

CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL  
UTILITIES FUND

Financial Statements

December 31, 2019 and 2018

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
December 31, 2019 and 2018  
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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, 2019 and 2018, 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 financial position of the business type activities of the City of Wahoo, Nebraska, Combined Municipal Utilities Fund, as of December 31, 2019 and 2018, and the 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, 2019 and 2018, 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 20, 2020, 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

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

Lincoln, Nebraska  
April 20, 2020

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
STATEMENTS OF NET POSITION  
December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets:</u></b>		
Cash and Certificates of Deposit	\$ 4,046,237	\$ 6,326,395
Restricted Cash and Certificates of Deposit (see note 3)	163,801	161,990
Accounts Receivable	438,507	500,801
Unbilled Revenues	524,304	523,368
Prepaid Expenses	97,620	90,912
Inventories	584,552	576,816
<b>Total Current Assets</b>	<u>5,855,021</u>	<u>8,180,282</u>
<b><u>Fixed Assets:</u></b>		
Plant, Property & Equipment	30,953,342	29,966,567
Less: Accumulated Depreciation	<u>(17,866,628)</u>	<u>(16,985,983)</u>
<b>Total Fixed Assets</b>	<u>13,086,714</u>	<u>12,980,584</u>
<b><u>Other Assets:</u></b>		
Non-Current Restricted Cash and Certificates of Deposit (see note 3)	315,000	352,500
Loan to City of Wahoo	2,500,000	-
Goodwill	<u>135,187</u>	<u>135,187</u>
<b>Total Other Assets</b>	<u>2,950,187</u>	<u>487,687</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 21,891,922</u></u>	<u><u>\$ 21,648,553</u></u>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts Payable	\$ 610,728	\$ 639,981
Accrued Expenses	69,266	96,793
Customer Deposits	149,903	147,877
Current Maturities of Long-Term Liabilities	584,009	568,827
<b>Total Current Liabilities</b>	<u>1,413,906</u>	<u>1,453,478</u>
<b><u>Long-Term Liabilities:</u></b>		
Long-Term Debt	3,106,131	3,564,508
Compensated Absences	326,653	309,453
Less: Current Maturities	<u>(584,009)</u>	<u>(568,827)</u>
<b>Total Long-Term Liabilities</b>	<u>2,848,775</u>	<u>3,305,134</u>
<b>Total Liabilities</b>	<u>4,262,681</u>	<u>4,758,612</u>
<b><u>NET POSITION</u></b>		
<b><u>Net Position:</u></b>		
Invested in Capital Assets, Net of Related Debt	10,430,770	9,903,763
Restricted (see note 3)	13,898	14,113
Unrestricted	<u>7,184,573</u>	<u>6,972,065</u>
<b>Total Net Position</b>	<u>17,629,241</u>	<u>16,889,941</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 21,891,922</u></u>	<u><u>\$ 21,648,553</u></u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**STATEMENTS OF REVENUES AND EXPENSES**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues:</u></b>		
Utility Sales	\$ 8,876,493	\$ 8,991,510
Merchandise, Service & Other Sales	610,478	255,629
<b>Total Operating Revenues</b>	<u>9,486,971</u>	<u>9,247,139</u>
<b><u>Operating Expenses:</u></b>		
<b>Production:</b>		
Purchased Power/Gas	5,400,837	5,478,056
Salaries, Wages, & Benefits	371,836	330,786
Maintenance & Supplies	65,800	47,749
Insurance	55,958	52,080
Utilities	156,792	147,628
Depreciation & Amortization	224,684	222,058
Other	13,772	1,361
<b>Total Production Expenses</b>	<u>6,289,679</u>	<u>6,279,718</u>
<b>Distribution/Collection:</b>		
Salaries, Wages, & Benefits	929,230	890,039
Maintenance & Supplies	157,656	137,356
Insurance	33,556	37,682
Utilities	21,687	18,572
Depreciation & Amortization	644,579	626,191
Other	18,088	13,662
<b>Total Distribution/Collection Expenses</b>	<u>1,804,796</u>	<u>1,723,502</u>
<b>General &amp; Administrative:</b>		
Salaries, Wages, & Benefits	408,306	417,566
Maintenance & Supplies	59,885	73,686
Insurance	6,100	1,264
Utilities	6,255	5,776
Depreciation & Amortization	11,381	11,987
Other	177,596	100,684
<b>Total General &amp; Administrative Expenses</b>	<u>669,523</u>	<u>610,963</u>
<b>Total Operating Expenses</b>	<u>8,763,998</u>	<u>8,614,183</u>
<b>Operating Income (Loss)</b>	<u>722,973</u>	<u>632,956</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	100,597	25,200
Interest Expense	(84,270)	(93,526)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>16,327</u>	<u>(68,326)</u>
<b>Income (Loss) before Contributions and Transfers</b>	739,300	564,630
Transfers to City	-	-
<b>Change in Net Position</b>	<u>\$ 739,300</u>	<u>\$ 564,630</u>

See notes to financial statements

**CITY OF WAHOO, NEBRASKA  
 COMBINED MUNICIPAL UTILITIES FUND  
 STATEMENTS OF CHANGES IN NET POSITION  
 For the Years Ended December 31, 2019 and 2018**

	<u><b>Net Assets</b></u>
<b>Balance, January 1, 2018</b>	\$ 16,325,311
Change in Net Position	<u>564,630</u>
<b>Balance December 31, 2018</b>	16,889,941
Change in Net Position	<u>739,300</u>
<b>Balance, December 31, 2019</b>	<u><u>\$ 17,629,241</u></u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 9,719,881	\$ 9,394,244
Payments to suppliers	(6,217,679)	(6,232,044)
Payments to employees	(1,685,764)	(1,609,874)
Payment of in lieu of taxes	(203,460)	(172,475)
<b>Net cash provided (used) by operating activities:</b>	<u>1,612,978</u>	<u>1,379,851</u>
<b>Cash flows from noncapital financing activities:</b>		
Operating subsidies and transfers to other funds	-	-
<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	(458,376)	(453,113)
Proceeds on issuance of long-term debt	-	-
Interest paid	(84,270)	(91,095)
Capital expenditures	(986,776)	(885,868)
<b>Net cash provided (used) by capital and related financing activities:</b>	<u>(1,529,422)</u>	<u>(1,430,076)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from temporary investments	-	417
Payments on loan to City of Wahoo	(2,500,000)	-
Interest received	100,597	25,200
<b>Net cash provided (used) by financing activities</b>	<u>(2,399,403)</u>	<u>25,617</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,315,847)	(24,608)
<b>Cash and cash equivalents at beginning of period</b>	<u>6,840,885</u>	<u>6,865,493</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,525,038</u>	<u>\$ 6,840,885</u>
<b>Statement of Net Assets Classification of Cash and Cash Equivalents</b>		
Current Assets:		
Cash and Certificates of Deposit	\$ 4,046,237	\$ 6,326,395
Restricted Cash and Certificates of Deposit	163,801	161,990
Other Assets:		
Restricted Cash and Certificates of Deposit	315,000	352,500
Total	<u>\$ 4,525,038</u>	<u>\$ 6,840,885</u>



**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2019 and 2018**

	<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)	\$ 722,973	\$ 632,956
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	880,644	860,236
Public power rebate reimbursement	10	8,592
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	62,294	(92,807)
(Increase) Decrease in unbilled revenues	(936)	53,092
(Increase) Decrease in prepaid expenses	(6,708)	(4,984)
(Increase) Decrease in inventories	(7,736)	(37,072)
Increase (Decrease) in accounts payable	(29,253)	(74,432)
Increase (Decrease) in accrued expenses	(10,336)	27,712
Increase (Decrease) in customer deposits	2,026	6,558
<b>Net cash provided (used) by operating activities</b>	<u>\$ 1,612,978</u>	<u>\$ 1,379,851</u>

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

**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.

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

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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, 2019 and 2018.

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

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.

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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>2019</u>	<u>2018</u>
Electric	\$ 6,081,753	\$ 5,955,722
Water	549,869	544,710
Sewer	724,799	650,861
Gas	<u>1,491,847</u>	<u>1,556,416</u>
Total expenses	<u>\$ 8,848,268</u>	<u>\$ 8,707,709</u>

As of December 31, 2019 and 2018, the City served approximately 7,778 and 7,716 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 \$128,498 and is set to expire on September 30, 2020.

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.

**CITY OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
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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 20, 2020, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen worldwide. While the disruption this pandemic is causing is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the financial impact to the Utilities that could occur as a result of this issue is unknown and cannot be reasonably estimated at this time.

**NOTE 2: CASH**

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

At December 31, 2019 and 2018, the Utilities' cash balances consist of:

	2019		2018	
	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Demand Deposit	\$ 4,390,038	\$ 4,584,527	\$ 6,706,609	\$ 7,117,295
Nonnegotiable Certificates of Deposit	<u>135,000</u>	<u>135,000</u>	<u>134,276</u>	<u>134,276</u>
	<u>\$ 4,525,038</u>	<u>\$ 4,719,527</u>	<u>\$ 6,840,885</u>	<u>\$ 7,251,571</u>

The above deposits and certificates of deposit are displayed in the December 31, 2019 and 2018, financial statements as follows:

	<u>2019</u>	<u>2018</u>
Cash and Certificates of Deposit	\$ 4,046,237	\$ 6,326,395
Current Restricted Cash and Certificates of Deposit	163,801	161,990
Non-current Restricted Cash and Certificates of Deposit	<u>315,000</u>	<u>352,500</u>
	<u>\$ 4,525,038</u>	<u>\$ 6,840,885</u>

At December 31, 2019, 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 OF WAHOO, NEBRASKA  
COMBINED MUNICIPAL UTILITIES FUND  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2019 and 2018**

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, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
<b><u>Restricted Assets:</u></b>		
<b><u>Current</u></b>		
Customer deposits	\$ 149,903	\$ 147,877
Debt reserve	<u>13,898</u>	<u>14,113</u>
Total Current	<u>163,801</u>	<u>161,990</u>
<b><u>Non-current</u></b>		
Debt reserve	<u>315,000</u>	<u>352,500</u>
Total Non-current	<u>315,000</u>	<u>352,500</u>
Total Restricted Assets	478,801	514,590
 <b><u>Restricted Liabilities:</u></b>		
Customer deposits	149,903	147,877
Long-Term Debt	<u>315,000</u>	<u>352,500</u>
Total Restricted Liabilities	<u>464,903</u>	<u>500,377</u>
 Restricted Net Position	<u>\$ 13,898</u>	<u>\$ 14,113</u>

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

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2019 and 2018 were as follows:

<b><u>Business-Type Activities:</u></b>	<b><u>Balance</u></b>			<b><u>Balance</u></b>
	<b><u>1/1/2019</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>12/31/2019</u></b>
<b><u>Capital Assets Not Being Depreciated:</u></b>				
Land	\$ 304,359	\$ -	\$ -	\$ 304,359
Construction in Progress	<u>331,237</u>	<u>307,338</u>	<u>(419,432)</u>	<u>219,143</u>
Total Capital Assets Not Being Depreciated	<u>635,596</u>	<u>307,338</u>	<u>(419,432)</u>	<u>523,502</u>
 <b><u>Capital Assets Being Depreciated:</u></b>				
Buildings	1,108,465	-	-	1,108,465
Plant Equipment	7,286,753	29,082	-	7,315,835
Distribution Systems	18,825,847	1,040,847	-	19,866,694
Other Equipment	<u>2,109,906</u>	<u>28,940</u>	<u>-</u>	<u>2,138,846</u>
Total Capital Assets Being Depreciated	<u>29,330,971</u>	<u>1,098,869</u>	<u>-</u>	<u>30,429,840</u>
 <b><u>Less: Accumulated Depreciation for:</u></b>				
Buildings	753,208	30,448	-	783,656
Plant Equipment	3,660,341	184,904	-	3,845,245
Distribution Systems	10,998,585	590,710	-	11,589,295
Other Equipment	<u>1,573,849</u>	<u>74,583</u>	<u>-</u>	<u>1,648,432</u>
Total Accumulated Depreciation	<u>16,985,983</u>	<u>880,645</u>	<u>-</u>	<u>17,866,628</u>
 Total Capital Assets Being Depreciated, Net	<u>12,344,988</u>	<u>218,224</u>	<u>-</u>	<u>12,563,212</u>
 Business-Type Activity Capital Assets, Net	<u>\$ 12,980,584</u>	<u>\$ 525,562</u>	<u>\$ (419,432)</u>	<u>\$ 13,086,714</u>

**CITY OF WAHOO, NEBRASKA  
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Depreciation in 2019 was expensed as follows:

Public Works \$880,644

<u>Business-Type Activities:</u>	<u>Balance 1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 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 in 2018 was expensed as follows:

Public Works \$860,236

**NOTE 5: LONG-TERM LIABILITIES**

Long-term liability activity for the years ended December 31, 2019 and 2018 were as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance 1/1/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 12/31/19</u>	<u>Amounts Due within One Year</u>
<u>Bonds and notes payable:</u>					
Note Payable - NDEQ	\$ 179,508	\$ -	\$ (13,377)	\$ 166,131	\$ 13,645
Combined Utility Bonds, Series 2013A	1,790,000	-	(285,000)	1,505,000	290,000
Combined Utility Bonds, Series 2013B	1,025,000	-	(90,000)	935,000	90,000
Combined Utility Bond 2011	<u>570,000</u>	<u>-</u>	<u>(70,000)</u>	<u>500,000</u>	<u>75,000</u>
Total bonds and notes payable	<u>\$ 3,564,508</u>	<u>\$ -</u>	<u>\$ (458,377)</u>	<u>\$ 3,106,131</u>	<u>\$ 468,645</u>
<u>Other liabilities:</u>					
Compensated absences	<u>\$ 309,453</u>	<u>\$ 105,246</u>	<u>\$ (88,046)</u>	<u>\$ 326,653</u>	<u>\$ 115,364</u>
Total long-term liabilities	<u>\$ 3,873,961</u>	<u>\$ 105,246</u>	<u>\$ (546,423)</u>	<u>\$ 3,432,784</u>	<u>\$ 584,009</u>

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

Revenue Bonds:

<u>Original Amount</u>		<u>2019</u>	<u>2018</u>
\$ 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.	\$ 935,000	\$ 1,025,000
\$ 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.	1,505,000	1,790,000
\$ 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.	500,000	570,000
		2,940,000	3,385,000
	Less: Current Portion	(455,000)	(445,000)
		<u>\$ 2,485,000</u>	<u>\$ 2,940,000</u>

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>
2020	\$ 455,000	\$ 72,821
2021	465,000	63,343
2022	475,000	52,750
2023	485,000	40,980
2024	505,000	25,785
2025-2029	555,000	29,423
Total	<u>\$ 2,940,000</u>	<u>\$ 285,102</u>

Interest expense for the years ended December 31, 2019 and 2018 was \$84,270 and \$93,526.

In February 2020, the Utilities approved refinancing the bonds noted above. The \$2,940,000 was refinanced with a new \$2,900,000 bond with the remaining \$40,000 being paid in cash. The new Combined Utilities Revenue Refunding Bond, Series 2020 states interest rates ranging from 1.3% to 1.55% with principal and interest payments due annually on December 15<sup>th</sup> with the final payment due in December 2025. The annual requirements for the refinanced bond are as follows:



**CITY OF WAHOO, NEBRASKA  
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<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 505,000	\$ 37,700
2021	500,000	32,333
2022	505,000	26,530
2023	515,000	20,155
2024	520,000	13,125
2025	<u>355,000</u>	<u>5,502</u>
Total	<u>\$ 2,900,000</u>	<u>\$ 135,345</u>

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, 2019 was \$166,131. 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, 2019, the annual requirements for the loan with the NDEQ is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	13,645	3,255
2021	13,920	2,980
2022	14,199	2,701
2023	14,485	2,415
2024	14,776	2,124
2025 – 2029	78,461	6,044
2030 – 2034	<u>16,645</u>	<u>250</u>
Total	<u>\$ 166,131</u>	<u>\$ 19,769</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 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 \$137,458 for the year ended December 31, 2019, and consisted of \$68,729 by the Utilities and \$68,729 by employees. Contributions to the 457(B) plan

**CITY OF WAHOO, NEBRASKA  
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NOTES TO THE FINANCIAL STATEMENTS  
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were \$137,994 for the year ended December 31, 2018, and consisted of \$68,997 by the Utilities and \$68,997 by employees. Contributions by employees to the Roth retirement plan for the year ended December 31, 2019 and 2018 were \$6,500 and \$9,618 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 December 31, 2019, the Utilities incurred construction costs of \$325,036 for this contract. The agreement with the City calls for the Utilities to pay an additional \$128,010 of construction costs. The City of Wahoo is liable for the contract.

**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 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. In August 2019, the Utilities began purchasing gas from PEFA.

**NOTE 10: LOAN TO CITY OF WAHOO**

The City of Wahoo began a large street improvement project for Chestnut Street. The City has approved a plan for temporary financing of the project through internal borrowing from the Utilities. During the year ended December 31, 2019, the Utilities loaned the City \$2,500,000. The agreement calls for the City to make quarterly interest payments at a rate of 1.5%. The loan is to be paid in full no later than December 2021. The City plans to issue bond anticipation notes in order to pay the loan to the Utilities.

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENSES**  
**For the Year Ended December 31, 2019**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Combined</u>
<b><u>Operating Revenues</u></b>					
Utility sales	\$ 5,984,009	\$ 480,459	\$ 847,315	\$ 1,564,710	\$ 8,876,493
Merchandise, Service, & Other Sales	445,010	53,129	75,232	37,107	610,478
<b>Total Operating Revenues</b>	<u>6,429,019</u>	<u>533,588</u>	<u>922,547</u>	<u>1,601,817</u>	<u>9,486,971</u>
<b><u>Operating Expenses</u></b>					
<b>Production:</b>					
Purchased Power/Gas	4,496,847	-	-	903,990	5,400,837
Salaries, Wages & Benefits	313,118	15,855	37,647	5,216	371,836
Maintenance & Supplies	23,710	3,573	36,130	2,387	65,800
Insurance	37,170	3,268	15,519	1	55,958
Utilities	38,476	24,671	93,645	-	156,792
Depreciation	54,625	23,762	134,464	11,833	224,684
Other	12,536	-	1,236	-	13,772
<b>Total Production Expenses</b>	<u>4,976,482</u>	<u>71,129</u>	<u>318,641</u>	<u>923,427</u>	<u>6,289,679</u>
<b>Distribution/Collection:</b>					
Salaries, Wages & Benefits	356,227	212,145	114,446	246,412	929,230
Maintenance & Supplies	71,633	47,276	11,077	27,670	157,656
Insurance	18,300	6,827	4,537	3,892	33,556
Utilities	9,233	5,014	337	7,103	21,687
Depreciation	351,318	67,658	104,376	121,227	644,579
Other	8,748	2,440	1,608	5,292	18,088
<b>Total Distribution/Collection Expenses</b>	<u>815,459</u>	<u>341,360</u>	<u>236,381</u>	<u>411,596</u>	<u>1,804,796</u>
<b>General and Administrative:</b>					
Salaries, Wages & Benefits	170,114	76,491	69,831	91,870	408,306
Maintenance & Supplies	19,353	16,079	11,710	12,743	59,885
Insurance	3,152	830	925	1,193	6,100
Utilities	1,884	2,110	1,120	1,141	6,255
Depreciation & Amortization	2,195	2,748	1,503	4,935	11,381
Other	76,152	30,868	28,367	42,209	177,596
<b>Total General &amp; Administrative Expenses</b>	<u>272,850</u>	<u>129,126</u>	<u>113,456</u>	<u>154,091</u>	<u>669,523</u>
<b>Total Operating Expenses</b>	<u>6,064,791</u>	<u>541,615</u>	<u>668,478</u>	<u>1,489,114</u>	<u>8,763,998</u>
<b>Operating Income (Loss)</b>	<u>364,228</u>	<u>(8,027)</u>	<u>254,069</u>	<u>112,703</u>	<u>722,973</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>					
Interest Income	36,771	22,068	26,847	14,911	100,597
Interest Expense	(16,962)	(8,254)	(56,321)	(2,733)	(84,270)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>19,809</u>	<u>13,814</u>	<u>(29,474)</u>	<u>12,178</u>	<u>16,327</u>
<b>Income Before Transfers</b>	384,037	5,787	224,595	124,881	739,300
Transfers	-	-	-	-	-
<b>Change in Net Position</b>	<u>\$ 384,037</u>	<u>\$ 5,787</u>	<u>\$ 224,595</u>	<u>\$ 124,881</u>	<u>\$ 739,300</u>

**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	<u>117,148</u>	<u>47,196</u>	<u>69,573</u>	<u>21,712</u>	<u>255,629</u>
<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	<u>1,044</u>	<u>-</u>	<u>317</u>	<u>-</u>	<u>1,361</u>
<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	<u>6,740</u>	<u>3,806</u>	<u>219</u>	<u>2,897</u>	<u>13,662</u>
<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	<u>45,491</u>	<u>20,260</u>	<u>9,873</u>	<u>25,060</u>	<u>100,684</u>
<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	<u>(17,774)</u>	<u>(8,744)</u>	<u>(65,605)</u>	<u>(1,403)</u>	<u>(93,526)</u>
<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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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 SCHEDULES OF REVENUES AND EXPENSES - ELECTRIC DEPARTMENT**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 5,984,009	\$ 5,957,040
Merchandise, Service, & Other Sales	<u>445,010</u>	<u>117,148</u>
<b>Total Operating Revenues</b>	<u>6,429,019</u>	<u>6,074,188</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Purchased Power/Gas	4,496,847	4,479,236
Salaries, Wages & Benefits	313,118	278,409
Maintenance & Supplies	23,710	23,787
Insurance	37,170	34,851
Utilities	38,476	35,826
Depreciation	54,625	55,595
Other	<u>12,536</u>	<u>1,044</u>
<b>Total Production Expenses</b>	<u>4,976,482</u>	<u>4,908,748</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	356,227	362,692
Maintenance & Supplies	71,633	47,787
Insurance	18,300	17,867
Utilities	9,233	11,464
Depreciation	351,318	341,264
Other	<u>8,748</u>	<u>6,740</u>
<b>Total Distribution/Collection Expenses</b>	<u>815,459</u>	<u>787,814</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	170,114	166,457
Maintenance & Supplies	19,353	23,158
Insurance	3,152	1,264
Utilities	1,884	1,890
Depreciation & Amortization	2,195	3,126
Other	<u>76,152</u>	<u>45,491</u>
<b>Total General &amp; Administrative Expenses</b>	<u>272,850</u>	<u>241,386</u>
<b>Total Operating Expenses</b>	<u>6,064,791</u>	<u>5,937,948</u>
<b>Operating Income (Loss)</b>	<u>364,228</u>	<u>136,240</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	36,771	8,355
Interest Expense	<u>(16,962)</u>	<u>(17,774)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>19,809</u>	<u>(9,419)</u>
<b>Income Before Transfers</b>	384,037	126,821
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 384,037</u>	<u>\$ 126,821</u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENSES - WATER DEPARTMENT**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 480,459	\$ 489,727
Merchandise, Service, & Other Sales	<u>53,129</u>	<u>47,196</u>
<b>Total Operating Revenues</b>	<u>533,588</u>	<u>536,923</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Salaries, Wages & Benefits	15,855	18,174
Maintenance & Supplies	3,573	3,939
Insurance	3,268	2,869
Utilities	24,671	23,970
Depreciation	23,762	24,000
Other	<u>-</u>	<u>-</u>
<b>Total Production Expenses</b>	<u>71,129</u>	<u>72,952</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	212,145	204,034
Maintenance & Supplies	47,276	54,277
Insurance	6,827	10,895
Utilities	5,014	847
Depreciation	67,658	62,560
Other	<u>2,440</u>	<u>3,806</u>
<b>Total Distribution/Collection Expenses</b>	<u>341,360</u>	<u>336,419</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	76,491	82,317
Maintenance & Supplies	16,079	19,654
Insurance	830	-
Utilities	2,110	1,776
Depreciation & Amortization	2,748	2,588
Other	<u>30,868</u>	<u>20,260</u>
<b>Total General &amp; Administrative Expenses</b>	<u>129,126</u>	<u>126,595</u>
<b>Total Operating Expenses</b>	<u>541,615</u>	<u>535,966</u>
<b>Operating Income (Loss)</b>	<u>(8,027)</u>	<u>957</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	22,068	6,074
Interest Expense	<u>(8,254)</u>	<u>(8,744)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>13,814</u>	<u>(2,670)</u>
<b>Income Before Transfers</b>	5,787	(1,713)
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 5,787</u>	<u>\$ (1,713)</u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENSES - SEWER DEPARTMENT**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 847,315	\$ 852,526
Merchandise, Service, & Other Sales	<u>75,232</u>	<u>69,573</u>
<b>Total Operating Revenues</b>	<u>922,547</u>	<u>922,099</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Salaries, Wages & Benefits	37,647	34,203
Maintenance & Supplies	36,130	20,023
Insurance	15,519	14,360
Utilities	93,645	87,832
Depreciation	134,464	130,385
Other	<u>1,236</u>	<u>317</u>
<b>Total Production Expenses</b>	<u>318,641</u>	<u>287,120</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	114,446	82,116
Maintenance & Supplies	11,077	13,411
Insurance	4,537	3,516
Utilities	337	150
Depreciation	104,376	97,295
Other	<u>1,608</u>	<u>219</u>
<b>Total Distribution/Collection Expenses</b>	<u>236,381</u>	<u>196,707</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	69,831	73,250
Maintenance & Supplies	11,710	15,954
Insurance	925	-
Utilities	1,120	1,014
Depreciation & Amortization	1,503	1,338
Other	<u>28,367</u>	<u>9,873</u>
<b>Total General &amp; Administrative Expenses</b>	<u>113,456</u>	<u>101,429</u>
<b>Total Operating Expenses</b>	<u>668,478</u>	<u>585,256</u>
<b>Operating Income (Loss)</b>	<u>254,069</u>	<u>336,843</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	26,847	6,425
Interest Expense	<u>(56,321)</u>	<u>(65,605)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(29,474)</u>	<u>(59,180)</u>
<b>Income Before Transfers</b>	224,595	277,663
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 224,595</u>	<u>\$ 277,663</u>

**CITY OF WAHOO, NEBRASKA**  
**COMBINED MUNICIPAL UTILITIES FUND**  
**COMBINING SCHEDULES OF REVENUES AND EXPENSES - GAS DEPARTMENT**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Current Year</u>	<u>Prior Year</u>
<b><u>Operating Revenues</u></b>		
Utility sales	\$ 1,564,710	\$ 1,692,217
Merchandise, Service, & Other Sales	<u>37,107</u>	<u>21,712</u>
<b>Total Operating Revenues</b>	<u>1,601,817</u>	<u>1,713,929</u>
<b><u>Operating Expenses</u></b>		
<b>Production:</b>		
Purchased Power/Gas	903,990	998,820
Salaries, Wages & Benefits	5,216	-
Maintenance & Supplies	2,387	-
Insurance	1	-
Utilities	-	-
Depreciation	11,833	12,078
Other	<u>-</u>	<u>-</u>
<b>Total Production Expenses</b>	<u>923,427</u>	<u>1,010,898</u>
<b>Distribution/Collection:</b>		
Salaries, Wages & Benefits	246,412	241,197
Maintenance & Supplies	27,670	21,881
Insurance	3,892	5,404
Utilities	7,103	6,111
Depreciation	121,227	125,072
Other	<u>5,292</u>	<u>2,897</u>
<b>Total Distribution/Collection Expenses</b>	<u>411,596</u>	<u>402,562</u>
<b>General and Administrative:</b>		
Salaries, Wages & Benefits	91,870	95,542
Maintenance & Supplies	12,743	14,920
Insurance	1,193	-
Utilities	1,141	1,096
Depreciation & Amortization	4,935	4,935
Other	<u>42,209</u>	<u>25,060</u>
<b>Total General &amp; Administrative Expenses</b>	<u>154,091</u>	<u>141,553</u>
<b>Total Operating Expenses</b>	<u>1,489,114</u>	<u>1,555,013</u>
<b>Operating Income (Loss)</b>	<u>112,703</u>	<u>158,916</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>		
Interest Income	14,911	4,346
Interest Expense	<u>(2,733)</u>	<u>(1,403)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>12,178</u>	<u>2,943</u>
<b>Income Before Transfers</b>	124,881	161,859
Transfers	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 124,881</u>	<u>\$ 161,859</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, 2019 and 2018 and the related notes to the financial statements, and have issued our report thereon dated April 20, 2020. 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 20, 2020.

### **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 stylized, handwritten signature in black ink that reads "BMG". The letters are bold and slightly slanted, with the "B" and "M" being larger and more prominent than the "G".

Lincoln, Nebraska  
April 20, 2020