

CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL  
UTILITIES FUND

Financial Statements

December 31, 2018 and 2017

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**December 31, 2018 and 2017**  
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## Independent Auditor's Report

The Honorable Mayor and City Council  
City of Wahoo Combined Municipal Utilities Fund  
Wahoo, Nebraska

We have audited the accompanying financial statements of the business type activities of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 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 entity'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 entity'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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund, as of December 31, 2018 and 2017, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Combined Municipal Utilities Fund and do not purport to, and do not present fairly the financial position of the City of Wahoo, Nebraska, as of December 31, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the years then

ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund, taken as a whole. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2019, on our consideration of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Wahoo, Nebraska, Combined Municipal Utilities Fund's internal control over financial reporting and compliance.

BMG Certified Public Accountants, LLP



Lincoln, Nebraska  
April 29, 2019

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 STATEMENTS OF NET POSITION  
 December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets:</u></b>		
Cash and Certificates of Deposit	\$ 6,326,395	\$ 6,316,546
Restricted Cash and Certificates of Deposit (see note 3)	161,990	155,947
Investments	-	417
Accounts Receivable	500,801	407,994
Unbilled Revenues	523,368	576,460
Prepaid Expenses	90,912	85,928
Inventories	576,816	539,744
<b>Total Current Assets</b>	<b>8,180,282</b>	<b>8,083,036</b>
<b><u>Fixed Assets:</u></b>		
Plant, Property & Equipment	29,966,567	29,080,699
Less: Accumulated Depreciation	(16,985,983)	(16,125,747)
<b>Total Fixed Assets</b>	<b>12,980,584</b>	<b>12,954,952</b>
<b><u>Other Assets:</u></b>		
Non-Current Restricted Cash and Certificates of Deposit (see note 3)	352,500	393,000
Goodwill	135,187	135,187
<b>Total Other Assets</b>	<b>487,687</b>	<b>528,187</b>
<b>TOTAL ASSETS</b>	<b>\$ 21,648,553</b>	<b>\$ 21,566,175</b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	\$ 639,981	\$ 714,413
Accrued Expenses	96,793	82,383
Customer Deposits	147,877	141,319
Current Maturities of Long-Term Liabilities	568,827	566,983
<b>Total Current Liabilities</b>	<b>1,453,478</b>	<b>1,505,098</b>
<b><u>Long-Term Liabilities:</u></b>		
Long-Term Debt	3,564,508	4,017,621
Compensated Absences	309,453	285,128
Less: Current Maturities	(568,827)	(566,983)
<b>Total Long-Term Liabilities</b>	<b>3,305,134</b>	<b>3,735,766</b>
<b>Total Liabilities</b>	<b>4,758,612</b>	<b>5,240,864</b>
<b><u>NET POSITION</u></b>		
<b><u>Net Position:</u></b>		
Invested in Capital Assets, Net of Related Debt	9,903,763	9,465,518
Restricted (see note 3)	14,113	14,628
Unrestricted	6,972,065	6,845,165
<b>Total Net Position</b>	<b>16,889,941</b>	<b>16,325,311</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 21,648,553</b>	<b>\$ 21,566,175</b>

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 STATEMENTS OF REVENUES AND EXPENSES  
 For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues:</u></b>		
Utility Sales	\$ 8,991,510	\$ 8,478,622
Merchandise, Service & Other Sales	255,629	335,533
<b>Total Operating Revenues</b>	<b>9,247,139</b>	<b>8,814,155</b>
<b><u>Operating Expenses:</u></b>		
<b>Production:</b>		
Purchased Power/Gas	5,478,056	5,356,702
Salaries, Wages, & Benefits	330,786	295,151
Maintenance & Supplies	47,749	69,711
Insurance	52,080	48,585
Utilities	147,628	149,563
Depreciation & Amortization	222,058	221,557
Other	1,361	1,139
<b>Total Production Expenses</b>	<b>6,279,718</b>	<b>6,142,408</b>
<b>Distribution/Collection:</b>		
Salaries, Wages, & Benefits	890,039	879,604
Maintenance & Supplies	137,356	187,785
Insurance	37,682	40,198
Utilities	18,572	14,940
Depreciation & Amortization	626,191	596,011
Other	13,662	13,834
<b>Total Distribution/Collection Expenses</b>	<b>1,723,502</b>	<b>1,732,372</b>
<b>General &amp; Administrative:</b>		
Salaries, Wages, & Benefits	417,566	391,002
Maintenance & Supplies	73,686	57,772
Insurance	1,264	860
Utilities	5,776	5,221
Depreciation & Amortization	11,987	13,322
Other	100,684	81,340
<b>Total General &amp; Administrative Expenses</b>	<b>610,963</b>	<b>549,517</b>
<b>Total Operating Expenses</b>	<b>8,614,183</b>	<b>8,424,297</b>
<b>Operating Income (Loss)</b>	<b>632,956</b>	<b>389,858</b>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	25,200	13,953
Interest Expense	(93,526)	(96,824)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(68,326)</b>	<b>(82,871)</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>564,630</b>	<b>306,987</b>
Transfers to City	-	-
<b>Change in Net Position</b>	<b>\$ 564,630</b>	<b>\$ 306,987</b>

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
STATEMENTS OF CHANGES IN NET POSITION  
For the Years Ended December 31, 2018 and 2017**

	<u>Net Assets</u>
<b>Balance, January 1, 2017</b>	\$ 16,018,324
Change in Net Position	<u>306,987</u>
<b>Balance December 31, 2017</b>	16,325,311
Change in Net Position	<u>564,630</u>
<b>Balance, December 31, 2018</b>	<u><u>\$ 16,889,941</u></u>

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 9,394,244	\$ 9,044,429
Payments to suppliers	(6,232,044)	(5,846,409)
Payments to employees	(1,609,874)	(1,546,787)
Payment of in lieu of taxes	<u>(172,475)</u>	<u>(227,801)</u>
<b>Net cash provided (used) by operating activities:</b>	<u>1,379,851</u>	<u>1,423,432</u>
<b>Cash flows from noncapital financing activities:</b>		
Operating subsidies and transfers to other funds	<u>-</u>	<u>-</u>
<b>Net cash provided (used) by noncapital financing activities:</b>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>		
Principal payments on long-term debt	(453,113)	(447,855)
Proceeds on issuance of long-term debt	-	-
Interest paid	(91,095)	(96,824)
Capital expenditures	<u>(885,868)</u>	<u>(1,531,948)</u>
<b>Net cash provided (used) by capital and related financing activities:</b>	<u>(1,430,076)</u>	<u>(2,076,627)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from temporary investments	417	-
Interest received	<u>25,200</u>	<u>13,953</u>
<b>Net cash provided (used) by financing activities</b>	<u>25,617</u>	<u>13,953</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(24,608)	(639,242)
<b>Cash and cash equivalents at beginning of period</b>	<u>6,865,493</u>	<u>7,504,735</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 6,840,885</u>	<u>\$ 6,865,493</u>
 <b>Statement of Net Assets Classification of Cash and Cash Equivalents</b>		
Current Assets:		
Cash and Certificates of Deposit	\$ 6,326,395	\$ 6,316,546
Restricted Cash and Certificates of Deposit	161,990	155,947
Other Assets:		
Restricted Cash and Certificates of Deposit	<u>352,500</u>	<u>393,000</u>
Total	<u>\$ 6,840,885</u>	<u>\$ 6,865,493</u>



**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating Income (Loss)	\$ 632,956	\$ 389,858
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	860,236	830,890
Public power rebate reimbursement	8,592	17,240
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	(92,807)	49,303
(Increase) Decrease in unbilled revenues	53,092	(36,973)
(Increase) Decrease in prepaid expenses	(4,984)	(58)
(Increase) Decrease in inventories	(37,072)	17,530
Increase (Decrease) in accounts payable	(74,432)	163,769
Increase (Decrease) in accrued expenses	27,712	(5,842)
Increase (Decrease) in customer deposits	6,558	(2,285)
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,379,851</u>	<u>\$ 1,423,432</u>

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 1:  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's municipal utilities operate under the direction of the Mayor, the City Council, and the Board of Public Works. The revenues are predominately earned from sales and service of electricity, water, sewer, and gas to residential and commercial customers within the City of Wahoo and other nearby communities. The City Council, as required by City Charter, reserves authority to set rates and charges, to adopt the annual budget, and to incur debt.

The Combined Municipal Utilities Fund represents a major fund of the City of Wahoo. As such, the accompanying financial statements present only the Combined Municipal Utilities Fund and do not purport to, and do not present the financial position of the City of Wahoo, Nebraska, the changes in its financial position, or, where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

The Utilities' financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Additional significant accounting policies established by GAAP and used by the Utilities are discussed below.

This summary of significant accounting policies of the City of Wahoo is presented to assist in understanding the Utilities' financial statements. The financial statements and notes are representations of the Utilities' management, which is responsible for their integrity and objectivity. The following is a summary of the more significant policies:

Scope of Reporting Entity: In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The ability to exercise oversight responsibility includes, but is not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. The Utilities has determined it has no component units.

Basis of Accounting: The financial statements are prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Investments: Investments are reported at fair value except for short-term investments, which are reported at amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value, based on relevant market information of similar financial instruments. Investments are held by the Utilities with income from the investments allocated to each individual department.

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
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Statutes authorize the Utilities to invest in certificates of deposit, in time deposits, in obligations of the United States Government, and in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made. The Utilities' has no investment policy that would further limit its investment choices.

For the security of the funds deposited, the Utilities shall require the financial institution to give security by furnishing securities or providing a deposit guaranty bond, provided that the sum of said bond or the sum of said pledge of assets shall be the value equal to or greater than the amount of the deposit in excess of that portion of said deposit insured by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC).

Concentration of Credit Risk: The Utilities have uncollateralized receivables from businesses and individuals in the City for charges for service provided.

Bad Debts: The Department of Utilities uses the reserve method in accounting for bad debts. The allowance for bad debts was \$9,586 at December 31, 2018 and 2017.

Inventories: Inventories are stated at lower of cost or market on a first-in, first-out basis.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: Property and equipment is stated at historical cost at the time of purchase or at estimated fair value at time of donation. The Utilities' policy is to capitalize interest on proprietary funds and construction projects until substantially completed. Major expenditures for property and those that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When capital assets are retired, or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation and Amortization: Depreciation of all exhaustible fixed assets and amortization of debt expenses is charged as an expense against operations. Accumulated amortization has been provided over the length of the corresponding intangible assets using the straight-line method, when applicable. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles	5 - 12 years	Office equipment	5 - 7 years
Tools & work equipment	5 - 25 years	Communication equipment	5 - 10 years
Electric load management system	10 - 33 years	Electric distribution system	7 - 33 years
Water wells & transmission	7 - 50 years	Water storage system	50 years
Water distribution system	10 - 33 years	Lift station	25 years
Water pollution control disposal plant	50 years	Sewer collection lines	5 - 50 years
Buildings	10 - 50 years	Gas Distribution System	5 - 30 years

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
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Compensated Absences: City employees earn vacation at varying rates. All accumulated vacation time is paid to the employee upon termination. The amounts of unpaid vacation and compensatory time accumulated by City employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. City employees also earn sick leave at varying rates. Unused sick leave is forfeited upon termination unless the employee meets certain age and years of service requirements. Amounts of unpaid sick leave are accrued in proprietary funds when an employee meets these requirements.

Cash Equivalents: For purposes of the statement of cash flows, the City considers all highly liquid debt instruments (including restricted assets) purchased with a maturity date of three months or less to be cash equivalents.

Contributions In Aid Of Construction: New water and sewage systems purchased by subcontractors, government grants, etc., that become property of the Department of Utilities are added to the utility plant accounts at cost. The offsetting amount is credited to contributions in aid of construction.

Unbilled Utility Revenues: Consumer usage is billed on a monthly cycle basis in the utility funds. Unbilled revenues, representing estimated consumer usage for the periods between the last billing dates and the balance sheet date, are accrued in the period of consumption.

Operating Revenues and Expenses: Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Utilities, these revenues are charges for services for electric, sewer, water, and gas utility services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund.

Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities.

Expenses by Identifiable Activities:

	<u>2018</u>	<u>2017</u>
Electric	\$ 5,955,722	\$ 5,810,081
Water	544,710	527,387
Sewer	650,861	667,840
Gas	<u>1,556,416</u>	<u>1,515,813</u>
Total expenses	<u>\$ 8,707,709</u>	<u>\$ 8,521,121</u>

As of December 31, 2018 and 2017, the City served approximately 7,716 and 7,693 combined utility customers, respectively.

Insurance: The City is a member of the League Association of Risk Management (LARM), which is an interlocal agency that pools together Nebraska municipalities for the ability to jointly self-insure or jointly purchase insurance coverage. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year. The City's insurance plan covers worker's compensation insurance, as well as property/casualty insurance. The plan costs \$119,554 and is set to expire on September 30, 2019.

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
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Goodwill: Goodwill represents the excess of cost over net assets of the gas system that was acquired in 1999, the cost of the acquisition in 2010 of the right to service an area in northern Wahoo, and the cost of acquisition in 2017 of service area from another power district. The original goodwill in the amount of \$230,000 is fully amortized. The 2010 and 2017 acquisitions are not required to be amortized.

Interfund Transfers: During the course of normal operations the Utilities has numerous transactions between departments, including expenditures and transfers of resources to provide services, construct assets, and service debt.

Fund Equity: Restricted Net Position — Assets restricted for the payment of non-current debt service are offset by long-term debt and therefore, there are no restricted assets for these amounts. Assets restricted for the payment of current debt service are included as restricted net position.

Use of Restricted/Unrestricted Net Position: When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Utilities' policy is to apply restricted net assets first.

Subsequent Events: Subsequent events have been evaluated through April 29, 2019, which is the date the financial statements were available to be issued.

**NOTE 2:  
CASH**

Cash:

The Utilities maintain a cash management pool that is available for use by all departments.

At December 31, 2018 and 2017, the Utilities' cash balances consist of:

	2018		2017	
	<u>Carrying</u>	<u>Bank</u>	<u>Carrying</u>	<u>Bank</u>
	<u>Value</u>	<u>Balance</u>	<u>Value</u>	<u>Balance</u>
Demand Deposit	\$ 6,706,609	\$ 7,117,295	\$ 6,730,493	\$ 7,214,743
Nonnegotiable Certificates of Deposit	134,276	134,276	135,000	135,000
	<u>\$ 6,840,885</u>	<u>\$ 7,251,571</u>	<u>\$ 6,865,493</u>	<u>\$ 7,349,743</u>

The above deposits and certificates of deposit are displayed in the December 31, 2018 and 2017, financial statements as follows:

	<u>2018</u>	<u>2017</u>
Cash and Certificates of Deposit	\$ 6,326,395	\$ 6,316,546
Current Restricted Cash and Certificates of Deposit	161,990	155,947
Non-current Restricted Cash and Certificates of Deposit	352,500	393,000
	<u>\$ 6,840,885</u>	<u>\$ 6,865,493</u>

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 NOTES TO THE FINANCIAL STATEMENTS  
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At December 31, 2018, the Utilities' deposits were fully insured or collateralized by the FDIC, U.S. Government securities subject to joint safeguarding receipts issued by the pledging financial institution, and irrevocable letters of credit. No attorney's opinion has been obtained regarding the enforceability of claims that might arise under the custodial agreement.

**NOTE 3:  
 RESTRICTED ASSETS**

The Department of Utilities requires customers to make deposits to insure against nonpayment of billings and/or property damage. Because the deposit remains the property of the customer, the City has established restricted accounts to distinguish these assets from current assets available for operations.

City ordinances authorizing the issuance of revenue bonds required the establishment of certain reserve accounts to provide for the payment of annual principal and interest, prevent default of principal and interest payments and provide for future replacements of property, plant and equipment.

Restricted balances as of December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<u>Restricted Assets:</u>		
<u>Current</u>		
Customer deposits	\$ 147,877	\$ 141,319
Debt reserve	14,113	14,628
Total Current	<u>161,990</u>	<u>155,947</u>
<u>Non-current</u>		
Debt reserve	<u>352,500</u>	<u>393,000</u>
Total Non-current	<u>352,500</u>	<u>393,000</u>
Total Restricted Assets	514,590	548,947
 <u>Restricted Liabilities:</u>		
Customer deposits	147,877	141,319
Long-Term Debt	<u>352,500</u>	<u>393,000</u>
Total Restricted Liabilities	<u>500,377</u>	<u>534,319</u>
 Restricted Net Position	 <u>\$ 14,113</u>	 <u>\$ 14,628</u>

The composition of restricted assets is included in the disclosure at Note 2.

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2018 and 2017 were as follows:

<u>Business-Type Activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2018</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 304,359	\$ -	\$ -	\$ 304,359
Construction in Progress	533,441	295,561	(497,765)	331,237
Total Capital Assets Not Being Depreciated	<u>837,800</u>	<u>595,561</u>	<u>(497,765)</u>	<u>635,596</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	1,108,465	-	-	1,108,465
Plant Equipment	7,259,687	27,066	-	7,286,753
Distribution Systems	18,002,483	823,364	-	18,825,847
Other Equipment	1,872,264	237,642	-	2,109,906
Total Capital Assets Being Depreciated	<u>28,242,899</u>	<u>1,088,072</u>	<u>-</u>	<u>29,330,971</u>
<u>Less: Accumulated Depreciation for:</u>				
Buildings	722,760	30,448	-	753,208
Plant Equipment	3,474,195	186,146	-	3,660,341
Distribution Systems	10,424,453	574,132	-	10,998,585
Other Equipment	1,504,339	69,510	-	1,573,849
Total Accumulated Depreciation	<u>16,125,747</u>	<u>860,236</u>	<u>-</u>	<u>16,985,983</u>
Total Capital Assets Being Depreciated, Net	<u>12,117,152</u>	<u>227,836</u>	<u>-</u>	<u>12,344,988</u>
Business-Type Activity Capital Assets, Net	<u>\$ 12,954,952</u>	<u>\$ 523,397</u>	<u>\$ (497,765)</u>	<u>\$ 12,980,584</u>

Depreciation expenses was charges to function as follows:

Public Works \$860,236

<u>Business-Type Activities:</u>	<u>Balance</u>			<u>Balance</u>
	<u>1/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2017</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 304,359	\$ -	\$ -	\$ 304,359
Construction in Progress	20,898	529,383	(16,840)	533,441
Total Capital Assets Not Being Depreciated	<u>325,257</u>	<u>529,383</u>	<u>(16,840)</u>	<u>837,800</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	1,081,585	26,880	-	1,108,465
Plant Equipment	7,255,160	4,527	-	7,259,687
Distribution Systems	17,114,252	888,231	-	18,002,483
Other Equipment	1,843,519	28,745	-	1,872,264
Total Capital Assets Being Depreciated	<u>27,294,516</u>	<u>948,383</u>	<u>-</u>	<u>28,242,899</u>
<u>Less: Accumulated Depreciation for:</u>				
Buildings	692,648	30,112	-	722,760
Plant Equipment	3,282,750	191,445	-	3,474,195
Distribution Systems	9,880,190	544,263	-	10,424,453
Other Equipment	1,439,268	65,071	-	1,504,339
Total Accumulated Depreciation	<u>15,294,856</u>	<u>830,891</u>	<u>-</u>	<u>16,125,747</u>
Total Capital Assets Being Depreciated, Net	<u>11,999,660</u>	<u>117,492</u>	<u>-</u>	<u>12,117,152</u>
Business-Type Activity Capital Assets, Net	<u>\$ 12,324,917</u>	<u>\$ 646,875</u>	<u>\$ (16,840)</u>	<u>\$ 12,954,952</u>

Depreciation expenses was charges to function as follows:

Public Works \$830,891

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**NOTE 5:  
LONG-TERM LIABILITIES**

Long-term liability activity for the years ended December 31, 2018 and 2017 were as follows:

<b>Business-Type Activities</b>	<b><u>Beginning Balance 1/1/18</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance 12/31/18</u></b>	<b><u>Amounts Due within One Year</u></b>
<u>Bonds and notes payable:</u>					
Note Payable - NDEQ	\$ 192,621	\$ -	\$ (13,113)	\$ 179,508	\$ 13,376
Combined Utility Bonds, Series 2013A	2,070,000	-	(280,000)	1,790,000	285,000
Combined Utility Bonds, Series 2013B	1,115,000	-	(90,000)	1,025,000	90,000
Combined Utility Bond 2011	<u>640,000</u>	<u>-</u>	<u>(70,000)</u>	<u>570,000</u>	<u>70,000</u>
Total bonds and notes payable	\$ 4,017,621	\$ -	\$ (453,113)	\$ 3,564,508	\$ 458,376
<u>Other liabilities:</u>					
Compensated absences	<u>\$ 285,128</u>	<u>\$ 109,401</u>	<u>\$ (85,076)</u>	<u>\$ 309,453</u>	<u>\$ 110,451</u>
Total long-term liabilities	<u>\$ 4,302,749</u>	<u>\$ 109,401</u>	<u>\$ (538,189)</u>	<u>\$ 3,873,961</u>	<u>\$ 568,827</u>

Bonds payable are comprised of the following individual issues as of December 31:

Revenue Bonds:

<b><u>Original Amount</u></b>		<b><u>2018</u></b>	<b><u>2017</u></b>
\$ 1,330,000	Combined Utility Revenue Refunding Bonds Series 2013B issued March 12, 2013; Interest rates 0.75% to 3.10%. Interest payments due June 15 and December 15, and principal payments due June 15.	\$ 1,025,000	\$ 1,115,000
\$ 3,370,000	Combined Utility Revenue Refunding Bonds Series 2013A issued March 12, 2013; Interest rates 0.30% to 2.55%. Interest payments due June 15 and December 15, and principal payments due December 15.	1,790,000	2,070,000
\$ 710,000	Combined Utility Revenue Refunding Bond issued June 15, 2011; Interest rates 2.4% to 3.95%. Interest payments due May 1 and November 1, and principal payments due November 1.	<u>570,000</u>	<u>640,000</u>
		3,385,000	3,825,000
	Less: Current Portion	<u>(445,000)</u>	<u>(440,000)</u>
		<u>\$ 2,940,000</u>	<u>\$ 3,385,000</u>



**CITY OF WAHOO, NEBRASKA  
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The annual requirements to amortize all bonded debt outstanding as of December 31, including interest are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 445,000	\$ 80,746
2020	455,000	72,821
2021	465,000	63,343
2022	475,000	52,750
2023	485,000	40,980
2024-2028	<u>1,060,000</u>	<u>55,208</u>
Total	<u>\$ 3,385,000</u>	<u>\$ 365,848</u>

Interest expense for the years ended December 31, 2018 and 2017 was \$93,526 and \$96,824.

The City of Wahoo signed a loan contract with the NDEQ on December 29, 2009. The maximum amount of the loan was \$407,190 and the balance as of December 31, 2018 was \$179,508. The interest rate on the loan is 2.00%. The administrative fee is 1% per annum of the loan amount. Principal, interest and administrative fee payments are due semiannually on December 15 and June 15. The principal and interest payments are \$9,120 semi-annually and the administrative fee is based on the outstanding loan balance. The final payment is due December 15, 2030.

All payments of principal and interest due on the NDEQ loan shall be limited obligations of the City of Wahoo payable solely out of the Combined Utilities User Charge on a parity with revenue bonds issued pursuant to ordinances approved by the City of Wahoo's City Council.

At December 31, 2018, the annual requirements for the loan with the NDEQ is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2019	13,376	3,524
2020	13,645	3,255
2021	13,920	2,980
2022	14,199	2,701
2023	14,485	2,415
2024 – 2028	76,915	7,590
2029 – 2033	<u>32,968</u>	<u>828</u>
Total	<u>\$ 179,508</u>	<u>\$ 23,293</u>

**NOTE 6:  
RETIREMENT PLAN**

The Utilities provides retirement benefits for full-time employees through a contributory defined contribution plan, the City of Wahoo, Nebraska 457(B) Plan. Employees are eligible to participate upon attaining certain age and service requirements. Participant contributions are limited by Internal Revenue regulations. The Utilities match employee contributions, up to a maximum of 6% of annual compensation. Participant contributions are fully vested, while Utilities' contributions vest over a period from two to six years of service. Forfeitures may be made available to reinstate previously

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
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forfeited account balances of participants and any remaining forfeitures may be used to satisfy any contribution that may be required by the Utilities or to pay administrative expenses. Beginning in 2011, employees were able to make contributions to a 457 plan and Roth retirement plan. The Utilities is not required to match any amount to the 457 or Roth employee contributions.

Contributions to the 457(B) plan were \$137,994 for the year ended December 31, 2018, and consisted of \$68,997 by the Utilities and \$68,997 by employees. Contributions to the 457(B) plan were \$138,932 for the year ended December 31, 2017, and consisted of \$69,466 by the Utilities and \$69,466 by employees. Contributions by employees to the Roth retirement plan for the year ended December 31, 2018 and 2017 were \$9,618 and \$10,907 respectively. No contributions were made to the 457 plan.

**NOTE 7:  
OTHER POST EMPLOYMENT BENEFITS**

The Utilities do not have a plan to provide other post employment benefits to past employees, beneficiaries or dependents.

**NOTE 8:  
CONTRACTS**

Electric: The Utilities have two twenty-year power contracts dated January 1, 2016, with Nebraska Public Power District (NPPD) for the purchase of electricity from NPPD and the sale of electricity to NPPD. The contracts require the Utilities to produce and sell electricity to NPPD on an "as needed" basis, as well as allow the Utilities to purchase electricity from NPPD under specified rates and terms.

Gas: The Utilities have a five-year contract dated December 18, 2013, with Clayton Energy for assistance in gas transportation and commodity purchasing. The contract requires Clayton Energy to assist the Utilities with the quantities and calls for a monthly payment of \$1,650 to Clayton Energy for the services provided. This contract is effective January 1, 2014 and is set to automatically renew annually after the initial five year period unless terminated by either party.

The City of Wahoo began a large street improvement project for Chestnut Street in the year ended September 30, 2017. The Utilities plans to assist the City with payments for a construction contract. Through September 30, 2018, the Utilities incurred construction costs of \$151,332 for this contract. The agreement with the City calls for the Utilities to pay an additional \$283,473 of construction costs. The City of Wahoo is liable for the contract.

The Utilities plans to begin a water and sewer project for a new subdivision in 2019. Contracted costs for this project are \$201,011.

**NOTE 9:  
OTHER COMMITMENTS**

Gas Purchase Agreement: On September 27, 2007, the Utilities entered into an inter-local agreement with a number of Iowa municipalities. The inter-local agreement created the Public Energy Financing Authority (PEFA). PEFA was created to give the participating municipalities access to large, long-term, natural gas contracts at reasonable rates. PEFA will enter into agreements with natural gas suppliers for long-term contracts for the purchase of natural gas. The

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

contracts will be secured and paid with the proceeds of tax exempt bonds issued by PEFA. In October 2018, the City Council passed a resolution approving contracts to purchase natural gas from PEFA, approving the gas supply agreement with PEFA, and approving the issuance of bonds by PEFA. As of December 31, 2018, PEFA had not issued any bonds and had not entered into any long-term contracts to purchase gas.

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENSES**  
**For the Year Ended December 31, 2018**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Combined</u>
<b><u>Operating Revenues</u></b>					
Utility sales	\$ 5,957,040	\$ 489,727	\$ 852,526	\$ 1,692,217	\$ 8,991,510
Merchandise, Service, & Other Sales	117,148	47,196	69,573	21,712	255,629
<b>Total Operating Revenues</b>	<u>6,074,188</u>	<u>536,923</u>	<u>922,099</u>	<u>1,713,929</u>	<u>9,247,139</u>
<b><u>Operating Expenses</u></b>					
<b>Production:</b>					
Purchased Power/Gas	4,479,236	-	-	998,820	5,478,056
Salaries, Wages & Benefits	278,409	18,174	34,203	-	330,786
Maintenance & Supplies	23,787	3,939	20,023	-	47,749
Insurance	34,851	2,869	14,360	-	52,080
Utilities	35,826	23,970	87,832	-	147,628
Depreciation	55,595	24,000	130,385	12,078	222,058
Other	1,044	-	317	-	1,361
<b>Total Production Expenses</b>	<u>4,908,748</u>	<u>72,952</u>	<u>287,120</u>	<u>1,010,898</u>	<u>6,279,718</u>
<b>Distribution/Collection:</b>					
Salaries, Wages & Benefits	362,692	204,034	82,116	241,197	890,039
Maintenance & Supplies	47,787	54,277	13,411	21,881	137,356
Insurance	17,867	10,895	3,516	5,404	37,682
Utilities	11,464	847	150	6,111	18,572
Depreciation	341,264	62,560	97,295	125,072	626,191
Other	6,740	3,806	219	2,897	13,662
<b>Total Distribution/Collection Expenses</b>	<u>787,814</u>	<u>336,419</u>	<u>196,707</u>	<u>402,562</u>	<u>1,723,502</u>
<b>General and Administrative:</b>					
Salaries, Wages & Benefits	166,457	82,317	73,250	95,542	417,566
Maintenance & Supplies	23,158	19,654	15,954	14,920	73,686
Insurance	1,264	-	-	-	1,264
Utilities	1,890	1,776	1,014	1,096	5,776
Depreciation & Amortization	3,126	2,588	1,338	4,935	11,987
Other	45,491	20,260	9,873	25,060	100,684
<b>Total General &amp; Administrative Expenses</b>	<u>241,386</u>	<u>126,595</u>	<u>101,429</u>	<u>141,553</u>	<u>610,963</u>
<b>Total Operating Expenses</b>	<u>5,937,948</u>	<u>535,966</u>	<u>585,256</u>	<u>1,555,013</u>	<u>8,614,183</u>
<b>Operating Income (Loss)</b>	<u>136,240</u>	<u>957</u>	<u>336,843</u>	<u>158,916</u>	<u>632,956</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>					
Interest Income	8,355	6,074	6,425	4,346	25,200
Interest Expense	(17,774)	(8,744)	(65,605)	(1,403)	(93,526)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(9,419)</u>	<u>(2,670)</u>	<u>(59,180)</u>	<u>2,943</u>	<u>(68,326)</u>
<b>Income Before Transfers</b>	126,821	(1,713)	277,663	161,859	564,630
Transfers	-	-	-	-	-
<b>Change in Net Position</b>	<u>\$ 126,821</u>	<u>\$ (1,713)</u>	<u>\$ 277,663</u>	<u>\$ 161,859</u>	<u>\$ 564,630</u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENSES**  
**For the Year Ended December 31, 2017**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Combined</u>
<b><u>Operating Revenues</u></b>					
Utility sales	\$ 5,667,830	\$ 515,160	\$ 838,262	\$ 1,457,370	\$ 8,478,622
Merchandise, Service, & Other Sales	<u>176,715</u>	<u>40,955</u>	<u>99,412</u>	<u>18,451</u>	<u>335,533</u>
<b>Total Operating Revenues</b>	<u>5,844,545</u>	<u>556,115</u>	<u>937,674</u>	<u>1,475,821</u>	<u>8,814,155</u>
<b><u>Operating Expenses</u></b>					
<b>Production:</b>					
Purchased Power/Gas	4,360,890	-	-	995,812	5,356,702
Salaries, Wages & Benefits	250,808	16,339	28,004	-	295,151
Maintenance & Supplies	32,532	4,827	31,853	499	69,711
Insurance	31,083	3,600	13,902	-	48,585
Utilities	37,472	22,410	89,681	-	149,563
Depreciation	58,768	24,474	126,237	12,078	221,557
Other	<u>725</u>	<u>-</u>	<u>414</u>	<u>-</u>	<u>1,139</u>
<b>Total Production Expenses</b>	<u>4,772,278</u>	<u>71,650</u>	<u>290,091</u>	<u>1,008,389</u>	<u>6,142,408</u>
<b>Distribution/Collection:</b>					
Salaries, Wages & Benefits	357,912	205,923	90,199	225,570	879,604
Maintenance & Supplies	87,271	52,303	18,543	29,668	187,785
Insurance	21,184	11,402	2,830	4,782	40,198
Utilities	7,460	5,171	-	2,309	14,940
Depreciation	324,969	62,797	92,950	115,295	596,011
Other	<u>7,538</u>	<u>1,644</u>	<u>605</u>	<u>4,047</u>	<u>13,834</u>
<b>Total Distribution/Collection Expenses</b>	<u>806,334</u>	<u>339,240</u>	<u>205,127</u>	<u>381,671</u>	<u>1,732,372</u>
<b>General and Administrative:</b>					
Salaries, Wages & Benefits	148,603	76,015	76,293	90,091	391,002
Maintenance & Supplies	20,497	14,584	10,345	12,346	57,772
Insurance	860	-	-	-	860
Utilities	1,877	1,109	1,090	1,145	5,221
Depreciation & Amortization	3,919	2,928	1,405	5,070	13,322
Other	<u>39,227</u>	<u>12,688</u>	<u>17,250</u>	<u>12,175</u>	<u>81,340</u>
<b>Total General &amp; Administrative Expenses</b>	<u>214,983</u>	<u>107,324</u>	<u>106,383</u>	<u>120,827</u>	<u>549,517</u>
<b>Total Operating Expenses</b>	<u>5,793,595</u>	<u>518,214</u>	<u>601,601</u>	<u>1,510,887</u>	<u>8,424,297</u>
<b>Operating Income (Loss)</b>	<u>50,950</u>	<u>37,901</u>	<u>336,073</u>	<u>(35,066)</u>	<u>389,858</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>					
Interest Income	4,659	2,977	3,140	3,177	13,953
Interest Expense	<u>(16,486)</u>	<u>(9,173)</u>	<u>(66,239)</u>	<u>(4,926)</u>	<u>(96,824)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(11,827)</u>	<u>(6,196)</u>	<u>(63,099)</u>	<u>(1,749)</u>	<u>(82,871)</u>
<b>Income Before Transfers</b>	39,123	31,705	272,974	(36,815)	306,987
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 39,123</u>	<u>\$ 31,705</u>	<u>\$ 272,974</u>	<u>\$ (36,815)</u>	<u>\$ 306,987</u>

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 COMBINING SCHEDULES OF REVENUES AND EXPENSES - ELECTRIC DEPARTMENT  
 For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 5,957,040	\$ 5,667,830
Merchandise, Service, & Other Sales	<u>117,148</u>	<u>176,715</u>
<b>Total Operating Revenues</b>	<u>6,074,188</u>	<u>5,844,545</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Purchased Power/Gas	4,479,236	4,360,890
Salaries, Wages & Benefits	278,409	250,808
Maintenance & Supplies	23,787	32,532
Insurance	34,851	31,083
Utilities	35,826	37,472
Depreciation	55,595	58,768
Other	<u>1,044</u>	<u>725</u>
<b>Total Production Expenses</b>	<u>4,908,748</u>	<u>4,772,278</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	362,692	357,912
Maintenance & Supplies	47,787	87,271
Insurance	17,867	21,184
Utilities	11,464	7,460
Depreciation	341,264	324,969
Other	<u>6,740</u>	<u>7,538</u>
<b>Total Distribution/Collection Expenses</b>	<u>787,814</u>	<u>806,334</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	166,457	148,603
Maintenance & Supplies	23,158	20,497
Insurance	1,264	860
Utilities	1,890	1,877
Depreciation & Amortization	3,126	3,919
Other	<u>45,491</u>	<u>39,227</u>
<b>Total General &amp; Administrative Expenses</b>	<u>241,386</u>	<u>214,983</u>
<b>Total Operating Expenses</b>	<u>5,937,948</u>	<u>5,793,595</u>
<b>Operating Income (Loss)</b>	<u>136,240</u>	<u>50,950</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	8,355	4,659
Interest Expense	<u>(17,774)</u>	<u>(16,486)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(9,419)</u>	<u>(11,827)</u>
<b>Income Before Transfers</b>	126,821	39,123
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 126,821</u>	<u>\$ 39,123</u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENSES - WATER DEPARTMENT**  
**For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 489,727	\$ 515,160
Merchandise, Service, & Other Sales	<u>47,196</u>	<u>40,955</u>
<b>Total Operating Revenues</b>	<u>536,923</u>	<u>556,115</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Salaries, Wages & Benefits	18,174	16,339
Maintenance & Supplies	3,939	4,827
Insurance	2,869	3,600
Utilities	23,970	22,410
Depreciation	24,000	24,474
Other	<u>-</u>	<u>-</u>
<b>Total Production Expenses</b>	<u>72,952</u>	<u>71,650</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	204,034	205,923
Maintenance & Supplies	54,277	52,303
Insurance	10,895	11,402
Utilities	847	5,171
Depreciation	62,560	62,797
Other	<u>3,806</u>	<u>1,644</u>
<b>Total Distribution/Collection Expenses</b>	<u>336,419</u>	<u>339,240</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	82,317	76,015
Maintenance & Supplies	19,654	14,584
Insurance	-	-
Utilities	1,776	1,109
Depreciation & Amortization	2,588	2,928
Other	<u>20,260</u>	<u>12,688</u>
<b>Total General &amp; Administrative Expenses</b>	<u>126,595</u>	<u>107,324</u>
<b>Total Operating Expenses</b>	<u>535,966</u>	<u>518,214</u>
<b>Operating Income (Loss)</b>	<u>957</u>	<u>37,901</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	6,074	2,977
Interest Expense	<u>(8,744)</u>	<u>(9,173)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(2,670)</u>	<u>(6,196)</u>
<b>Income Before Transfers</b>	(1,713)	31,705
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ (1,713)</u>	<u>\$ 31,705</u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENSES - SEWER DEPARTMENT**  
**For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 852,526	\$ 838,262
Merchandise, Service, & Other Sales	<u>69,573</u>	<u>99,412</u>
<b>Total Operating Revenues</b>	<u>922,099</u>	<u>937,674</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Salaries, Wages & Benefits	34,203	28,004
Maintenance & Supplies	20,023	31,853
Insurance	14,360	13,902
Utilities	87,832	89,681
Depreciation	130,385	126,237
Other	<u>317</u>	<u>414</u>
<b>Total Production Expenses</b>	<u>287,120</u>	<u>290,091</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	82,116	90,199
Maintenance & Supplies	13,411	18,543
Insurance	3,516	2,830
Utilities	150	-
Depreciation	97,295	92,950
Other	<u>219</u>	<u>605</u>
<b>Total Distribution/Collection Expenses</b>	<u>196,707</u>	<u>205,127</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	73,250	76,293
Maintenance & Supplies	15,954	10,345
Insurance	-	-
Utilities	1,014	1,090
Depreciation & Amortization	1,338	1,405
Other	<u>9,873</u>	<u>17,250</u>
<b>Total General &amp; Administrative Expenses</b>	<u>101,429</u>	<u>106,383</u>
<b>Total Operating Expenses</b>	<u>585,256</u>	<u>601,601</u>
<b>Operating Income (Loss)</b>	<u>336,843</u>	<u>336,073</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	6,425	3,140
Interest Expense	<u>(65,605)</u>	<u>(66,239)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(59,180)</u>	<u>(63,099)</u>
<b>Income Before Transfers</b>	277,663	272,974
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 277,663</u>	<u>\$ 272,974</u>



**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENSES - GAS DEPARTMENT**  
**For the Years Ended December 31, 2018 and 2017**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 1,692,217	\$ 1,457,370
Merchandise, Service, & Other Sales	<u>21,712</u>	<u>18,451</u>
<b>Total Operating Revenues</b>	<u>1,713,929</u>	<u>1,475,821</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Purchased Power/Gas	998,820	995,812
Salaries, Wages & Benefits	-	-
Maintenance & Supplies	-	499
Insurance	-	-
Utilities	-	-
Depreciation	12,078	12,078
Other	<u>-</u>	<u>-</u>
<b>Total Production Expenses</b>	<u>1,010,898</u>	<u>1,008,389</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	241,197	225,570
Maintenance & Supplies	21,881	29,668
Insurance	5,404	4,782
Utilities	6,111	2,309
Depreciation	125,072	115,295
Other	<u>2,897</u>	<u>4,047</u>
<b>Total Distribution/Collection Expenses</b>	<u>402,562</u>	<u>381,671</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	95,542	90,091
Maintenance & Supplies	14,920	12,346
Insurance	-	-
Utilities	1,096	1,145
Depreciation & Amortization	4,935	5,070
Other	<u>25,060</u>	<u>12,175</u>
<b>Total General &amp; Administrative Expenses</b>	<u>141,553</u>	<u>120,827</u>
<b>Total Operating Expenses</b>	<u>1,555,013</u>	<u>1,510,887</u>
<b>Operating Income (Loss)</b>	<u>158,916</u>	<u>(35,066)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	4,346	3,177
Interest Expense	<u>(1,403)</u>	<u>(4,926)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,943</u>	<u>(1,749)</u>
<b>Income Before Transfers</b>	161,859	(36,815)
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 161,859</u>	<u>\$ (36,815)</u>



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

The Honorable Mayor and City Council  
City of Wahoo Combined Utilities Fund  
Wahoo, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund, as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, and have issued our report thereon dated April 29, 2019. Our report disclosed that the City of Wahoo, Nebraska, Combined Municipal Utilities Fund has not presented Management's Discussion and Analysis, which is required supplementary information. Our report also disclosed that the financial statements present only the Combined Municipal Utilities Fund and do not present the financial statements of the City of Wahoo, Nebraska.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund, in a separate letter dated April 29, 2019.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BMG Certified Public Accountants, LLP

A handwritten signature in black ink, consisting of the letters 'BMG' in a stylized, cursive font.

Lincoln, Nebraska  
April 29, 2019