

**CITY OF WAHOO
WAHOO, NEBRASKA**

**Financial Statements
September 30, 2021**

CITY OF WAHOO, NEBRASKA
September 30, 2021
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and the City Council
CITY OF WAHOO
Wahoo, Nebraska

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund (except as described below), and the aggregate remaining fund information of the CITY OF WAHOO, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CITY OF WAHOO, Nebraska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Adverse
Major Funds:	
General Fund	Unmodified
Street Fund	Unmodified
Debt Service Fund	Unmodified
1/2 Cent Sales Tax Fund	Unmodified
Capital Projects Fund	Unmodified
Fire and EMS Fund	Unmodified
Chestnut Street Project	Unmodified
Municipal Utilities Fund	Adverse
Custodial Fund	Unmodified
Aggregate Remaining Fund Information	Adverse

Basis for Adverse Opinion on the Municipal Utilities Fund and Adverse Opinion on Business-Type Activities

Management has not included the Municipal Utilities Fund in the CITY OF WAHOO, Nebraska's financial statements. The cash basis of accounting requires the Municipal Utilities Fund to be presented as a major enterprise fund and financial information about the Municipal Utilities Fund to be part of the business-type activities, thus reflecting that activity's assets, liabilities, revenues and expenses and changes in its net position. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the business-type activities and the omitted major fund has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Municipal Utilities Fund and Adverse Opinion on Business-Type Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the Municipal Utilities Fund and the Business Type Activities of the CITY OF WAHOO, Nebraska, as of September 30, 2021, or the changes in financial position or cash flows thereof for the year then ended in accordance with the cash basis of accounting.

Basis for Adverse Opinion on the Aggregate Remaining Fund Information and Qualified Opinion on Governmental Activities

The financial statements referred to above do not include the financial data for the Wahoo Public Buildings and Grounds Association, which represents a blended component unit of the CITY OF WAHOO, Nebraska. The cash basis of accounting requires the financial data for the component unit to be reported with the financial data of the CITY OF WAHOO, Nebraska's primary government unless the CITY OF WAHOO, Nebraska also issues financial statements for the financial reporting

entity that include the component unit. The CITY OF WAHOO, Nebraska has not issued such reporting entity financial statements. The cash basis of accounting also requires that the financial data for the Wahoo Public Buildings and Grounds Association be part of the governmental activities, thus increasing that activity's assets, revenues, expenditures and changes in its net position. The amount by which this departure would affect the assets, net position, revenues and expenditures of the governmental activities and the aggregate remaining fund information has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Remaining Fund Information and Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate remaining fund information of the CITY OF WAHOO, Nebraska as of September 30, 2021 in accordance with the cash basis of accounting.

Qualified Opinion

In our opinion, except for the matter described in the "Basis for Adverse Opinion on the Aggregate Remaining Fund Information and Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental-type activities of the CITY OF WAHOO, Nebraska, as of September 30, 2021, and the changes in financial position thereof for the year then ended in accordance with the cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of each major fund other than the Municipal Utilities Fund of the CITY OF WAHOO, Nebraska, as of September 30, 2021, and the respective changes in financial position – cash basis, thereof for the year then ended in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CITY OF WAHOO, Nebraska's financial statements 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 accompanying 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 March 8, 2022, on our consideration of the CITY OF WAHOO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF WAHOO, Nebraska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CITY OF WAHOO, Nebraska's internal control over financial reporting and compliance.

BMG Certified Public Accountants, LLP

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

Lincoln, Nebraska

March 8, 2022

CITY OF WAHOO, NEBRASKA

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS

SEPTEMBER 30, 2021

	General	Street	Debt Service	1/2 cent Sales Tax	Capital Projects	Fire and EMS	Chestnut Street Project	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>									
Cash and Cash Equivalents	\$1,436,143	\$ 1,288,573	\$468,480	\$ -	\$(228,215)	\$ 339,905	\$ -	\$ 306,012	\$ 3,610,898
Restricted Cash	-	-	-	28,691	-	-	457,931	349,094	835,716
Cash at County Treasurer	47,518	7,713	27,113	-	-	6,662	-	-	89,006
TOTAL ASSETS	\$1,483,661	\$ 1,296,286	\$495,593	\$ 28,691	\$(228,215)	\$ 346,567	\$ 457,931	\$ 655,106	\$ 4,535,620
<u>FUND BALANCES & NET POSITION</u>									
Nonspendable / Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted / Restricted	429,892	-	-	25,544	-	46,131	457,931	474,493	1,433,991
Committed / Unrestricted	-	-	-	-	-	-	-	182,712	182,712
Assigned / Unrestricted	864,137	1,296,286	495,593	3,147	-	300,436	-	21,464	2,981,063
Unassigned / Unrestricted	189,632	-	-	-	(228,215)	-	-	(23,563)	(62,146)
TOTAL NET POSITION & FUND BALANCES	\$ 1,483,661	\$ 1,296,286	\$495,593	\$ 28,691	\$(228,215)	\$ 346,567	\$ 457,931	\$ 655,106	\$ 4,535,620

CITY OF WAHOO, NEBRASKA

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES AND NET POSITION - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General	Street	Debt Service	1/2 cent Sales Tax	Capital Projects	Fire and EMS	Chestnut Street Project	Other Governmental Funds	Total Governmental Funds
REVENUES									
Property Taxes	\$ 986,405	\$ 206,464	\$ 486,027	\$ -	\$ -	\$ 178,200	\$ -	\$ -	\$ 1,857,096
Sales Taxes	714,148	191,742	42	-	-	-	410,308	-	1,316,240
Motor Vehicle and Other Taxes	129,713	-	-	-	-	-	-	-	129,713
Permits and Fees	80,691	-	-	-	-	-	-	1,000	81,691
Special Assessments	-	-	-	-	-	-	-	-	-
Intergovernmental	387,826	59,098	15,342	-	-	66,629	-	417,188	946,083
State Highway Allocation	-	606,491	-	-	-	-	-	-	606,491
Charges & Reimbursements for Services	669,143	2,510	-	-	-	226,783	-	-	898,436
Interest	3,626	1,834	1,217	-	-	1,362	-	78	8,117
Sale of Lots	9,300	-	-	-	-	-	-	-	9,300
Donations	63,755	-	-	-	-	22,952	-	-	86,707
Keno Receipts	-	-	-	-	-	-	-	25,189	25,189
Grants	626,716	-	-	-	-	102,841	-	24,423	753,980
Miscellaneous	113,929	2,239	7,867	-	-	140,639	-	2,820	267,494
TOTAL REVENUES	3,785,252	1,070,378	510,495	-	-	739,406	410,308	470,698	6,986,537
EXPENDITURES									
Current:									
General Government	699,553	-	-	-	-	-	-	97,042	796,595
Public Safety	732,422	-	-	-	-	531,408	-	-	1,263,830
Highways and Streets	-	669,167	-	-	-	-	-	-	669,167
Culture and Recreational	1,464,343	-	-	-	-	-	-	47,146	1,511,489
Economic Development	-	-	-	-	-	-	-	140,998	140,998
Capital Outlay	286,183	653,194	7,937	17,463	-	97,023	516,440	150,684	1,728,924
Debt Service:									
Tax Increment Finance Payments	-	-	251,384	-	-	-	-	-	251,384
Interest	-	-	55,578	-	-	-	57,248	-	112,826
Principal	48,600	-	250,000	-	-	-	5,535,000	-	5,833,600
TOTAL EXPENDITURES	3,231,101	1,322,361	564,899	17,463	-	628,431	6,108,688	435,870	12,308,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	554,151	(251,983)	(54,404)	(17,463)	-	110,975	(5,698,380)	34,828	(5,322,276)
OTHER FINANCING SOURCES (USES)									
Proceeds from issuance of bonds or notes	200,000	-	-	-	-	-	4,255,000	-	4,455,000
Bond issuance expense	-	-	-	-	-	-	(44,350)	-	(44,350)
Operating transfers in	1,117,003	-	-	-	-	-	-	125,500	1,242,503
Operating transfers out	(1,193,503)	(4,000)	-	-	-	-	-	(45,000)	(1,242,503)
TOTAL OTHER FINANCING SOURCES (USES)	123,500	(4,000)	-	-	-	-	4,210,650	80,500	4,410,650
CHANGE IN NET POSITION/ EXCESS OF RECEIPTS OVER (UNDER) EXPENDITURES	677,651	(255,983)	(54,404)	(17,463)	-	110,975	(1,487,730)	115,328	(911,626)
NET POSITION/FUND BALANCES, BEGINNING OF YEAR	806,010	1,552,269	549,997	46,154	(228,215)	235,592	1,945,661	539,778	5,447,246
NET POSITION/FUND BALANCES, END OF YEAR	\$ 1,483,661	\$ 1,296,286	\$ 495,593	\$ 28,691	\$ (228,215)	\$ 346,567	\$ 457,931	\$ 655,106	\$ 4,535,620

CITY OF WAHOO, NEBRASKA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS

SEPTEMBER 30, 2021

	<u>Custodial Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>417,772</u>
TOTAL ASSETS	<u>417,772</u>
<u>LIABILITIES</u>	
Due to Interlocal Agency	\$ <u>-</u>
TOTAL LIABILITIES	<u>-</u>
<u>FUND BALANCES & NET POSITION</u>	
Restricted / Restricted	<u>417,772</u>
TOTAL NET POSITION & FUND BALANCES	<u>\$ 417,772</u>

**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>REVENUES</u>	
Member Contributions	\$ 162,814
<u>EXPENDITURES</u>	
Public Safety	<u>117,610</u>
CHANGE IN NET POSITION/ EXCESS OF RECEIPTS OVER (UNDER) EXPENDITURES	<u>45,204</u>
NET POSITION/FUND BALANCE, BEGINNING OF YEAR	<u>372,568</u>
NET POSITION/FUND BALANCE, END OF YEAR	<u>\$ 417,772</u>

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Matters

The City of Wahoo, Nebraska, was incorporated September 1, 1874, and operates under a Mayor-Council form of government with an elected part-time chief executive, the Mayor, and an elected legislative body, the Council, composed of six members. All Council members are elected by voting wards. City government is administered under the direction of the Mayor through administrative departments. Services are provided to residents in many areas, including public safety (police-fire-ambulance), highways and streets, health, planning and zoning, parks, recreation, urban development, electric system, water and sanitary sewer system, and general administrative services.

This summary of significant accounting policies of 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.

Basis of Accounting

These financial statements are presented on the cash basis of accounting, which differs from accounting principles generally accepted in the United States of America (GAAP). This basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipts and disbursement transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues, and certain liabilities and their related expenses are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting, while the government-wide financial statements would be presented on the accrual basis of accounting.

Reporting Entity

In evaluating how to define the City's legal entity for financial reporting purposes, management has considered all potential component units. Component units are organizations for which the nature and significance of their relationship with the City of Wahoo are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City has determined that Wahoo Utilities and Wahoo Public Building and Grounds Association are legally separate component units of the City and are required to be included in the financial statements of the legal entity in order to conform with the cash basis of accounting. Management has elected not to include either of these component units in these financial statements.

The Wahoo Public Buildings and Grounds Association has a fiscal year ended December 31. Separate financial statements can be obtained from:

City of Wahoo
605 N. Broadway
Wahoo, NE 68066

The City of Wahoo Municipal Utilities has a fiscal year ended December 31. Separate financial statements can be obtained from:

City of Wahoo Utilities
605 N. Broadway
Wahoo, NE 68066

The custodial fund noted in the financial statements is a fiduciary fund which is used to report assets held in a trustee or agency capacity for III Corps, an interlocal drug task force, and therefore, are not available to support City programs. The fund is held for the benefit of III Corps, and cannot be used to address activities or obligations of the City. Therefore, the fund is not incorporated into the government-wide financial statements.

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

While the financial statements omit the legally separate component units of the City, they do include all of the funds, organizations, institutions, agencies, departments and offices that comprise the City's legal entity. As such, the statements do present the activities of the primary government of the City of Wahoo in conformity with the cash basis of accounting.

Basis of Presentation

A combined government-wide and fund basis financial statement has been presented. The government-wide financial statements include the financial activities of the overall government, whereas the fund financial statements provide information about specific funds, with the emphasis on major governmental funds. The City has elected to present a combined government-wide and fund basis financial statement because the cash basis of accounting results in no difference between the two presentations. The City reports the following governmental funds and fiduciary funds:

Major Funds:

The *General Fund* is the City of Wahoo's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Street Fund* is used to account for that portion of the State highway allocation, motor vehicle registration fees, and sales taxes generated from the sale of motor vehicles designated for maintenance of streets within the City.

The *Debt Service Fund* is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City.

The *½ Cent Sales Tax Fund* is used to account for sales tax receipts and bond principal and interest payments issued for the construction of the City's Aquatic Center.

The *Capital Projects Fund* is used to account for capital acquisition or construction.

The *Fire and EMS Fund* is used to account for receipts and payments associated with fire department and emergency medical services activities.

The *Chestnut Street Project Fund* is used to account for receipts and payments for the capital construction project on Chestnut Street.

Nonmajor Funds:

The *Other Governmental Funds* of the City accounts for all other activities of the City whose use is restricted to a particular purpose.

The fiduciary fund of the City is the *Custodial Fund* which accounts for assets held by the City as the agent for III Corps. Balances held in this fund are restricted for drug task force activities.

Property Taxes

The following is a summary of the tax payment dates for the City's property tax levies:

1. Real estate and personal property taxes

Lien date	January 1, 2020
Levy date	October 15, 2020
Tax bills mailed	December 1, 2020
Due date	December 31, 2020
First installment payment delinquent	May 1, 2021
Second installment payment delinquent	September 1, 2021

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

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

The 2020-2021 tax levy was .553150.

The total assessed valuation for 2020-2021 was \$303,107,696.

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. The City utilizes LARM for property, general liability, and workers' compensation claims.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers.

Fund Balances

In the fund basis financial statements, fund balances are displayed in five components – nonspendable, restricted, committed, assigned, and unassigned, as applicable. The classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts not in spendable form or required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Other committed funds are those in which a contractual agreement exists with an individual or other entity.

Net Position

In the government wide financial statements, net position is displayed in two components – restricted and unrestricted.

Restricted net position is comprised of nonspendable and restricted fund balances above.

Unrestricted net position is comprised of committed, assigned, and unassigned fund balances.

Fund Balances / Net Positions Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

amounts to report as restricted or unrestricted, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balances/net position to have been depleted before using any of the components of unrestricted fund balance/net position. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Subsequent Events

Subsequent events have been evaluated through March 8, 2022, which is the date the financial statements were available to be issued.

NOTE 2: DEPOSITS AND INVESTMENTS

Statutes authorize the City to invest in collateralized bank certificates of deposit, time deposits, obligations of the United States Government and selected Federal Agency securities.

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. Such bond shall be deposited with the City Clerk.

In lieu of 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 16-714, provided that the penal sum of said bond or sum of said pledge of assets shall be of the value equal to or greater than the amount of deposit in excess of that portion of said deposit insured by the FDIC.

At the end of the fiscal year, the City's cash deposits were fully insured or collateralized by the Federal Deposit Insurance Corporation, U.S. Government securities subject to joint safeguarding receipts issued by the pledging financial institution, or irrevocable letters of credit. No attorney's opinion has been obtained regarding the enforceability of claims which might arise under the custodial agreement.

NOTE 3: RESTRICTED CASH

A ½ cent sales tax was established to provide for the payment of bonds for a swimming pool/water park which were paid in full in the year ended September 30, 2017. Subsequent to the payment of these bonds, proceeds from this sales tax are restricted to operations of the swimming pool/water park and parks and recreation expenditures as listed below.

In the year ended September 30, 2019, the City began improvements to Chestnut Street which are to be funded through the use of bonds and sales tax proceeds. These bond proceeds and sales tax proceeds are restricted to payments for the Chestnut Street improvement project and subsequent payments on the bonds taken for the project.

½ Cent Sales Tax Fund:

Swimming Pool/Water Park Sales Tax Revenue Bonds-Operating Fund	\$ 28,691
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Other Governmental Funds:

Parks and Recreation Improvement, Maintenance, and Development Projects	349,094
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Chestnut Street Fund:

Chestnut Street Improvements and Associated Bonds and Loans	<u>457,931</u>
	<u>\$ 835,716</u>

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

NOTE 4: LONG-TERM OBLIGATIONS

The following is a summary of long-term debt obligations of the City for the year ended September 30, 2021:

September 30, 2020 Balance		September 30, 2021 Balance
\$ 25,000	Highway Allocation Bonds, Series 2014, issued July 29, 2014. Interest rate of 3.125%. Interest is due semi-annually. Principal due in annual installments beginning in December 2020 ranging from \$25,000 to \$100,000. \$550,000 was called in March 2020. A final principal payment of \$25,000 was made on December 15, 2020.	\$ -
270,000	General Obligation Various Purpose Bonds, Series 2019, issued May 15, 2019, interest rate ranging from 2.2% to 2.7%. Interest is due in semi-annual installments on December 15 and June 15; Principal due in installments ranging from \$15,000 to \$20,000 from June 2020 to June 2028 with a final \$125,000 payment due June 2029.	255,000
230,000	General Obligation Highway Allocation Fund Pledge Bonds Series 2012 issued July 16, 2012; Interest rate ranging from 0.7% to 3.6%; interest due in semi-annual installments on September 30 and June 15; Principal due in annual installments ranging from \$55,000 to \$60,000 from December 15, 2015 to December 15, 2019. Principal then due in semi-annual installments beginning June 15, 2020 ranging from \$60,000 to \$90,000 with the final payment due on June 15, 2032. \$1,545,000 was called in March 2020. A final principal payment of \$35,000 is due on June 15, 2022.	100,000
80,000	General Obligation Water Bonds, Series 2013 issued August 15, 2013; Interest rate ranging from 1.65% to 3.00%; Interest due in semi-annual installments on December 15 and June 15; Principal due in annual installments ranging from \$25,000 to \$30,000 with final payment due June 15, 2023.	55,000
2,525,000	Highway Allocation Fund Pledge Bonds, Series 2020 issued March 5, 2020; Interest rate ranging from 1.30% to 2.05%; Interest due in semi-annual installments on December 15 and June 15; Principal due in annual installments ranging from \$30,000 to \$295,000 with a final \$165,000 payment due December 15, 2031.	2,495,000
3,035,000	Bond Anticipation Notes, Series 2020 issued March 5, 2020; Interest rate of 1.4%; Interest due in semi-annual installments on December 15 and June 15; The bond was called during the year ended September 30, 2021 and the following Series 2021 Bonds were issued.	-
-	General Obligation Various Purpose, Series 2021 issued April 20, 2021; Interest rate ranging from 0.35% to 1.85%; Interest due in semi-annual installments on December 15 and June 15; Principal due in annual installments ranging from \$300,000 to \$340,000 with final \$155,000 payment due December 15, 2035.	4,255,000
25,000	Highway Allocation Fund Pledge Bonds, Series 2013 issued August 15, 2013; Interest rate ranging from 2.0% to 4.0%; Interest due in semi-annual installments on December 15 and June 15; Principal due in annual installments ranging from \$15,000 to \$100,000. \$375,000 was called in March 2020. A final payment of \$25,000 was made on June 15, 2021.	-
2,500,000	Note payable to City of Wahoo Municipal Utilities for the Chestnut Street Project issued April 2019; maximum of \$2,500,000 available; \$1,165,000 borrowed in June 2019 and \$1,335,000 borrowed November 2019; interest rate of 1.5%; interest due in quarterly installments. The loan was paid in full in the year ended September 30, 2021	-
		<u>\$ 7,160,000</u>

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

Principal and interest due for the years ending September 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 245,000	\$ 104,186	\$ 349,186
2023	565,000	91,633	656,633
2024	550,000	86,108	636,108
2025	575,000	80,731	655,731
2026	570,000	74,811	644,811
2027 – 2031	3,005,000	255,992	3,260,992
2032 – 2036	<u>1,650,000</u>	<u>59,349</u>	<u>1,709,349</u>
	<u>\$7,160,000</u>	<u>\$ 752,810</u>	<u>\$7,912,810</u>

The following is a summary of bond and note payable transactions of the City for the year ended September 30, 2021:

Bonds and notes payable at September 30, 2020	\$8,690,000
Bonds and notes issued	4,255,000
Bonds and notes retired	<u>(5,785,000)</u>
Bonds and notes payable at September 30, 2021	<u>\$7,160,000</u>

Conduit Debt Obligations: The City of Wahoo has issued Tax Increment Revenue Notes to provide financial assistance to private-sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The notes are a special obligation of the City payable solely from and secured as to the payment of principal and interest by a pledge of (a) TIF Revenues deposited in the City's Debt Service Fund, and (b) moneys in the Debt Service Fund. The taxing power of the City is not pledged to the payment of the Notes either as to principal or interest. The City is not obligated in any manner for repayment of the Notes.

NOTE 5: RETIREMENT PLAN

The City 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 City matches employee contributions, subject to a maximum of 6% of annual compensation. Participant contributions are fully vested, while city contributions vest over a period from two to six years of service. Forfeitures may be made available to reinstate previously forfeited account balances of participants and any remaining forfeitures may be used to satisfy any contribution that may be required by the City or to pay administrative expenses. Beginning in 2011, employees were also able to contribute to a 457 plan and Roth retirement plan. The City is not required to match any amount to these employee contributions. The City's and employees' contributions to the defined contribution plan for the year ended September 30, 2021 were \$82,634 and \$82,634, respectively. Employee contributions to the 457 plan and Roth plan for the year ended September 30, 2021 were \$1,300 and \$9,726.

NOTE 6: FUND EQUITY

The City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

Fund balance reservations as of September 30, 2021 are as follows:

	<u>General</u>	<u>Street</u>	<u>Debt Service</u>	<u>½ Cent Sales Tax</u>
Nonspendable:	\$ -	\$ -	\$ -	\$ -
Restricted :				
Police	22,421	-	-	-
ARPA	402,470	-	-	-
Library	5,001	-	-	-
Parks	-	-	-	25,544
Streets	-	-	-	-
Committed:	-	-	-	-
Assigned:				
Police	639,006	-	-	-
Cemetery	37,859	-	-	-
Parks & Rec	-	-	-	3,147
Building & Zoning	187,272	-	-	-
Capital Improvements	-	-	-	-
Debt Service	-	-	495,593	-
Streets	-	1,296,286	-	-
Unassigned	<u>189,632</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances:	<u>\$1,483,661</u>	<u>\$1,296,286</u>	<u>\$ 495,593</u>	<u>\$ 28,691</u>

	<u>Capital Projects</u>	<u>Fire and EMS</u>	<u>Chestnut Street Project</u>	<u>Other Governmental Funds</u>
Nonspendable:	\$ -	\$ -	\$ -	\$ -
Restricted :				
Community Betterment	-	-	-	31,429
Chestnut Street Project	-	-	457,931	-
Parks	-	-	-	349,094
Wanahoo Trail Repairs	-	-	-	93,970
Fire and EMS	-	46,131	-	-
Committed:				
Economic Development	-	-	-	29,690
Solid Waste	-	-	-	153,022
Assigned:				
Fire and EMS	-	300,436	-	-
Wanahoo Trail Repairs	-	-	-	11,921
Housing Rehab	-	-	-	-
Solid Waste	-	-	-	9,543
Unassigned	<u>(228,215)</u>	<u>-</u>	<u>-</u>	<u>(23,563)</u>
Total fund balances:	<u>\$ (228,215)</u>	<u>\$ 346,567</u>	<u>\$ 457,931</u>	<u>\$ 655,106</u>

The \$228,215 deficit in the capital projects fund was due to large payments for a street project during the year ended September 30, 2013. Transfers from other City funds are expected to be made in future fiscal years in order to offset the deficit. The capital projects fund is expected to remain appropriately funded.

Transfers are made from fund to fund to maintain positive balances in specified funds.

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

NOTE 7: OTHER POST EMPLOYMENT BENEFITS

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

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss from torts: theft of, damage to, and destruction of assets; business interruption; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The City has purchased general liability, property, crime, automobile, workers' compensation, umbrella and other miscellaneous insurance coverage. There have been no significant reductions in insurance coverages.

There were no settlements exceeding insurance coverage in the past three fiscal years. No amount for estimated claims has been reported in the City's financial statements.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Federal Grants: The City participates in a number of federal and state assisted grant programs. These 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.

Wanahoo Trail Disaster Grant: The City has started a project to repair the Wanahoo trail due to damages from flooding. The total project cost is estimated to be \$603,414. The City is expecting to receive 75% of this amount from federal grants and 12.5% of this amount from state grants to fund the project. During the year ended September 30, 2020, the City received \$71,560 in federal grants. The City had made \$53,017 in payments for the project through the year ended September 30, 2021.

CDBG Grant: In the year ended September 30, 2021, the City is expecting to receive a Community Development Block Grant for \$547,000 for a project estimated to cost \$592,000. During the year ended September 30, 2021 the City made \$89,454 in payments on the project and received grant proceeds of \$24,420.

Nebraska Advantage: In 2013, a new business in the City of Wahoo made large capital purchases for which sales tax was paid and collected by the City. The business is eligible for a credit for the sales tax paid on these purchases through the Nebraska Advantage Act. The amount that the business is eligible for is unknown as exact data is not available for sales tax collected from these capital purchases. However, the City estimates that the total amount the business may be eligible for to be approximately \$48,000. During the year ended September 30, 2018, an amount of approximately \$22,300 was withheld from the City's sales tax collections from the State of Nebraska to accommodate this credit. It is unclear whether further amounts will be withheld for this purpose.

North Highland Project: The City is contracted for \$2,132,609 of construction and engineering expenses for street, storm sewer, sanitary sewer, and water installation for a new subdivision. Of this amount, Wahoo Utilities is expected to pay \$172,621. Special assessments of \$1,629,627 are also expected to be issued to residents of the subdivision to cover a portion of the costs.

Chestnut Street Project: The City began a large street improvement project for Chestnut Street in the year ended September 30, 2017. The total estimated cost of the project is approximately \$5.83 million. Through September 30, 2020, the City had incurred engineering costs and construction costs of \$5,103,666. The City is contracted for an additional estimated \$236,000 of engineering and construction

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

costs. The City of Wahoo Municipal Utilities is expected to pay an additional estimated \$65,000 under the contract for which the City is liable.

A local option sales tax of ½ cent was approved by the voters to fund the project. The City had enacted a plan for temporary financing of the project through internal borrowing from the City of Wahoo Municipal Utilities and the use of bond anticipation notes. During the year ended September 30, 2021, the City had paid off the note payable to Utilities for \$2.5 million and the bond anticipation note for \$3.035 million and has taken on a \$4.255 million bond for long term financing as disclosed in Note 4.

2021 Curb Ramp and Intersection Project: In February 2021, the City began the 2021 Curb Ramp and Intersection Project. As of September 30, 2021, the City was contracted for \$246,145 of remaining costs for this project.

NOTE 10: LEASE OBLIGATIONS

The City leases the library building from a component unit, the Wahoo Public Building and Grounds Association (WPBG). The lease is dated August 8, 2006 and has a forty-year term which ends August 7, 2046, and calls for monthly payments of \$4,455 for the first ten years, and \$4,050 per month for the remaining thirty years. The lease requires the City to pay all repairs, maintenance, insurance, and other expenditures related to the facility. At the end of the lease, ownership of the library building will transfer to the City.

Beginning October 2018, an updated lease agreement for the library building came into effect. The same payment obligations noted in the prior paragraph still apply, however, the City is being reimbursed the \$4,050 monthly payment from the Library Foundation with funds provided by a donation from an estate.

The City entered into a lease with the WPBG in May 2009 for the lease of the Slemm/Rose Sites. The City agreed to pay WPBG an annual payment of \$20,000 with a final payment of \$14,825 due October 2024. The lease requires the City to pay all costs associated with maintaining the sites including, but not limited to, the removal of all structures thereon and the development of the Slemm/Rose Sites into a park and recreational facility. At the end of the lease, ownership of the sites will transfer to the City.

The City entered into a lease with the WPBG in April 2019 for the use of a maintenance building. The lease runs through April 2058. The City agreed to pay WPBG an annual payment of \$31,710 for the first 10 years of the lease and \$28,827 for the 29 years following. The first annual payment was made in the year ended September 30, 2020. The lease requires the City to pay all costs and assume all responsibilities associated with the operation, maintenance, repair, and alteration of the premises. At the end of the lease, ownership of the premises will transfer to the City.

In October 2020, the City signed a lease agreement for the use of Hackberry Park. The lease agreement runs from October 2020 through October 2040. The lease calls for payments equal to the payments due by the lessor for its loan on the property. Payments on the lease are expected to include 11 annual payments of \$145,666 beginning October 2021.

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

Future payments on the two leases are as follows for the years ending September 30:

2022	\$ 245,976
2023	245,976
2024	240,801
2025	225,976
2026	225,976
2027 – 2031	1,124,112
2032 – 2036	532,801
2037 – 2041	387,135
2042 – 2046	370,935
2047 – 2051	144,135
2052 – 2056	144,135
2057 – 2061	57,654
	<u>\$ 3,945,612</u>

Rent expense for the lease noted above the year ended September 30, 2021 was \$100,310.

The City is a lessor of property for a cellular tower in the City. The lease includes payments to the City for \$2,100 per month for 50 years beginning in March 2017 as well as a provision for an additional 10% revenue sharing with the second carrier for each broadband telephone company sublease. Expected base receipts on the lease are as follows:

2022	\$ 25,200
2023	25,200
2024	25,200
2025	25,200
2026	25,200
2027 – 2031	126,000
2032 – 2036	126,000
2037 – 2041	126,000
2042 – 2046	126,000
2047 – 2051	126,000
2052 – 2056	126,000
2057 – 2061	126,000
2061 – 2066	126,000
2067 – 2071	10,500
	<u>\$ 1,144,500</u>

NOTE 11: RELATED PARTIES

A member of the City Council is associated with a construction company that performs street construction for the City. Total payments to this company during the year ended September 30, 2021 were \$703,354.

NOTE 12: BUDGETARY DATA

Appropriated budgeted amounts are adopted each fiscal year for receipts and disbursements of the General, Special Revenue, Capital Improvement, and Debt Service Funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

City of Wahoo, Nebraska
Notes to the Financial Statements
September 30, 2021

1. A proposed budget is submitted to the City Council for the current fiscal year that commences October 1. The operating budget includes proposed disbursements and the means of financing them on a cash basis.
2. A public hearing is held to obtain taxpayer comments.
3. Prior to September 20, the budget is legally enacted through passage of an ordinance.
4. The City has elected to use a single, all-purpose levy budget. Any revisions that alter the total disbursements must be approved by the City Council. The City Council adopts the total budget, by resolution, on a per fund basis and budgetary control for internal purposes is exercised at the department level. The City Council must approve any supplemental appropriations to a fund or transfers between funds. Appropriations lapse at the end of the budget period.

The budgetary comparison schedules presented on pages 19 through 21 represent other information relating to the General Fund and to each major special revenue fund for which receipts and disbursements were budgeted.

The City sets its budget on an entity-wide level, so the budget encompasses all funds. At September 30, 2021, the total expenditures exceeded budgeted expenditures by \$1,478,705, and therefore, not in compliance with State of Nebraska budget requirements.

NOTE 13: CHANGE IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board issued Statement No. 84 relating to fiduciary activities. Included in the statement, is a requirement for new guidance regarding the identification of fiduciary activities. The City adopted the requirements of the new statement as of October 1, 2020. As a result of the new guidance, the fiduciary fund held for III Corps formerly identified as an agency fund is now identified as a custodial fund. Due to this change, liabilities included in this fund of \$372,568 as of September 30, 2020 have been reclassified as restricted net position. A statement of changes in fiduciary assets and liabilities is also required to be included with the financial statements.

CITY OF WAHOO, NEBRASKA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property Taxes	\$ 1,050,000	\$ 986,405	\$ (63,595)
Sales Taxes	623,000	714,148	91,148
Motor Vehicle and Other Taxes	116,900	129,713	12,813
Permits and Fees	73,900	80,691	6,791
Intergovernmental	325,255	387,826	62,571
Charges & Reimbursements for Services	618,000	669,143	51,143
Interest	6,000	3,626	(2,374)
Sale of Lots	12,000	9,300	(2,700)
Donations	61,600	63,755	2,155
Grants	116,500	626,716	510,216
Bond Proceeds	-	200,000	200,000
Miscellaneous	172,550	113,929	(58,621)
TOTAL REVENUES	3,175,705	3,985,252	809,547
<u>EXPENDITURES</u>			
General Government	797,800	699,553	98,247
Public Safety	814,600	732,422	82,178
Cultural and Recreational	1,529,635	1,464,343	65,292
Economic Development	-	-	-
Capital Outlay	233,100	286,183	(53,083)
Debt Service - Interest	-	-	-
Debt Service - Principal	48,600	48,600	-
Bond Issuance Expense	-	-	-
TOTAL EXPENDITURES	3,423,735	3,231,101	192,634
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(248,030)	754,151	1,002,181
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	1,105,000	1,117,003	12,003
Operating Transfers Out	(1,181,500)	(1,193,503)	(12,003)
TOTAL OTHER FINANCING SOURCES (USES)	(76,500)	(76,500)	-
NET CHANGE IN NET POSITION/FUND BALANCES	(324,530)	677,651	1,002,181
FUND BALANCES, BEGINNING OF YEAR	806,010	806,010	
FUND BALANCES, END OF YEAR	\$ 481,480	\$ 1,483,661	

CITY OF WAHOO, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - STREET FUND - CASH BASIS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property Taxes	\$ 220,000	\$ 206,464	\$ (13,536)
Sales Taxes	150,000	191,742	41,742
Motor Vehicle and Other Taxes	-	-	-
Special Assessments	-	-	-
Intergovernmental	44,000	59,098	15,098
State Highway Allocation	496,000	606,491	110,491
Charges & reimbursements for services	15,000	2,510	(12,490)
Interest	5,000	1,834	(3,166)
Donations	-	-	-
Grants	-	-	-
Miscellaneous	5,000	2,239	(2,761)
TOTAL REVENUES	<u>935,000</u>	<u>1,070,378</u>	<u>135,378</u>
<u>EXPENDITURES</u>			
Highways and Streets	918,200	669,167	249,033
Capital Outlay	490,000	653,194	(163,194)
TOTAL EXPENDITURES	<u>1,408,200</u>	<u>1,322,361</u>	<u>85,839</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(473,200)</u>	<u>(251,983)</u>	<u>221,217</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	-	-
Operating transfers out	(4,000)	(4,000)	-
NET CHANGE IN NET POSITION/FUND BALANCES	(477,200)	(255,983)	221,217
FUND BALANCES, BEGINNING OF YEAR	<u>1,552,269</u>	<u>1,552,269</u>	
FUND BALANCES, END OF YEAR	<u>\$ 1,075,069</u>	<u>\$ 1,296,286</u>	

CITY OF WAHOO, NEBRASKA

BUDGETARY COMPARISON SCHEDULE - FIRE AND EMS FUND - CASH BASIS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>			
Property Taxes	\$ 190,040	\$ 178,200	\$ (11,840)
Sales Taxes	-	-	-
Motor Vehicle and Other Taxes	-	-	-
Special Assessments	-	-	-
Intergovernmental	53,000	66,629	13,629
Charges & reimbursements for services	275,000	226,783	(48,217)
Interest	3,000	1,362	(1,638)
Donations	20,000	22,952	2,952
Grants	40,000	102,841	62,841
Miscellaneous	1,000	140,639	139,639
TOTAL REVENUES	582,040	739,406	157,366
<u>EXPENDITURES</u>			
Public Safety	540,800	531,408	9,392
Capital Outlay	79,500	97,023	(17,523)
TOTAL EXPENDITURES	620,300	628,431	(8,131)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(38,260)	110,975	149,235
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
NET CHANGE IN NET POSITION/FUND BALANCES	(38,260)	110,975	149,235
FUND BALANCES, BEGINNING OF YEAR	235,592	235,592	
FUND BALANCES, END OF YEAR	\$ 197,332	\$ 346,567	



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 the City Council
CITY OF WAHOO
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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the CITY OF WAHOO, Nebraska, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CITY OF WAHOO's basic financial statements, and have issued our report thereon dated March 8, 2022. Our report expressed an adverse opinion on the Municipal Utilities fund and the business-type activities. It also expressed an adverse opinion on the aggregate remaining fund information and a qualified opinion on governmental activities. Our report disclosed that, as described in Note 1 to the financial statements, the CITY OF WAHOO's financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant

deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Significant Deficiency: The CITY OF WAHOO, Nebraska does not have adequate revenue reconciliation controls or segregation of duties in place for the thrift store, busy wheels, and senior meal programs receipt transactions. The control objective of reconciliation controls and segregation of duties is to prevent fraud or error.

Management Response: Management feels that the amounts collected from these programs is not significant and any misappropriation that would occur because of lack of controls in these areas would be immaterial. Management also noted it may increase controls in this area if it is feasible to do so in the future.

Significant Deficiency: Financial information from the parks and recreation department is not always properly reconciled to the City's financial information. Because of this, the interim financial reports of the City may not properly reflect the accurate financial information of the parks and recreation department.

Management Response: Management will take further precautions to ensure the proper parks and recreation financial information is imported to the City's financial information and will compare that information to the records of the parks and recreation department.

Significant Deficiency: The City did not have controls in place to ensure the City's actual cash expenditures do not exceed budgeted expenditures on its formally adopted budget. This resulted in the City's actual expenditures exceeding budgeted expenditures by \$1,478,705.

Management Response: The reason the City was over budget on expenditures is because of the early refinancing of the Bond Anticipation Notes for Chestnut Street, which was a \$3,035,000 expenditure that was not budgeted by the City. The City also only budgeted paying back the \$1.25 million of the \$2.5 million borrowed from Wahoo Utilities. The City ended up paying the full \$2.5 million. With these items removed, the City's actual expenditures would have been well below budgeted expenditures.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CITY OF WAHOO'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described below.

As noted in the significant deficiency section, the actual expenditures exceeded budgeted expenditures for the year ended September 30, 2021.

During the audit, we noted the second and third quarter Forms 941 were not filed timely.

With the exception of these items, no instances of noncompliance or other matters were noted.

We noted certain matters that we reported to management of the CITY OF WAHOO, in a separate letter dated March 8, 2022.

CITY OF WAHOO, Nebraska's Response to Findings

The CITY OF WAHOO's response to the findings identified in our audit is described previously. The CITY OF WAHOO's response was not subjected to audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and on 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 the *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

BMG Certified Public Accountants, LLP



Lincoln, Nebraska

March 8, 2022