335 | 158,824 | 149,187 | 318,812 | 851,158 | 841,563 |
| Investment Income: | | | | | | |
| Net appreciation in fair value of investments | 525,692 | 242,233 | 197,373 | 447,414 | 1,412,712 | 1,726,741 |
| Total Additions | 750,027 | 401,057 | 346,560 | 766,226 | 2,263,870 | 2,568,304 |
| Deductions: | | | | | | |
| Benefit payments | 268,692 | - | 23,472 | 1,917,818 | 2,209,982 | 576,168 |
| Administrative costs | 1 | - | - | 35 | 36 | 14,281 |
| Total Deductions | 268,693 | - | 23,472 | 1,917,853 | 2,210,018 | 590,449 |
| Change in Net Position | 481,334 | 401,057 | 323,088 | (1,151,627) | 53,852 | 1,977,855 |
| Net Position Held in Trust for Pension Benefits, Beginning of Year | 5,782,748 | 2,296,492 | 2,600,296 | 8,045,078 | 18,724,614 | 16,746,759 |
| Net Position Held in Trust for Pension Benefits, End of Year | <u>\$ 6,264,082</u> | <u>\$ 2,697,549</u> | <u>\$ 2,923,384</u> | <u>\$ 6,893,451</u> | <u>\$ 18,778,466</u> | <u>\$ 18,724,614</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, 2014
With comparative totals for the year ended September 30, 2013

| | 2014 | | | | | 2013 |
|--|--------------------|-------------------|--------------------|-----------------------|----------------------|--------------------|
| | Firefighters | Police | General Government | Board of Public Works | Total | Total |
| Cash Flows From Operating Activities | | | | | | |
| Cash contributions received | \$ 224,335 | \$ 158,824 | \$ 149,187 | \$ 318,812 | \$ 851,158 | \$ 841,563 |
| Cash terminations/retirements paid | (268,692) | - | (23,472) | (1,917,818) | (2,209,982) | (576,168) |
| Other operating charges paid | (1) | - | - | (35) | (36) | (14,281) |
| Net Cash Provided by (Used in) Operating Activities | (44,358) | 158,824 | 125,715 | (1,599,041) | (1,358,860) | 251,114 |
| Cash Flows From Investing Activities | | | | | | |
| Interest and dividends on investments | (525,692) | (242,233) | (197,373) | (447,414) | (1,412,712) | (1,726,741) |
| Sale (purchase) of investments | 570,050 | 83,409 | 71,658 | 2,046,455 | 2,771,572 | 1,475,627 |
| Net Cash Provided by (Used in) Investing Activities | 44,358 | (158,824) | (125,715) | 1,599,041 | 1,358,860 | (251,114) |
| Net Increase in Cash | - | - | - | - | - | - |
| Cash and Cash Equivalents, Beginning of Year | - | - | - | - | - | - |
| Cash and Cash Equivalents, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | | | | |
| Operating income (loss) | \$ 481,334 | \$ 401,057 | \$ 323,088 | \$(1,151,627) | \$ 53,852 | \$ 1,977,855 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | | | | | | |
| Interest and dividends on investments | <u>(525,692)</u> | <u>(242,233)</u> | <u>(197,373)</u> | <u>(447,414)</u> | <u>(1,412,712)</u> | <u>(1,726,741)</u> |
| Net Cash Provided by (Used In) Operating Activities | <u>\$ (44,358)</u> | <u>\$ 158,824</u> | <u>\$ 125,715</u> | <u>\$(1,599,041)</u> | <u>\$(1,358,860)</u> | <u>\$ 251,114</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNITS
 COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
 September 30, 2014¹

| | Beatrice Airport Authority | Beatrice Community Redevelopment Authority | Beatrice Public Library Foundation | Total Component Units |
|---|----------------------------------|---|---|-----------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 257,107 | \$ - | \$ 1,297,832 | \$ 1,554,939 |
| Investments | - | - | 1,016,422 | 1,016,422 |
| Cash on deposit - county treasurer | 16,376 | - | - | 16,376 |
| Accounts receivable | 17,143 | - | - | 17,143 |
| Taxes receivable | 17,465 | - | - | 17,465 |
| Inventories | 62,016 | - | - | 62,016 |
| Total Current Assets | <u>370,107</u> | <u>-</u> | <u>2,314,254</u> | <u>2,684,361</u> |
| Noncurrent Assets | | | | |
| Restricted Assets | | | | |
| Cash and cash equivalents | 626,164 | 216,899 | 185,476 | 1,028,539 |
| Cash on deposit - county treasurer | - | 35,243 | - | 35,243 |
| Investments | - | - | 116,218 | 116,218 |
| TIF receivable | - | 185,745 | - | 185,745 |
| Total Restricted Assets | <u>626,164</u> | <u>437,887</u> | <u>301,694</u> | <u>1,365,745</u> |
| Capital Assets | | | | |
| Land | 1,321,356 | - | - | 1,321,356 |
| Capital assets, net of accumulated depreciation | 1,452,833 | - | 62,934 | 1,515,767 |
| Net capital assets | <u>2,774,189</u> | <u>-</u> | <u>62,934</u> | <u>2,837,123</u> |
| Total Noncurrent Assets | <u>3,400,353</u> | <u>437,887</u> | <u>364,628</u> | <u>4,202,868</u> |
| Total Assets | <u>3,770,460</u> | <u>437,887</u> | <u>2,678,882</u> | <u>6,887,229</u> |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | 5,897 | - | - | 5,897 |
| Accrued interest payable | 892 | 1,872 | - | 2,764 |
| Accrued compensated absences | 13,069 | - | - | 13,069 |
| Accrued liabilities | - | - | 1,278 | 1,278 |
| Unearned rent | 7,956 | - | - | 7,956 |
| Due to developer | - | 36,015 | - | 36,015 |
| Current maturities of long-term debt | 45,000 | 90,000 | - | 135,000 |
| Total Current Liabilities | <u>72,814</u> | <u>127,887</u> | <u>1,278</u> | <u>201,979</u> |
| Noncurrent Liabilities, Net of Current Portion | | | | |
| Compensated absences | 46,467 | - | - | 46,467 |
| Long-term debt | 135,000 | 310,000 | - | 445,000 |
| Total Noncurrent Liabilities | <u>181,467</u> | <u>310,000</u> | <u>-</u> | <u>491,467</u> |
| Total Liabilities | <u>254,281</u> | <u>437,887</u> | <u>1,278</u> | <u>693,446</u> |
| Net Position | | | | |
| Net investment in capital assets | 2,594,189 | - | 62,934 | 2,657,123 |
| Restricted for debt service | 93,817 | - | - | 93,817 |
| Restricted for runway expansion | 538,219 | - | - | 538,219 |
| Restricted for Library Foundation | - | - | 1,257,412 | 1,257,412 |
| Unrestricted net position | 289,954 | - | 1,357,258 | 1,647,212 |
| Total Net Position | <u>3,516,179</u> | <u>-</u> | <u>2,677,604</u> | <u>6,193,783</u> |
| Total Liabilities and Net Position | <u>\$ 3,770,460</u> | <u>\$ 437,887</u> | <u>\$ 2,678,882</u> | <u>\$ 6,887,229</u> |

1: Beatrice Library Foundation, Inc.'s financial information is as of its fiscal year end July 31, 2014.

See independent auditor's report.

CITY OF BEATRICE, NEBRASKA
COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS
For the year ended September 30, 2014¹

| Functions/Programs | 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 | | | | | | |
| Beatrice Airport Authority: | | | | | | |
| Airport operations | \$ 781,633 | \$ 551,517 | \$ 240,506 | \$ 10,390 | \$ - | \$ 10,390 |
| Interest on long-term debt | 6,050 | - | - | (6,050) | - | (6,050) |
| Total Beatrice Airport Authority | <u>787,683</u> | <u>551,517</u> | <u>240,506</u> | <u>4,340</u> | <u>-</u> | <u>4,340</u> |
| Beatrice Community Redevelopment Authority: | | | | | | |
| Community development | 335,517 | - | - | (335,517) | - | (335,517) |
| Interest on long-term debt | 33,686 | - | - | (33,686) | - | (33,686) |
| Total Beatrice Community Redevelopment Authority | <u>369,203</u> | <u>-</u> | <u>-</u> | <u>(369,203)</u> | <u>-</u> | <u>(369,203)</u> |
| Beatrice Public Library Foundation, Inc.: | | | | | | |
| Foundation operations | 398,353 | 4,500 | - | - | (393,853) | (393,853) |
| Total Component Units | <u>\$ 1,555,239</u> | <u>\$ 556,017</u> | <u>\$ 240,506</u> | <u>4,340</u> | <u>(369,203)</u> | <u>(393,853)</u> |
| General Revenues | | | | | | |
| Property tax | | | 249,270 | - | - | 249,270 |
| Tax increment financing | | | - | 356,478 | - | 356,478 |
| Miscellaneous revenues | | | 7,515 | 12,725 | 4,204 | 24,444 |
| Investment earnings | | | 274 | - | 110,693 | 110,967 |
| Total General Revenues | | | <u>257,059</u> | <u>369,203</u> | <u>114,897</u> | <u>741,159</u> |
| Change in Net Position | | | 261,399 | - | (278,956) | (17,557) |
| Net Position, Beginning of Year - As previously stated | | | 3,228,268 | 308,454 | 2,956,560 | 6,493,282 |
| Adjustments Applicable to Prior Years | | | 26,512 | (308,454) | - | (281,942) |
| Net Position, Beginning of Year - Restated | | | <u>3,254,780</u> | <u>-</u> | <u>2,956,560</u> | <u>6,211,340</u> |
| Net Position, End of Year | | | <u>\$ 3,516,179</u> | <u>\$ -</u> | <u>\$ 2,677,604</u> | <u>\$ 6,193,783</u> |

¹: Beatrice Library Foundation, Inc.'s financial information is as of its fiscal year ended July 31, 2014.

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE AIRPORT AUTHORITY
 STATEMENT OF NET POSITION
 September 30, 2014
 With comparative totals for September 30, 2013

| | 2014 | 2013 |
|--|----------------------------|----------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 257,107 | \$ 172,218 |
| Cash on deposit - county treasurer | 16,376 | 9,592 |
| Accounts receivable | 17,143 | 24,955 |
| Taxes receivable | 17,465 | 28,834 |
| Inventories | 62,016 | 66,496 |
| Total Current Assets | <u>370,107</u> | <u>302,095</u> |
| Noncurrent Assets | | |
| Restricted Assets | | |
| Cash and cash equivalents - debt service | 87,945 | 17,021 |
| Cash and cash equivalents - runway extension project | 538,219 | 438,439 |
| Total Restricted Assets | <u>626,164</u> | <u>455,460</u> |
| Capital Assets | | |
| Land | 1,321,356 | 1,321,356 |
| Capital assets, net of accumulated depreciation | 1,452,833 | 1,449,836 |
| Total Capital Assets | <u>2,774,189</u> | <u>2,771,192</u> |
| Total Noncurrent Assets | <u>3,400,353</u> | <u>3,226,652</u> |
| Total Assets | <u><u>3,770,460</u></u> | <u><u>3,528,747</u></u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | 627 | 125 |
| Accrued wages payable | 5,270 | 4,599 |
| Accrued interest payable | 892 | 2,070 |
| Current portion of compensated absences | 13,069 | 12,811 |
| Current portion of unearned rent | 7,956 | 13,636 |
| Current maturities of long-term debt | 45,000 | 45,000 |
| Total Current Liabilities | <u>72,814</u> | <u>78,241</u> |
| Noncurrent Liabilities, Net of Current Portion | | |
| Compensated absences | 46,467 | 34,282 |
| Unearned rent | - | 7,956 |
| Long-term debt | 135,000 | 180,000 |
| Total Noncurrent Liabilities | <u>181,467</u> | <u>222,238</u> |
| Total Liabilities | <u>254,281</u> | <u>300,479</u> |
| Net Position | | |
| Net investment in capital assets | 2,594,189 | 2,546,192 |
| Restricted for debt service | 93,817 | 22,156 |
| Restricted for runway expansion | 538,219 | 438,439 |
| Unrestricted net position | 289,954 | 221,481 |
| Total net position | <u>3,516,179</u> | <u>3,228,268</u> |
| Total Liabilities and Net Position | <u><u>\$ 3,770,460</u></u> | <u><u>\$ 3,528,747</u></u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE AIRPORT AUTHORITY
 STATEMENT OF ACTIVITIES
 For the year ended September 30, 2014
 With comparative totals for the year ended September 30, 2013

| | 2014 | 2013 |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Property taxes | \$ 249,270 | \$ 193,286 |
| Contributions and grants | 240,506 | - |
| Rent and use fees | 160,997 | 157,171 |
| Charges for services | 68,516 | 47,341 |
| Gas, oil, and jet fuel sales | 254,685 | 232,534 |
| Farm income | 67,319 | 66,793 |
| Interest income | 274 | 325 |
| Other income | 7,515 | 4,266 |
| Total Operating Revenues | <u>1,049,082</u> | <u>701,716</u> |
| Operating Expenses | | |
| Airport operations | 734,106 | 829,317 |
| Aircraft repair shop | 47,527 | 47,863 |
| Interest on long-term debt | 6,050 | 6,677 |
| Total Operating Expenses | <u>787,683</u> | <u>883,857</u> |
| Change in Net Position | <u>261,399</u> | <u>(182,141)</u> |
| Net Position, Beginning of Year - As previously stated | 3,228,268 | 3,410,409 |
| Adjustments Applicable to Prior Years | 26,512 | - |
| Net Position, Beginning of Year - Restated | <u>3,254,780</u> | <u>3,410,409</u> |
| Net Position, End of Year | <u>\$ 3,516,179</u> | <u>\$ 3,228,268</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE COMMUNITY REDEVELOPMENT AUTHORITY
 STATEMENT OF NET POSITION
 September 30, 2014
 With comparative totals for September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|---------------------|
| Assets | | |
| Restricted Assets | | |
| Cash and cash equivalents | \$ 216,899 | \$ 170,876 |
| Cash on deposit - county treasurer | 35,243 | 139,411 |
| TIF receivable | 185,745 | 2,525,330 |
| Total Assets | <u>437,887</u> | <u>2,835,617</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accrued interest payable | 1,872 | 1,833 |
| Due to developer | 36,015 | - |
| Current maturities of long-term debt | 90,000 | 382,412 |
| Total Current Liabilities | <u>127,887</u> | <u>384,245</u> |
| Noncurrent Liabilities, Net of Current Portion | | |
| TIF payable | - | 1,742,918 |
| Long-term debt | 310,000 | 400,000 |
| Total Noncurrent Liabilities | <u>310,000</u> | <u>2,142,918</u> |
| Total Liabilities | <u>437,887</u> | <u>2,527,163</u> |
| Net Position | | |
| Unrestricted | <u>-</u> | <u>308,454</u> |
| Total Liabilities and Net Position | <u>\$ 437,887</u> | <u>\$ 2,835,617</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, 2014
 With comparative totals for the year ended September 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|------------------|-------------------|
| Operating Revenues | | |
| Tax increment financing | \$ 356,478 | \$ 504,305 |
| Developer contributions | 12,725 | - |
| Total Operating Revenues | <u>369,203</u> | <u>504,305</u> |
| Operating Expenses | | |
| Community development | - | 260,482 |
| Developer TIF payments | 335,517 | - |
| Interest expense | 33,686 | 43,995 |
| Total Operating Expenses | <u>369,203</u> | <u>304,477</u> |
| Change in Net Position | <u>-</u> | <u>199,828</u> |
| Net Position, Beginning of Year - As Previously Stated | 308,454 | 108,626 |
| Adjustment Applicable to Prior Years | <u>(308,454)</u> | <u>-</u> |
| Net Position, Beginning of Year - Restated | <u>-</u> | <u>108,626</u> |
| Net Position, End of Year | <u>\$ -</u> | <u>\$ 308,454</u> |

See independent auditor's report.

City of Beatrice, Nebraska
 COMPONENT UNIT
 BEATRICE PUBLIC LIBRARY FOUNDATION, INC.
 STATEMENT OF NET POSITION
 For the year ended July 31, 2014
 With comparative totals for July 31, 2013

| | <u>2014</u> | <u>2013</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,297,832 | \$ 505,324 |
| Investments | <u>1,016,422</u> | <u>967,884</u> |
| Total Current Assets | <u>2,314,254</u> | <u>1,473,208</u> |
| Noncurrent Assets | | |
| Cash and cash equivalents - restricted | 185,476 | 1,303,766 |
| Investments - restricted | 116,218 | 116,830 |
| Capital assets (net of accumulated depreciation of \$17,097 in 2014 and \$15,953 in 2013) | <u>62,934</u> | <u>64,077</u> |
| Total Noncurrent Assets | <u>364,628</u> | <u>1,484,673</u> |
| Total Assets | <u><u>\$ 2,678,882</u></u> | <u><u>\$ 2,957,881</u></u> |
| Liabilities | | |
| Current Liabilities | | |
| Accrued liabilities | <u>1,278</u> | <u>1,321</u> |
| Total Liabilities | <u>1,278</u> | <u>1,321</u> |
| Net Position | | |
| Net investment in capital assets | 62,934 | 64,077 |
| Restricted for Library Foundation | 1,257,412 | 1,623,677 |
| Unrestricted net position | <u>1,357,258</u> | <u>1,268,806</u> |
| Total Net Position | <u>2,677,604</u> | <u>2,956,560</u> |
| Total Liabilities and Net Position | <u><u>\$ 2,678,882</u></u> | <u><u>\$ 2,957,881</u></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, 2014
 With comparative totals for the year ended July 31, 2013

| | 2014 | 2013 |
|----------------------------------|---------------------|---------------------|
| Support and Revenue | | |
| Gifts and bequests | \$ 3,124 | \$ 1,058 |
| Investment income | 69,494 | 61,352 |
| Gain (loss) on sale of assets | (1,811) | 2,357 |
| Unrealized gain (loss) on assets | 43,010 | 89,241 |
| Rental income | 4,500 | 4,500 |
| Miscellaneous contributions | 1,080 | - |
| Total Support and Revenue | <u>119,397</u> | <u>158,508</u> |
| Expenses | | |
| Professional fees | 12,888 | 10,386 |
| Insurance | 1,548 | 92 |
| Real estate taxes | 164 | 1,667 |
| Depreciation | 1,143 | 1,143 |
| Income taxes | 4,948 | 1,007 |
| Supplies and miscellaneous | 339 | 363 |
| Library support | 376,917 | 132,049 |
| Garden expenses | 406 | - |
| Total Expenses | <u>398,353</u> | <u>146,707</u> |
| Change in Net Position | (278,956) | 11,801 |
| Net Position, Beginning of Year | <u>2,956,560</u> | <u>2,944,759</u> |
| Net Position, End of Year | <u>\$ 2,677,604</u> | <u>\$ 2,956,560</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, 2014
 With comparative totals for the year ended July 31, 2013

| | 2014 | 2013 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net position | \$ (278,956) | \$ 11,801 |
| Adjustments to change in net position to cash used in operating activities: | | |
| Depreciation | 1,143 | 1,143 |
| Gain (loss) on sale of assets | 1,811 | (2,357) |
| Unrealized gain on assets | (43,010) | (89,241) |
| Increase in accrued taxes | (43) | 2 |
| Total adjustments | (40,099) | (90,453) |
| Net cash used in operating activities | (319,055) | (78,652) |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Sale of investments | 2,036,778 | 1,748,292 |
| Purchase of investments | (2,043,505) | (1,642,472) |
| Net cash provided by (used in) investing activities | (6,727) | 105,820 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: | (325,782) | 27,168 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,809,090 | 1,781,922 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 1,483,308</u> | <u>\$ 1,809,090</u> |
| CASH AND CASH EQUIVALENTS CONSIST OF: | | |
| Cash and cash equivalents | 1,297,832 | 505,324 |
| Cash and cash equivalents - restricted | 185,476 | 1,303,766 |
| | <u>\$ 1,483,308</u> | <u>\$ 1,809,090</u> |

See independent auditor's report.

City of Beatrice, Nebraska
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULES BY SOURCE

September 30, 2014

With comparative totals for September 30, 2013

| | 2014 | 2013 |
|---|----------------------|----------------------|
| GOVERNMENTAL FUNDS CAPITAL ASSETS | | |
| Land | \$ 2,663,388 | \$ 2,636,341 |
| Buildings | 8,067,935 | 6,986,115 |
| Improvements other than buildings | 4,272,884 | 4,181,913 |
| Machinery and equipment | 9,850,708 | 9,437,471 |
| Infrastructure | 28,002,604 | 27,512,503 |
| Construction in progress | - | 122,678 |
| Total | <u>\$ 52,857,519</u> | <u>\$ 50,877,021</u> |
| INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE | | |
| General obligation bonds | \$ 5,468,859 | \$ 5,219,976 |
| Federal and state grants | 9,117,251 | 9,110,449 |
| General fund revenues | 33,724,287 | 33,036,059 |
| Donations | 4,547,122 | 3,510,537 |
| Total Investment in Governmental Funds Capital Assets | <u>\$ 52,857,519</u> | <u>\$ 50,877,021</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.

See independent auditor's report.

City of Beatrice, Nebraska
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 September 30, 2014
 With comparative totals for September 30, 2013

| Function and Activity | 2014 | | | | | | 2013 Totals |
|--|---------------------|----------------------------------|---|-------------------------------|----------------------|----------------------|----------------------|
| | Land | Buildings and Improvements | Improvements Other Than Buildings | Machinery and Equipment | Infrastructure | Total | |
| GENERAL GOVERNMENT | | | | | | | |
| Management and budget | \$ - | \$ - | \$ - | \$ 251,219 | \$ - | \$ 251,219 | \$ 243,829 |
| Legal | - | - | - | 5,692 | - | 5,692 | 5,692 |
| Inspection | - | - | - | 40,288 | - | 40,288 | 41,688 |
| Total General Government | - | - | - | 297,199 | - | 297,199 | 291,209 |
| PUBLIC SAFETY | | | | | | | |
| Police | 76,500 | - | 147,480 | 2,349,455 | - | 2,573,435 | 2,557,353 |
| Fire | - | - | - | 3,900,264 | - | 3,900,264 | 3,527,172 |
| Total Public Safety | 76,500 | - | 147,480 | 6,249,719 | - | 6,473,699 | 6,084,525 |
| CULTURE AND RECREATION | | | | | | | |
| Public properties | 2,486,310 | 4,277,051 | 4,043,200 | 1,093,828 | - | 11,900,389 | 11,632,018 |
| Library | 100,578 | 3,400,482 | 82,204 | 640,730 | - | 4,223,994 | 3,282,036 |
| Total Culture and Recreation | 2,586,888 | 7,677,533 | 4,125,404 | 1,734,558 | - | 16,124,383 | 14,914,054 |
| STREETS AND TRAILS | - | 390,402 | - | 1,545,891 | 27,015,738 | 28,952,031 | 28,626,216 |
| STORM WATER MANAGEMENT | - | - | - | 23,341 | 986,866 | 1,010,207 | 961,017 |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$ 2,663,388</u> | <u>\$ 8,067,935</u> | <u>\$ 4,272,884</u> | <u>\$ 9,850,708</u> | <u>\$ 28,002,604</u> | <u>\$ 52,857,519</u> | <u>\$ 50,877,021</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, 2014

| Function and Activity | Governmental Funds Capital Assets 10/1/13 | Additions | Deductions | Transfers | Governmental Funds Capital Assets 9/30/14 |
|--|--|---------------------|---------------------|-------------|--|
| GENERAL GOVERNMENT | | | | | |
| Management and budget | \$ 243,829 | \$ 16,493 | \$ (9,103) | \$ - | \$ 251,219 |
| Legal | 5,692 | - | - | - | 5,692 |
| Inspection | 41,688 | - | (1,400) | - | 40,288 |
| Total General Government | 291,209 | 16,493 | (10,503) | - | 297,199 |
| PUBLIC SAFETY | | | | | |
| Police | 2,557,353 | 119,929 | (103,847) | - | 2,573,435 |
| Fire | 3,527,172 | 381,321 | (8,229) | - | 3,900,264 |
| Total Public Safety | 6,084,525 | 501,250 | (112,076) | - | 6,473,699 |
| CULTURE AND RECREATION | | | | | |
| Public properties | 11,632,018 | 290,628 | (38,015) | 15,759 | 11,900,390 |
| Library | 3,282,036 | 988,911 | (46,953) | - | 4,223,994 |
| Total Culture and Recreation | 14,914,054 | 1,279,539 | (84,968) | 15,759 | 16,124,384 |
| STREETS AND TRAILS | 28,626,216 | 341,573 | - | (15,759) | 28,952,030 |
| STORM WATER MANAGEMENT | 961,017 | 49,190 | - | - | 1,010,207 |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$50,877,021</u> | <u>\$ 2,188,045</u> | <u>\$ (207,547)</u> | <u>\$ -</u> | <u>\$52,857,519</u> |

See independent auditor's report.

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SECTION 3

STATISTICAL SECTION

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

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

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

Table 1

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in capital assets | \$ 19,908,477 | \$ 21,437,464 | \$ 24,852,789 | \$ 24,951,333 | \$ 25,645,880 | \$ 25,415,415 | \$ 26,471,016 | \$ 28,220,897 | \$ 28,702,717 | \$ 28,967,476 |
| Restricted | 1,718,362 | 3,733,809 | 3,560,378 | 3,486,512 | 3,184,634 | 3,323,885 | 2,860,602 | 2,494,379 | 3,151,861 | 3,094,596 |
| Unrestricted | 1,401,146 | 1,018,752 | 1,404,834 | 1,487,967 | 1,468,328 | 1,715,179 | 2,125,443 | 2,007,117 | 2,313,002 | 2,693,041 |
| Total Governmental Activities Net Position | \$ 23,027,985 | \$ 26,190,025 | \$ 29,818,001 | \$ 29,925,812 | \$ 30,298,842 | \$ 30,454,479 | \$ 31,457,061 | \$ 32,722,393 | \$ 34,167,580 | \$ 34,755,113 |
| Business-type Activities | | | | | | | | | | |
| Net Investment in capital assets | \$ 22,943,802 | \$ 23,669,489 | \$ 24,082,895 | \$ 24,456,255 | \$ 21,645,203 | \$ 21,604,880 | \$ 21,153,306 | \$ 22,190,417 | \$ 22,413,044 | \$ 23,130,413 |
| Restricted | - | 732,489 | 425,387 | 598,152 | 643,308 | 643,769 | 467,738 | 636,926 | 635,176 | 654,799 |
| Unrestricted | 3,674,447 | 1,445,042 | 1,550,277 | 1,009,142 | 4,306,304 | 5,628,234 | 7,988,560 | 8,198,618 | 7,975,780 | 7,326,777 |
| Total Business-type Activities Net Position | \$ 26,618,249 | \$ 25,847,020 | \$ 26,058,559 | \$ 26,063,549 | \$ 26,594,815 | \$ 27,876,883 | \$ 29,609,604 | \$ 31,025,961 | \$ 31,024,000 | \$ 31,111,989 |
| Primary Government | | | | | | | | | | |
| Net Investment in capital assets | \$ 42,852,279 | \$ 45,106,953 | \$ 48,935,684 | \$ 49,407,588 | \$ 47,291,083 | \$ 47,020,295 | \$ 47,624,322 | \$ 50,411,314 | \$ 51,115,761 | \$ 52,097,889 |
| Restricted | 1,718,362 | 4,466,298 | 3,985,765 | 4,084,664 | 3,827,942 | 3,967,654 | 3,328,340 | 3,131,305 | 3,787,037 | 3,749,395 |
| Unrestricted | 5,075,593 | 2,463,794 | 2,955,111 | 2,497,109 | 5,774,632 | 7,343,413 | 10,114,003 | 10,205,735 | 10,288,782 | 10,019,818 |
| Total Primary Government Net Position | \$ 49,646,234 | \$ 52,037,045 | \$ 55,876,560 | \$ 55,989,361 | \$ 56,893,657 | \$ 58,331,362 | \$ 61,066,665 | \$ 63,748,354 | \$ 65,191,580 | \$ 65,867,102 |

2005 - Restatement in 2006 financials

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

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 2,534,949 | \$ 1,534,901 | \$ 1,525,313 | \$ 2,279,782 | \$ 1,427,557 | \$ 1,501,214 | \$ 2,142,072 | \$ 1,850,178 | \$ 1,543,513 | \$ 3,286,519 |
| Public Safety | 4,199,255 | 4,221,570 | 4,814,618 | 4,961,626 | 4,986,635 | 5,342,184 | 5,524,713 | 5,711,024 | 5,686,678 | 5,609,235 |
| Highways and Streets | 2,068,107 | 1,322,483 | 1,583,261 | 1,890,095 | 1,800,884 | 2,055,666 | 2,025,079 | 1,865,778 | 1,856,508 | 2,116,534 |
| Culture and Recreation | 1,164,624 | 1,337,021 | 1,661,496 | 1,625,953 | 1,423,702 | 1,494,887 | 1,418,419 | 1,269,566 | 1,349,132 | 1,422,746 |
| Interest on Long-Term Debt | 141,854 | 156,582 | 51,357 | 49,910 | 38,318 | 31,322 | 23,868 | 21,945 | 24,120 | 12,603 |
| Total Governmental Activities Expenses | 10,108,789 | 8,572,557 | 9,636,045 | 10,807,366 | 9,677,096 | 10,425,273 | 11,134,151 | 10,718,491 | 10,459,951 | 12,447,637 |
| Business-type Activities | | | | | | | | | | |
| Electric | 10,459,639 | 10,754,605 | 11,352,226 | 11,790,452 | 11,990,639 | 12,837,407 | 13,466,171 | 14,102,853 | 14,753,172 | 15,224,361 |
| Water | 1,631,342 | 1,716,187 | 1,685,340 | 1,680,952 | 1,751,778 | 1,837,721 | 1,976,606 | 1,969,687 | 2,236,224 | 2,255,678 |
| Water Pollution Control | 1,350,663 | 1,434,806 | 1,469,718 | 1,567,092 | 1,626,419 | 1,599,624 | 1,616,210 | 1,511,319 | 1,509,212 | 1,524,519 |
| Sanitation | 1,066,056 | 1,072,664 | 1,139,633 | 1,208,564 | 1,174,531 | 1,190,463 | 1,185,618 | 1,233,849 | 1,252,002 | 992,209 |
| Beatrice Area Solid Waste Agency | 882,331 | 1,048,967 | 1,075,677 | 1,649,170 | 942,608 | 956,627 | 1,025,297 | 1,384,427 | 1,285,647 | 1,295,857 |
| Total Business-type Activities Expenses | 15,390,031 | 16,027,229 | 16,722,594 | 17,896,230 | 17,485,975 | 18,421,842 | 19,269,902 | 20,202,135 | 21,036,257 | 21,292,624 |
| Total Primary Government Expenses | \$25,498,820 | \$24,599,786 | \$26,358,639 | \$28,703,596 | \$27,163,071 | \$28,847,115 | \$30,404,053 | \$30,920,626 | \$31,496,208 | \$33,740,261 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 979,857 | \$ 345,007 | \$ 371,674 | \$ 284,335 | \$ 205,377 | \$ 311,477 | \$ 250,053 | \$ 272,753 | \$ 418,743 | \$ 1,744,814 |
| Public Safety | 770,979 | 1,306,089 | 1,402,026 | 1,586,908 | 1,642,214 | 1,666,149 | 1,806,582 | 1,893,084 | 1,914,393 | \$ 1,340,782 |
| Culture and Recreation | 246,427 | 250,418 | 192,847 | 187,454 | 212,136 | 234,027 | 212,851 | 234,840 | 228,792 | \$ 36,988 |
| Other Governmental Activities | 26,757 | 37,492 | 34,318 | 38,457 | 26,790 | 22,865 | 50,147 | 68,552 | 28,795 | \$ 219,903 |
| Operating Grants and Contributions | 2,140,648 | 1,525,902 | 1,829,626 | 1,967,155 | 1,785,458 | 1,674,225 | 1,414,084 | 1,182,509 | 1,072,697 | \$ 1,380,090 |
| Capital Grants and Contributions | 307,453 | 461,506 | 1,378,513 | 597,350 | 290,637 | 654,092 | 2,307,752 | 2,332,445 | 1,694,873 | \$ 1,641,055 |
| Total Governmental Activities Program Revenues | 4,472,121 | 3,926,414 | 5,209,004 | 4,661,659 | 4,162,612 | 4,562,835 | 6,041,469 | 5,984,183 | 5,358,293 | 6,363,632 |
| Business-type Activities | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Electric | 10,828,533 | 10,964,847 | 11,524,236 | 12,400,570 | 12,642,133 | 14,104,065 | 14,498,621 | 14,644,110 | 14,838,324 | 15,165,993 |
| Water | 1,545,380 | 1,643,628 | 1,625,956 | 1,487,231 | 1,577,016 | 1,728,981 | 1,969,342 | 2,281,472 | 2,230,423 | 2,360,903 |
| Water Pollution Control | 1,062,860 | 1,156,364 | 1,129,261 | 1,158,511 | 1,198,716 | 1,375,951 | 1,453,143 | 1,566,247 | 1,562,711 | 1,536,331 |
| Sanitation | 1,066,056 | 1,072,664 | 1,139,633 | 1,208,564 | 1,174,531 | 1,190,463 | 1,185,618 | 1,233,849 | 1,252,002 | 1,136,396 |
| Beatrice Area Solid Waste Agency | 930,981 | 923,420 | 997,495 | 1,075,120 | 1,050,149 | 1,048,397 | 1,017,931 | 1,114,194 | 1,086,095 | 1,295,857 |
| Capital Grants and Contributions | - | 455,095 | 214,223 | 199,650 | - | - | - | - | - | - |
| Total Business-type Activities Program Revenues | 15,433,810 | 16,216,018 | 16,630,804 | 17,529,646 | 17,642,545 | 19,447,857 | 20,124,655 | 20,839,872 | 20,969,555 | 21,495,480 |
| Total Primary Government Program Revenues | \$19,905,931 | \$20,142,432 | \$21,839,808 | \$22,191,305 | \$21,805,157 | \$24,010,692 | \$26,166,124 | \$26,824,055 | \$26,327,848 | \$27,859,112 |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental Activities: | \$ (5,636,668) | \$ (4,646,143) | \$ (4,427,041) | \$ (6,145,707) | \$ (5,514,484) | \$ (5,862,438) | \$ (5,092,682) | \$ (4,734,308) | \$ (5,101,658) | \$ (6,084,005) |
| Business-type Activities | 43,779 | 188,789 | (91,790) | (366,584) | 156,570 | 1,026,015 | 854,753 | 637,737 | (66,702) | 202,856 |
| Total Primary Government Net (Expense) | \$ (5,592,889) | \$ (4,457,354) | \$ (4,518,831) | \$ (6,512,291) | \$ (5,357,914) | \$ (4,836,423) | \$ (4,237,929) | \$ (4,096,571) | \$ (5,168,360) | \$ (5,881,149) |

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 | \$ 4,487,542 | \$ 4,668,783 | \$ 4,987,528 | \$ 5,110,376 | \$ 4,960,225 | \$ 5,237,019 | \$ 5,242,141 | \$ 5,460,446 | \$ 5,583,425 | \$ 5,762,423 |
| Unrestricted Intergovernmental | 383,844 | 453,478 | 555,063 | 587,786 | 566,172 | 561,813 | 597,411 | 393,613 | 659,517 | 689,779 |
| Miscellaneous Revenues | 538,916 | 414,510 | 302,369 | 447,468 | 278,455 | 146,476 | 238,004 | 136,136 | 298,578 | 221,673 |
| Unrestricted Investment Earnings | 69,412 | 142,609 | 136,094 | 114,399 | 82,662 | 72,767 | 17,708 | 9,445 | 5,325 | 6,231 |
| Gain (loss) on Sale of Capital Assets | (6,684) | 4,451 | (84,842) | (6,511) | - | - | - | - | - | (7,074) |
| Total Governmental Activities | 5,473,030 | 5,683,831 | 5,896,212 | 6,253,518 | 5,887,514 | 6,018,075 | 6,095,264 | 5,999,640 | 6,546,845 | 6,673,032 |

Business-type Activities:

| | | | | | | | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Miscellaneous Revenues | 335,657 | 121,725 | 171,536 | 277,591 | 321,312 | 196,031 | 810,950 | 727,763 | 368,806 | 195,737 |
| Investment Earnings | 59,192 | 110,699 | 131,793 | 98,880 | 53,384 | 60,022 | 67,018 | 50,857 | 43,348 | 44,801 |
| Special Items | - | - | - | - | - | - | - | - | (191,485) | - |
| (Loss) Gain on Sale of Capital Assets | (60,692) | - | - | (4,897) | - | - | - | - | (57,757) | - |
| Total Business-type Activities | 334,157 | 232,424 | 303,329 | 371,574 | 374,696 | 256,053 | 877,968 | 778,620 | 162,912 | 240,538 |
| Total Primary Government | \$ 5,807,187 | \$ 5,916,255 | \$ 6,199,541 | \$ 6,625,092 | \$ 6,262,210 | \$ 6,274,128 | \$ 6,973,232 | \$ 6,778,260 | \$ 6,709,757 | \$ 6,913,570 |

Change in Net Position

| | | | | | | | | | | |
|--------------------------------|--------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| Governmental Activities | \$ (163,638) | \$ 1,037,688 | \$ 1,469,171 | \$ 107,811 | \$ 373,030 | \$ 155,637 | \$ 1,002,582 | \$ 1,265,332 | \$ 1,445,187 | \$ 589,027 |
| Business-type Activities | 377,936 | 421,213 | 211,539 | 4,990 | 531,266 | 1,282,068 | 1,732,721 | 1,416,357 | 96,210 | 443,394 |
| Change in accounting principle | - | - | - | - | - | - | - | - | (98,171) | - |
| Total Primary Government | \$ 214,298 | \$ 1,458,901 | \$ 1,680,710 | \$ 112,801 | \$ 904,296 | \$ 1,437,705 | \$ 2,735,303 | \$ 2,681,689 | \$ 1,443,226 | \$ 1,032,421 |

2005 - Restatement in 2006 Financials

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

2013 - Implementation of GASB 65

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> |
|------------------------|-----|-------------------------|----------------------|-----------------------------|---------------------------|--------------|
| 2005 | | \$ 1,250,205 | \$ 2,666,234 | \$ 557,578 | \$ 13,525 | \$ 4,487,542 |
| 2006 | (1) | 1,345,681 | 2,609,294 | 693,266 | 20,542 | 4,668,783 |
| 2007 | | 1,437,813 | 2,813,973 | 715,056 | 20,686 | 4,987,528 |
| 2008 | (2) | 1,724,779 | 2,629,801 | 736,406 | 19,390 | 5,110,376 |
| 2009 | (3) | 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 |

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) Utility Occupation Taxes amended to include wireless phone service

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

(3) 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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ 128,019 | \$ 48,584 | \$ 21,354 | \$ 52,588 | \$ 63,979 | \$ 28,800 | \$ - |
| Assigned For: | | | | | | | | | | |
| subsequent years' expenditures | 570,000 | 445,000 | 491,000 | 629,500 | 592,106 | 716,164 | 734,960 | 644,444 | 734,986 | 817,938 |
| Unassigned | 1,190,438 | 1,262,195 | 1,450,957 | 1,210,485 | 1,129,331 | 1,057,315 | 849,366 | 786,619 | 1,157,311 | 1,860,437 |
| Total General Fund | <u>\$ 1,760,438</u> | <u>\$ 1,707,195</u> | <u>\$ 1,941,957</u> | <u>\$ 1,968,004</u> | <u>\$ 1,770,021</u> | <u>\$ 1,794,833</u> | <u>\$ 1,636,914</u> | <u>\$ 1,495,042</u> | <u>\$ 1,921,097</u> | <u>\$ 2,678,375</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted For: | | | | | | | | | | |
| Restricted for Economic Development | \$ 845,281 | \$ 861,742 | \$ 675,162 | \$ 901,586 | \$ 1,066,772 | \$ 1,227,426 | \$ 1,030,152 | \$ 896,621 | \$ 1,016,166 | \$ 1,128,265 |
| Restricted for Library Capital | - | - | - | - | - | - | - | - | - | 10,112 |
| Restricted for Debt Service | 233,006 | 223,587 | 217,103 | 450,392 | 235,800 | 212,370 | 212,845 | 171,982 | 177,277 | 69,182 |
| Restricted for CDBG Revolving Loans | 361,596 | 2,314,689 | 2,309,706 | 1,654,085 | 1,593,105 | 1,555,418 | 1,523,666 | 1,290,461 | 1,249,361 | 622,605 |
| Restricted for E911 Public Safety | 10,869 | (8,651) | (5,964) | (4,065) | (2,095) | 7,699 | 41,351 | 71,336 | 92,446 | 36,758 |
| Restricted for Storm Water Management | - | - | 31,262 | 11,086 | 31,680 | 72 | 21,438 | 36,900 | 41,726 | 56,048 |
| Restricted for Streets | (70,922) | (163,548) | 4,677 | (3,304) | 160,092 | 411,516 | 378,019 | 401,241 | 546,085 | 1,171,626 |
| Committed For: | | | | | | | | | | |
| Committed for Community Betterment | 198,319 | 181,805 | 181,687 | 191,405 | 204,863 | 162,712 | 209,771 | 50,355 | 4,046 | 17,326 |
| Committed for Library Capital | 94,083 | 97,106 | 96,835 | 80,739 | 81,705 | 93,416 | 82,405 | 145,349 | 211,822 | 40,876 |
| Committed for Public Safety | 184,598 | 235,366 | 266,131 | 304,799 | 158,668 | 206,202 | 255,576 | 292,892 | 198,964 | 69,600 |
| Committed for Capital Project | - | - | - | - | - | - | 267,233 | - | - | - |
| Assigned For: | | | | | | | | | | |
| Debt service | - | - | - | - | - | - | - | - | - | 13,879 |
| Subsequent Years' Expenditures | - | - | - | - | - | - | - | 122,678 | 159,728 | - |
| Unassigned, Reported In: | | | | | | | | | | |
| Special Revenue-CRA fund | (66,769) | - | - | - | - | - | - | - | - | - |
| Debt Service Funds | (159,872) | (183,671) | (235,058) | (214,234) | (129,833) | (53,427) | (16,416) | (146,182) | (10,394) | - |
| Capital Projects funds | 22,766 | 34,799 | 3,462 | 91,430 | - | - | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 1,652,955</u> | <u>\$ 3,593,224</u> | <u>\$ 3,545,003</u> | <u>\$ 3,463,919</u> | <u>\$ 3,400,757</u> | <u>\$ 3,823,404</u> | <u>\$ 4,006,040</u> | <u>\$ 3,333,633</u> | <u>\$ 3,687,227</u> | <u>\$ 3,236,277</u> |

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

2005 - Restatement in 2006 Financials

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

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

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

2011 - For comparison purposes restated the fund balances from 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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (a) |
|--|---------------------|---------------------|-------------------|--------------------|---------------------|-------------------|------------------|---------------------|-------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 4,487,542 | \$ 4,668,783 | \$ 4,987,528 | \$ 5,110,376 | \$ 4,960,225 | \$ 5,237,019 | \$ 5,242,141 | \$ 5,460,446 | \$ 5,466,427 | \$ 5,823,746 |
| Licenses & Permits | 106,454 | 94,817 | 199,008 | 103,070 | 80,819 | 173,182 | 108,465 | 105,128 | 78,920 | 114,685 |
| Intergovernmental and Grants | 2,602,708 | 2,452,508 | 3,457,823 | 2,827,669 | 2,494,643 | 2,801,411 | 4,254,245 | 2,430,097 | 3,191,033 | 2,794,328 |
| Charges for Services (1) | 1,167,068 | 1,461,191 | 1,773,046 | 1,974,053 | 1,990,050 | 2,043,066 | 2,170,302 | 2,344,477 | 1,847,614 | 1,758,473 |
| Keno Proceeds | 135,253 | 93,706 | 109,558 | 113,062 | 89,668 | 75,178 | 83,401 | 79,132 | 62,296 | 73,188 |
| Special Assessments | 93,984 | 159,761 | 103,792 | 60,611 | 85,724 | 63,252 | 25,794 | 133,879 | 118,261 | 40,723 |
| Interest | 68,976 | 141,297 | 152,259 | 135,906 | 112,125 | 72,767 | 62,518 | 34,114 | 43,664 | 48,928 |
| Donations and Misc Revenue | 538,916 | 532,419 | 404,930 | 594,879 | 236,872 | 146,778 | 165,542 | 644,084 | 464,741 | 1,006,947 |
| Total revenues | 9,200,901 | 9,604,482 | 11,187,944 | 10,919,626 | 10,050,126 | 10,612,653 | 12,112,408 | 11,231,357 | 11,272,956 | 11,661,018 |
| Expenditures | | | | | | | | | | |
| General Government | 1,456,889 | 1,338,934 | 1,297,993 | 2,230,741 | 1,356,912 | 1,473,498 | 2,827,461 | 1,823,715 | 1,403,472 | 1,682,858 |
| Public Safety (1) | 3,900,882 | 4,105,029 | 4,552,974 | 4,732,030 | 4,697,661 | 4,975,019 | 5,148,150 | 5,234,146 | 4,888,595 | 5,024,814 |
| Highways and Streets | 1,968,128 | 898,007 | 968,064 | 1,101,521 | 1,069,722 | 1,263,739 | 1,224,442 | 1,154,538 | 1,086,835 | 1,067,619 |
| Culture and Recreation | 1,164,624 | 1,141,291 | 1,321,558 | 1,314,275 | 1,030,637 | 1,013,450 | 1,040,086 | 942,577 | 926,500 | 908,159 |
| Debt Service: | | | | | | | | | | |
| Principal | 535,000 | 325,000 | 165,000 | 230,000 | 375,000 | 360,148 | 305,444 | 270,000 | 140,000 | 290,000 |
| Interest | 141,854 | 156,582 | 51,357 | 49,910 | 38,318 | 31,322 | 23,868 | 21,945 | 18,140 | 5,050 |
| Bond Insurance Costs | - | - | - | 10,199 | - | - | - | - | 5,980 | - |
| Capital Outlay | 740,767 | 2,077,272 | 2,755,667 | 1,913,167 | 1,616,144 | 921,519 | 1,393,246 | 2,485,269 | 2,434,862 | 2,676,626 |
| MFO Payments to Other Entities | 120,880 | 122,576 | 122,907 | 124,292 | 126,877 | 126,499 | 124,994 | 113,445 | 108,923 | 106,438 |
| Total Expenditures | 10,029,024 | 10,164,691 | 11,235,520 | 11,706,135 | 10,311,271 | 10,165,194 | 12,087,691 | 12,045,635 | 11,013,307 | 11,761,564 |
| Excess of Revenues over (under) Expenditures | (828,123) | (560,209) | (47,576) | (786,509) | (261,145) | 447,459 | 24,717 | (814,278) | 259,649 | (100,546) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 341,370 | 387,000 | 313,958 | 473,865 | 448,856 | 228,934 | 371,548 | 715,163 | 374,263 | 384,542 |
| Transfers Out | (341,370) | (387,000) | (313,958) | (473,865) | (448,856) | (228,934) | (371,548) | (715,163) | (374,263) | (384,542) |
| Bond Issuance Costs | (33,834) | - | - | - | - | - | - | - | - | - |
| Grant write-off | - | - | - | (87,857) | - | - | - | - | - | - |
| Bond and Lease Proceeds | 2,480,000 | - | 216,263 | 819,329 | - | - | - | - | 520,000 | - |
| Sale of Capital Assets | 359 | 39,100 | 17,854 | - | - | - | - | - | - | 20,000 |
| Total Other Financing Sources (Uses) | 2,446,525 | 39,100 | 234,117 | 731,472 | - | - | - | - | 520,000 | 20,000 |
| Net Change in Fund Balances | \$ 1,618,402 | \$ (521,109) | \$ 186,541 | \$ (55,037) | \$ (261,145) | \$ 447,459 | \$ 24,717 | \$ (814,278) | \$ 779,649 | \$ (80,546) |
| Debt Service as a percentage of noncapital expenditures | 7.4% | 5.9% | 2.6% | 2.9% | 5.3% | 4.3% | 3.4% | 3.2% | 1.9% | 3.7% |

(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

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

Table 6

| FISCAL YEAR | ASSESSED VALUE (1) | Personal Property ASSESSED VALUE (1) | TOTAL ASSESSED VALUATION | TOTAL DIRECT TAX RATE | RATIO OF ASSESSED TO EST. ACTUAL |
|------------------------|-------------------------------|---|---|--------------------------------------|---|
| 2005 | \$ 453,422,564 | n/a | \$ 453,422,564 | 0.275890 | 1 |
| 2006 | 463,420,813 | n/a | 463,420,813 | 0.293520 | 1 |
| 2007 | 481,285,347 | 16,002,826 | 497,288,173 | 0.293520 | 1 |
| 2008 | 486,617,931 | 15,869,700 | 502,487,631 | 0.343520 | 1 |
| 2009 | 525,995,213 | 18,150,178 | 544,145,391 | 0.315224 | 1 |
| 2010 | 532,301,625 | 25,190,566 | 557,492,191 | 0.325815 | 1 |
| 2011 | 530,661,631 | 15,296,532 | 545,958,163 | 0.325839 | 1 |
| 2012 | 528,758,221 | 13,937,124 | 542,695,345 | 0.345840 | 1 |
| 2013 | 531,508,050 | 12,657,956 | 544,166,006 | 0.345840 | 1 |
| 2014 | 552,634,425 | 22,369,755 | 575,004,180 | 0.345707 | 1 |

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

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

Table 7

| <u>FISCAL YEAR</u> | <u>CITY OF BEATRICE</u> | <u>SCHOOL DIST. #15</u> | <u>GAGE COUNTY</u> | <u>SPECIAL TAX DIST.</u> | <u>AIRPORT</u> | <u>TOTAL TAX RATE</u> |
|------------------------|-----------------------------|-----------------------------|------------------------|------------------------------|----------------|---------------------------|
| 2005 | 0.275890 | 1.168805 | 0.387777 | 0.125965 | 0.042787 | 2.001224 |
| 2006 | 0.29352 | 1.161633 | 0.369699 | 0.127308 | 0.041655 | 1.993815 |
| 2007 | 0.29352 | 1.161632 | 0.327795 | 0.132702 | 0.040008 | 1.955657 |
| 2008 | 0.34352 | 1.161632 | 0.373835 | 0.142877 | 0.041529 | 2.063393 |
| 2009 | 0.315224 | 1.13984 | 0.410005 | 0.144141 | 0.040084 | 2.049294 |
| 2010 | 0.325815 | 1.135029 | 0.412199 | 0.14144 | 0.034099 | 2.048582 |
| 2011 | 0.325839 | 1.165588 | 0.409978 | 0.133048 | 0.034819 | 2.069272 |
| 2012 | 0.34584 | 1.163807 | 0.392833 | 0.134298 | 0.034847 | 2.071625 |
| 2013 | 0.34584 | 1.163216 | 0.394647 | 0.134189 | 0.034422 | 2.072314 |
| 2014 | 0.345707 | 1.159466 | 0.369361 | 0.123545 | 0.044156 | 2.042235 |

(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> |
|------------------------|-----------------------------|------------------------------|---------------------------|
| 2005 | 1.50% | 5.50% | 7.00% |
| 2006 | 1.50% | 5.50% | 7.00% |
| 2007 | 1.50% | 5.50% | 7.00% |
| 2008 | 1.50% | 5.50% | 7.00% |
| 2009 | 1.50% | 5.50% | 7.00% |
| 2010 | 1.50% | 5.50% | 7.00% |
| 2011 | 1.50% | 5.50% | 7.00% |
| 2012 | 1.50% | 5.50% | 7.00% |
| 2013 | 1.50% | 5.50% | 7.00% |
| 2014 | 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 | 2014 | | | 2005 | | |
|------------------------------------|----------------------------|-----------------------|------|------------------------------------|------------------------------|------|------------------------------------|
| | | ASSESSED VALUATION | Rank | %OF TOTAL ASSESSED VALUATION | (a) ASSESSED VALUATION | Rank | %OF TOTAL ASSESSED VALUATION |
| KH Beatrice LLC | ## Manufacturing | \$ 13,020,425 | 1 | 2.26% | \$ 9,167,185 | 1 | 2.02% |
| Flint Hills Resources Beatrice LLC | (1) Manufacturing Plant | 12,500,000 | 2 | 2.17% | --- | --- | --- |
| Wal-Mart Stores | Shopping Mall | 6,344,060 | 3 | 1.10% | 6,269,140 | 2 | 1.38% |
| Four States Development LLC | (2) manufacturing | 5,597,065 | 4 | 0.97% | --- | --- | --- |
| Farmers Co-op Elevator | Grain/Feed Elevator | 4,245,885 | 5 | 0.74% | 2,568,325 | 6 | 0.57% |
| Exmark Manufacturing Co | (2) manufacturing | 4,107,690 | 6 | 0.71% | --- | --- | --- |
| Beatrice Retirement Inc. | Retirement homes | 3,197,850 | 7 | 0.56% | 3,451,635 | 3 | 0.76% |
| Accuma Corp | (2) manufacturing | 2,712,795 | 8 | 0.47% | --- | --- | --- |
| Cornhusker Hospitality II, LLC | Hotel | 2,707,530 | 9 | 0.47% | 2,821,370 | 5 | 0.62% |
| Stanley T & Judy E Meyer | Shopping Mall plus other | 2,517,480 | 10 | 0.44% | 2,325,415 | 8 | 0.51% |
| Sea Breeze Land Development | manufacturing | --- | --- | --- | 3,133,000 | 4 | 0.69% |
| John C Waltke | apartments, small business | --- | --- | --- | 2,359,580 | 7 | 0.52% |
| LTC Properties | Retirement home/assisted | --- | --- | --- | 2,170,000 | 9 | 0.48% |
| Homestead Village | Retirement home/complex | --- | --- | --- | 2,072,110 | 10 | 0.46% |
| | | <u>\$ 56,950,780</u> | | <u>9.90%</u> | <u>\$ 36,337,760</u> | | <u>8.01%</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 EIGHT YEARS AGO**

Table 8a

| Business Classification | Calendar Year 2013 | | | Calendar Year 2006 | | |
|-------------------------------|--------------------|------------|------------------------------|--------------------|------------|------------------------------|
| | Net Taxable Sales | Rank | % of Total Net Taxable Sales | Net Taxable Sales | Rank | % of Total Net Taxable Sales |
| Retail Trade | \$ 73,350,233 | 1 | 43.4% | \$ 77,274,726 | 1 | 46.9% |
| Utilities | 29,870,691 | 2 | 17.7% | 21,922,078 | 2 | 13.3% |
| Accommodation & Food Services | 19,629,243 | 3 | 11.6% | 18,424,781 | 3 | 11.2% |
| Wholesale Trade | 13,201,393 | 4 | 7.8% | 9,760,521 | 4 | 5.9% |
| Information | 3,568,216 | 6 | 2.1% | 9,725,695 | 5 | 5.9% |
| Construction | 5,971,271 | 5 | 3.5% | 6,225,598 | 6 | 3.8% |
| Other | 23,342,075 | --- | 13.8% | 21,593,149 | --- | 13.1% |
| Total | <u>168,933,122</u> | <u>---</u> | <u>100.0%</u> | <u>164,926,548</u> | <u>---</u> | <u>100.0%</u> |

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

Source:

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

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

For the reporting purposes of this table the % of Beatrice sales within Gage County has been applied for 2013 that percentage was 81.68% as compared to 87.7% in 2006

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

Table 9

| FISCAL YEAR | TOTAL TAX LEVY | FISCAL YEARS TAX COLL. | % OF LEVY COLL. | SUBSEQUENT YEARS TAX COLL. | TOTAL TAX COLL. TO DATE | % TOTAL TAX COLL. OF LEVY |
|------------------------|---------------------------|---------------------------------------|--------------------------------|---|--|--|
| 2005 | \$ 1,250,949 | \$ 1,197,780 | 95.75% | 52,857 | \$ 1,250,637 | 100.0% |
| 2006 | 1,360,231 | 1,302,036 | 95.72% | 57,986 | 1,360,022 | 100.0% |
| 2007 | 1,459,640 | 1,393,092 | 95.44% | 64,786 | 1,457,878 | 99.9% |
| 2008 | 1,726,146 | 1,665,902 | 96.51% | 70,215 | 1,736,117 | 100.6% |
| 2009 | 1,715,278 | 1,635,184 | 95.33% | 77,698 | 1,712,882 | 99.9% |
| 2010 | 1,816,392 | 1,714,589 | 94.40% | 66,873 | 1,781,462 | 98.1% |
| 2011 | 1,778,950 | 1,704,384 | 95.81% | 65,848 | 1,770,232 | 99.5% |
| 2012 | 1,876,856 | 1,810,704 | 96.48% | 68,471 | 1,879,175 | 100.1% |
| 2013 | 1,881,944 | 1,823,811 | 96.91% | 56,632 | 1,880,443 | 99.9% |
| 2014 | 1,987,832 | 1,931,893 | 97.19% | - | 1,931,893 | 97.2% |

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

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

Table 10

| FISCAL YEAR | Governmental Activities | | | | Business-type Activities | | | | Total Primary Government | % Personal Income | Per Capita |
|----------------|--------------------------------|------------------|---------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|-------------------|--------------------------------|-------------------------|---------------|
| | General Obligation Bonds | General Notes | Development Revenue Bonds | Capital Leases | Utility Revenue Bonds | Utility State Notes | BASWA Revenue Bonds | Capital Leases | | | |
| 2005 | \$ 1,105,000 | - | \$ 2,215,000 | \$ 232,864 | \$ 1,765,000 | \$ 2,259,639 | \$ 1,235,000 | \$ 52,806 | \$ 8,865,309 | 2.40% | 708.20 |
| 2006 | 955,000 | - | 2,040,000 | 185,739 | 1,475,000 | 2,154,419 | 1,050,000 | 76,441 | 7,936,599 | 2.04% | 634.01 |
| 2007(a) | 790,000 | 216,263 | - | 139,989 | 1,180,000 | 2,045,825 | 855,000 | 59,464 | 5,286,541 | 1.36% | 422.32 |
| 2008(b) | 1,435,000 | 160,592 | - | 106,372 | 875,000 | 1,933,752 | 655,000 | 41,635 | 5,207,351 | 1.29% | 415.99 |
| 2009 (c) | 1,120,000 | 100,592 | - | 56,146 | 2,815,000 | 1,818,086 | 445,000 | 22,946 | 6,377,770 | 1.48% | 509.41 |
| 2010 | 815,000 | 45,444 | - | 7,667 | 2,480,000 | 1,797,287 | 225,000 | 3,356 | 5,373,754 | 1.15% | 422.37 |
| 2011(d) | 555,000 | - | - | 4,727 | 2,265,000 | 1,670,041 | 1,655,000 | 200,911 | 6,350,679 | 1.36% | 509.73 |
| 2012 (e) | 285,000 | - | - | 1,594 | 3,845,000 | 90,394 | 1,520,000 | 151,259 | 5,893,247 | 1.28% | 473.01 |
| 2013 | 665,000 | - | - | - | 3,615,000 | 86,178 | 1,360,000 | 103,851 | 5,830,029 | 1.14% | 467.56 |
| 2014 | 375,000 | - | - | - | 3,280,000 | 81,874 | 1,200,000 | 54,878 | 4,991,752 | 0.92% | 394.01 |

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

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

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

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

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

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

(f) 2013 Issued Public Safety Tax Anticipation Bonds in the amount of \$520,000 and Combined Utilities Advance Refunding Bonds in the amount of \$2,040,000 to call \$1,970,000 in outstanding Utilities Bonds

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

Table 11

| FISCAL YEAR | ESTIMATED ACTUAL VALUE | GENERAL OBLIGATION BONDS | LESS DEBT SERVICE FUNDS AVAILABLE | NET BONDED DEBT | % OF ASSESSED TAXABLE VALUE | NET BONDED PER CAPITA |
|------------------------|---------------------------------------|---|--|--------------------------------|--|--|
| 2005 | \$ 453,422,564 | \$ 1,105,000 | \$ 233,006 | \$ 871,994 | 0.19% | 69.66 |
| 2006 | 463,420,813 | 995,000 | 223,587 | 771,413 | 0.17% | 61.62 |
| 2007 | 497,288,173 | 790,000 | 217,103 | 572,897 | 0.12% | 45.77 |
| 2008 (a) | 502,487,631 | 1,435,000 | 450,392 | 984,608 | 0.20% | 78.66 |
| 2009 | 544,145,391 | 1,120,000 | 235,800 | 884,200 | 0.16% | 70.62 |
| 2010 | 557,492,191 | 815,000 | 212,370 | 602,630 | 0.11% | 47.37 |
| 2011 | 545,958,163 | 555,000 | 212,845 | 342,155 | 0.06% | 27.46 |
| 2012 | 542,695,345 | 285,000 | 171,982 | 113,018 | 0.02% | 9.07 |
| 2013 (b) | 544,166,006 | 665,000 | 177,277 | 487,723 | 0.09% | 39.11 |
| 2014 | 575,004,180 | 375,000 | 69,182 | 305,818 | 0.05% | 24.14 |

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

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

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

CITY OF BEATRICE, NEBRASKA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2014

Table 12

| <u>GOVERNMENTAL UNIT</u> | <u>DEBT OUTSTANDING</u> | <u>PERCENT APPLICABLE TO CITY OF BEATRICE(1)</u> | <u>AMOUNT APPLICABLE TO CITY OF BEATRICE</u> |
|---|-----------------------------|--|--|
| DEBT REPAYED WITH PROPERTY TAXES | | | |
| DIRECT: | | | |
| City of Beatrice | \$ 375,000 | 100.00% | \$ 375,000 |
| Total Direct Debt | | | <u>\$ 375,000</u> |
| OVERLAPPING: | | | |
| Airport Authority | \$ 180,000 | 100.00% | \$ 180,000 |
| School District #15 | 6,850,000 | 55.90% | 3,829,150 |
| Lower Big Blue Natural Resources District | 2,706,806 | 11.27% | 305,057 |
| Gage County | 6,501,113 | 24.76% | 1,609,676 |
| Total Overlapping Debt | | | <u>\$ 5,923,883</u> |
| Total Direct & Overlapping Debt | | | <u>\$ 6,298,883</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 | | | COV- ERAGE |
|----------------|-----------------------|-----------------------------------|--|---------------------------|------------|------------|---------------|
| | | | | PRINCIPAL | INTEREST | TOTAL | |
| 2005 | \$ 13,436,773 | \$ 11,280,512 | \$ 2,156,261 | \$ 376,953 | \$ 173,006 | \$ 549,959 | 3.92 |
| 2006 | 13,681,795 | 11,719,683 | 1,962,112 | 395,220 | 160,872 | 556,092 | 3.53 |
| 2007 | 14,166,081 | 12,355,830 | 1,810,251 | 403,594 | 125,884 | 529,478 | 3.42 |
| 2008 | 15,046,312 | 12,909,175 | 2,137,137 | 417,073 | 112,079 | 529,152 | 4.04 |
| 2009 | 15,417,865 | 13,180,984 | 2,236,881 | 450,952 | 96,897 | 547,849 | 4.08 |
| 2010 | 17,208,997 | 14,086,503 | 3,122,494 | 355,798 | 165,990 | 521,788 | 5.98 |
| 2011 | 17,921,106 | 14,887,284 | 3,033,822 | 342,246 | 142,390 | 484,636 | 6.26 |
| 2012 (a) | 18,491,829 | 15,481,231 | 3,010,598 | 149,134 | 113,777 | 262,911 | 11.45 |
| 2013 (b) | 18,631,458 | 16,300,133 | 2,331,325 | 304,217 | 205,693 | 509,910 | 4.57 |
| 2014 | 19,063,227 | 16,843,514 | 2,219,713 | 339,303 | 52,994 | 392,297 | 5.66 |

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) |
|------------------------|----------------------|--------------------------------------|--|---------------------------|---------------------------------|---------------------------------|
| 2005 | 12,518 | \$ 389,021,886 | \$ 31,077 | 40.6 | 2,266 | 4.10% |
| 2006 | 12,518 | 387,294,402 | 30,939 | 40.1 | 2,221 | 3.30% |
| 2007 | 12,518 | 404,619,314 | 32,323 | 40.1 | 2,181 | 3.60% |
| 2008 | 12,518 | 430,368,840 | 34,380 | 41.6 | 2,146 | 4.60% |
| 2009 | 12,520 | 465,368,400 | 37,170 | 42 | 2,189 | 5.90% |
| 2010 | 12,723 | 468,142,785 | 36,795 | 43 | 2,134 | 5.60% |
| 2011 | 12,459 | 460,833,492 | 36,988 | 42.6 | 2,173 | 5.00% |
| 2012 | 12,459 | 510,096,378 | 40,942 | 42.6 | 2,162 | 4.20% |
| 2013 | 12,469 | 539,857,824 | 43,296 | 42.6 | 2,154 | 4.10% |
| 2014 | 12,669 | 612,698,178 | 48,362 | 44 | 2,145 | 4.00% |

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 EIGHT YEARS AGO**

Table 15

| Employer | Type of Activity | 2014 | | | 2006 | | |
|-------------------------------------|--------------------------------|--------------|------|------------------------------|--------------|------|------------------------------|
| | | Employees | Rank | % of County Employment | Employees | Rank | % of County Employment |
| Beatrice State Developmental Center | Home for mentally handicapped | 700 | 1 | 6.13% | 888 | 1 | 8.56% |
| Beatrice Community Hospital | Medical | 497 | 2 | 4.35% | 441 | 3 | 4.25% |
| Mosaic | Home for mentally handicapped | 350 | 3 | 3.06% | 164 | 10 | 1.58% |
| NEAPCO | Manufacturing | 350 | 4 | 3.06% | 226 | 7 | 2.18% |
| Exmark Manufacturing | Manufacturing | 340 | 5 | 2.98% | 704 | 2 | 6.79% |
| Beatrice Public Schools | Education | 273 | 6 | 2.39% | 352 | 4 | 3.39% |
| City of Beatrice | Government | 154 | 7 | 1.35% | 181 | 8 | 1.73% |
| Good Samaritan Center | Nursing Home & Assisted Living | 121 | 8 | 1.06% | 180 | 9 | 1.73% |
| Store Kraft | Manufacturing | 120 | 9 | 1.05% | 280 | 6 | 2.70% |
| Southeast Community College | Education | 111 | 10 | 0.97% | --- | --- | --- |
| Husqvarna Turf Care | Manufacturing | --- | --- | --- | 350 | 5 | 3.37% |
| | | <u>3,016</u> | | <u>26.40%</u> | <u>3,766</u> | | <u>36.28%</u> |

Source: Gage Area Growth Community Profile

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

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

Table 16

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| FUNCTION | | | | | | | | | | |
| General Government | 5 | 5 | 5 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Commissioned | 22 | 22 | 22 | 22 | 22 | 21 | 21 | 22 | 21 | 21 |
| Civilians | 11 | 11 | 11 | 11 | 11 | 11 | 10 | 10 | 10 | 10 |
| Fire | | | | | | | | | | |
| Full-time Firefighters | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Civilians | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture and Recreation | 14 | 14 | 13 | 9 | 9 | 9 | 8 | 7 | 6 | 6 |
| Highways and Streets | 10 | 9 | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 9 |
| Solid Waste Agency | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Water | 13 | 14 | 14 | 12 | 11 | 11 | 11 | 11 | 10 | 10 |
| Sewer | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 |
| Electric | 34 | 33 | 33 | 30 | 30 | 30 | 30 | 29 | 29 | 28 |
| Total Full-Time Employees | 144 | 143 | 143 | 136 | 135 | 133 | 131 | 130 | 126 | 125 |

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|------|------|------|------|------|------|
| FUNCTION | | | | | | | | | | |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Civilians | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire | | | | | | | | | | |
| Reserves | 8 | 8 | 9 | 6 | 6 | 8 | 8 | 8 | 8 | 8 |
| Culture and Recreation | 20 | 20 | 20 | 16 | 18 | 18 | 18 | 18 | 15 | 15 |
| Solid Waste Agency/WPC | 5 | 5 | 5 | 6 | 6 | 6 | 5 | 5 | 4 | 4 |
| Electric | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Part-Time Employees | 38 | 38 | 39 | 32 | 32 | 34 | 33 | 33 | 29 | 29 |
| *Part-time employment is 1020 hours/yr or less | | | | | | | | | | |
| C & R Summer Seasonal | 40 | 40 | 40 | 45 | 48 | 48 | 45 | 40 | 40 | 40 |

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

Table 17

| FUNCTION | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | | | | | | | | | | |
| Building Permits Issued | 267 | 208 | 253 | 227 | 471 | 395 | 454 | 458 | 442 | 399 |
| Commercial Construction Value | \$13,662,621 | \$ 2,508,711 | \$12,153,494 | \$20,991,748 | \$ 2,373,880 | \$ 3,678,807 | \$19,336,559 | \$11,323,241 | \$ 2,947,834 | \$ 2,923,538 |
| Residential Construction Value | \$ 4,811,590 | \$ 6,749,220 | \$ 5,714,833 | \$ 4,715,420 | \$ 5,579,131 | \$ 2,501,790 | \$ 3,300,316 | \$ 2,072,975 | \$ 3,330,426 | \$ 3,157,487 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical Arrests | 1,382 | 1,191 | 988 | 1,048 | 808 | 662 | 928 | 1,099 | 871 | 875 |
| Patrol Warnings/Citations | 3,509 | 2,815 | 2,437 | 3,078 | 2,507 | 2,025 | 1,699 | 1,758 | 1,424 | 1,364 |
| Calls for Service | 22,059 | 21,736 | 21,571 | 23,947 | 22,230 | 22,118 | 21,472 | 22,577 | 21,280 | 20,529 |
| Fire | | | | | | | | | | |
| Ambulance Calls | 1,803 | 1,960 | 1,928 | 2,288 | 2,349 | 2,435 | 2,241 | 2,223 | 2,290 | 2,334 |
| Fire & Rescue Calls | 795 | 776 | 886 | 902 | 939 | 887 | 910 | 896 | 967 | 885 |
| Culture and recreation | | | | | | | | | | |
| Water Park Admissions | \$ 73,494 | \$ 85,892 | \$ 90,059 | \$ 86,083 | \$ 81,453 | \$ 88,933 | \$ 83,252 | \$ 87,796 | \$ 78,088 | \$ 73,671 |
| Electric | | | | | | | | | | |
| Average Daily Usage Commercial (MWH) | 281.8 | 286.6 | 283.5 | 283.2 | 262.7 | 282.8 | 272.7 | 264.4 | 261.8 | 220.5 |
| Average Daily Usage Residential (MWH) | 180.9 | 186.3 | 189.9 | 191.1 | 185.3 | 201.3 | 193.7 | 186.2 | 186.7 | 194.2 |
| Water | | | | | | | | | | |
| Average Daily Consumption (gal) | 4.03m | 4.25m | 3.95m | 3.40m | 3.60m | 3.36m | 3.42m | 3.93m | 3.53m | 3.38m |
| Water Pollution Control | | | | | | | | | | |
| Average Daily Treatment (gal) | 1.44m | 1.5m | 1.4m | 1.3m | 1.2m | 1.2m | 1.2m | 1.1m | 1.2m | 1.4m |

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

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

FY2012 Commercial Building permit increase due to new nursing home construction

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

Table 18

| FUNCTION | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | 264.7 | 270 | 270 | 270.9 | 274.4 | 278.14 | 279.44 | 279.5 | 280.76 | 285.68 |
| Street Lane Miles, Unpaved | 32.4 | 31.7 | 31.7 | 31.5 | 31.5 | 34.15 | 34.15 | 34.45 | 35.33 | 34.25 |
| Storm Sewer Miles | 25 | 25 | 25 | 25 | 32 | 33 | 33.71 | 33.9 | 34.36 | 34.36 |
| Bridges | 11 | 11 | 11 | 11 | 9 | 9 | 9 | 9 | 9 | 11 |
| Street Lights | 1520 | 1535 | 1551 | 1566 | 1656 | 1496 | 1513 | 1517 | 1517 | 1624 |
| Culture and recreation | | | | | | | | | | |
| Number of Parks | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 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 | 10 | 10 | 10 | 9 | 9 |
| Ballfields | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water Main Miles | 120 | 123 | 123 | 123 | 123 | 123 | 126 | 126 | 126 | 122 |
| Fire Hydrants | 632 | 652 | 652 | 659 | 668 | 673 | 703 | 703 | 705 | 703 |
| Sewer | | | | | | | | | | |
| Sanitary Sewer Miles | 127 | 127 | 128 | 128 | 128 | 128 | 129.3 | 129.3 | 94.4 | 94.73 |
| Treatment Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Electric | | | | | | | | | | |
| Substations | 12 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Miles 12.5KV Service | 93 | 94 | 94 | 94 | 98 | 99 | 99 | 99 | 100 | 100 |
| Miles 34.5KV Service | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 | 17.1 |
| Miles 4.16KV Service | 102.2 | 101 | 92 | 92 | 88 | 88 | 88 | 88 | 87 | 87 |

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, 2014

| Federal Grantor/ Program Title | Pass Through Grantor | CFDA Number | Grant Number | Expenditures |
|---|---|----------------|-----------------|---------------------|
| Department of Housing and Urban Development | | | | |
| CDBG-State-Administered Small Cities Program Cluster | | | | |
| Community Development Block Grants | Nebraska Department of Economic Development | 14.228 | 10-DTR-002 | \$ 5,125 |
| Community Development Block Grants | Nebraska Department of Economic Development | 14.228 | | <u>1,219,122</u> |
| | | | | <u>1,224,247</u> |
| Department of Justice | | | | |
| Nebraska's VOCA Victim Assistance Formula Grant Program | Nebraska Crime Commission | 16.575 | 2013-VA-GX-0012 | 37,611 |
| Crime Victim Assistance/Discretionary Grants | Nebraska Crime Commission | 16.582 | 14-004 | 4,090 |
| Department of Transportation | | | | |
| Airport Improvement Program | Nebraska Department of Aeronautics | 20.106 | 3-31-0009-15 | 137,232 |
| Highway Planning and Construction Cluster | Nebraska Office of Highway Safety | 20.205 | 405D-1402-23 | 9,374 |
| National Priority Safety Programs | Nebraska Office of Highway Safety | 20.616 | ----- | 6,742 |
| Department of Homeland Security | | | | |
| Hazard Mitigation Grant | Nebraska Emergency Management Agency | 97.039 | DR-4013-NE-0005 | <u>12,288</u> |
| Total federal expenditures | | | | <u>\$ 1,431,584</u> |

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

City of Beatrice, Nebraska
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2014

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

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

The City provided no federal awards to subrecipients for the year ended September 30, 2014.

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. The outstanding balance of these loans, net of allowance, totaled \$529,138 as of September 30, 2014. New loans included in the schedule totaled \$270,000 for the year ended September 30, 2014.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2015, which contained an "Emphasis of Matter" paragraph regarding restatements in previously issued financial statements. Our report 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 audit of the Beatrice Public Library Foundation was not conducted in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, there can be no assurance that all material weaknesses or significant deficiencies have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a significant deficiency.

Compliance and Other Matters

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

The City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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
April 27, 2015

Report on Compliance for Each 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 Each Major Federal Program

We have audited the compliance of the City of Beatrice, Nebraska (the City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2014. 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
April 27, 2015

City of Beatrice, Nebraska
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2014

Summary of Auditor's Results

1. The opinion expressed in the independent auditor's report 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
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 OMB Circular A-133? ☐ Yes ☒ No

7. The City's major program was:

| Cluster/Program | CFDA Number |
|--|-------------|
| CDBG – State Administered Small Cities Program Cluster | 14.228 |

City of Beatrice, Nebraska
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the year ended September 30, 2014

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The City qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☐ Yes ☒ No

City of Beatrice, Nebraska
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 For the year ended September 30, 2014

Findings Required to be Reported by Government Auditing Standards

| Reference Number | Finding | Questioned Costs |
|---------------------|---|---------------------|
| 2014-001 | <p>Proposed Audit Adjustments</p> <p><i>Criteria or Specific Requirement</i> – Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p><i>Condition</i> – The preparation of the City’s financial statements required prior period adjustments proposed adjusting journal entries for proper financial statement presentation.</p> <p><i>Context</i> – City procedures did not allow for the proper evaluation of potential adjustments that, individually or in the aggregate, have a significant effect on the financial statements at year-end.</p> <p><i>Effect</i> – Significant prior period and current year adjustments were identified and proposed in connection with the financial statement audit.</p> <p><i>Cause</i> – The City received accounting advice over the course of several years from various third parties, however this guidance was not consistent with GAAP and therefore, corrections were made to beginning net position and current year financial statements.</p> <p><i>Recommendation</i> – Management should review procedures to help ensure that controls are in place that will allow for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – City management has reviewed the proposed adjustments and will ensure that the recommended procedures are incorporated in future fiscal year financial statements.</p> | None |

City of Beatrice, Nebraska
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 For the year ended September 30, 2014

Findings Required to be Reported by Government Auditing Standards

| Reference Number | Finding | Questioned Costs |
|------------------|---|------------------|
| 2014-002 | <p>Schedule of Expenditures of Federal Awards</p> <p><i>Criteria or Specific Requirement</i> – The City is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA) in accordance with OMB Circular A-133.</p> <p><i>Condition</i> – The City’s calculation of federal expenditures did not include the beginning balances of loans with continuing federal compliance requirements, as required by OMB Circular A-133.</p> <p><i>Context</i> – The SEFA was corrected to include these beginning balances, which totaled \$949,122.</p> <p><i>Effect</i> – The amount of expenditures for CFDA 14.228 was understated by \$949,122. The SEFA was subsequently corrected.</p> <p><i>Cause</i> – The City received advice over the course of several years from various third parties, however this guidance was not consistent with the requirements of OMB Circular A-133 and therefore, corrections were made to SEFA.</p> <p><i>Recommendation</i> – Management should review the applicable requirements, and adjust its processes and controls around SEFA preparation and reporting, and implement changes where necessary.</p> <p><i>Views of Responsible Officials and Planned Corrected Actions (Management’s Response)</i> – City management agrees with the finding and will adjust its methodology for SEFA preparation in future fiscal years.</p> | None |

Findings Required to be Reported by OMB Circular A-133

| Reference Number | Finding | Questioned Costs |
|------------------|----------------------------|------------------|
| | No matters are reportable. | None |

City of Beatrice, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2014

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

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