

CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL
UTILITIES FUND

Financial Statements

December 31, 2020 and 2019

CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
December 31, 2020 and 2019
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Independent Auditor's Report

The Honorable Mayor and City Council
City of Wahoo, Nebraska, 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 May 5, 2021, 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 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 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 handwritten signature in black ink, consisting of the letters 'BMG' in a stylized, cursive font.

Lincoln, Nebraska
May 5, 2021

**CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
STATEMENTS OF NET POSITION
December 31, 2020 and 2019**

	<u>Current Year</u>	<u>Prior Year</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Certificates of Deposit	\$ 4,310,083	\$ 4,046,237
Restricted Cash and Certificates of Deposit	204,686	163,801
Accounts Receivable	449,600	438,507
Unbilled Revenues	559,648	524,304
Loan to City of Wahoo	2,500,000	-
Prepaid Expenses	105,184	97,620
Inventories	688,678	584,552
Total Current Assets	8,817,879	5,855,021
<u>Capital Assets:</u>		
Plant, Property & Equipment	31,737,696	30,953,342
Less: Accumulated Depreciation	(18,761,675)	(17,866,628)
Total Capital Assets	12,976,021	13,086,714
<u>Other Assets:</u>		
Non-Current Restricted Cash and Certificates of Deposit	-	315,000
Loan to City of Wahoo	-	2,500,000
Goodwill	135,187	135,187
Total Other Assets	135,187	2,950,187
TOTAL ASSETS	\$ 21,929,087	\$ 21,891,922
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 594,605	\$ 610,728
Accrued Expenses	87,435	69,266
Customer Deposits	159,562	149,903
Current Maturities of Long-Term Liabilities	644,040	584,009
Total Current Liabilities	1,485,642	1,413,906
<u>Long-Term Liabilities:</u>		
Long-Term Debt	2,547,486	3,106,131
Compensated Absences	338,002	326,653
Less: Current Maturities	(644,040)	(584,009)
Total Long-Term Liabilities	2,241,448	2,848,775
Total Liabilities	3,727,090	4,262,681
<u>NET POSITION</u>		
<u>Net Position:</u>		
Invested in Capital Assets, Net of Related Debt	10,563,722	10,430,770
Restricted (see note 3)	45,124	13,898
Unrestricted	7,593,151	7,184,573
Total Net Position	18,201,997	17,629,241
TOTAL LIABILITIES AND NET POSITION	\$ 21,929,087	\$ 21,891,922

See independent auditor's report and notes to financial statements

CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
STATEMENTS OF REVENUES AND EXPENSES
For the Years Ended December 31, 2020 and 2019

	<u>Current Year</u>	<u>Prior Year</u>
<u>Operating Revenues:</u>		
Utility Sales	\$ 8,955,069	\$ 8,876,493
Merchandise, Service & Other Sales	361,954	610,478
Total Operating Revenues	9,317,023	9,486,971
<u>Operating Expenses:</u>		
Production:		
Purchased Power/Gas	5,064,716	5,400,837
Salaries, Wages, & Benefits	443,378	371,836
Maintenance & Supplies	78,234	65,800
Insurance	62,835	55,958
Utilities	169,476	156,792
Depreciation & Amortization	225,783	224,684
Other	8,495	13,772
Total Production Expenses	6,052,917	6,289,679
Distribution/Collection:		
Salaries, Wages, & Benefits	1,041,653	929,230
Maintenance & Supplies	154,944	157,656
Insurance	32,041	33,556
Utilities	20,977	21,687
Depreciation & Amortization	656,352	644,579
Other	26,559	18,088
Total Distribution/Collection Expenses	1,932,526	1,804,796
General & Administrative:		
Salaries, Wages, & Benefits	419,602	408,306
Maintenance & Supplies	65,925	59,885
Insurance	7,281	6,100
Utilities	7,517	6,255
Depreciation & Amortization	12,912	11,381
Other	272,787	177,596
Total General & Administrative Expenses	786,024	669,523
Total Operating Expenses	8,771,467	8,763,998
Operating Income (Loss)	545,556	722,973
<u>Nonoperating Revenues (Expenses):</u>		
Interest Income	77,389	100,597
Interest Expense	(50,189)	(84,270)
Total Nonoperating Revenues (Expenses)	27,200	16,327
Income (Loss) before Contributions and Transfers	572,756	739,300
Transfers to City	-	-
Change in Net Position	\$ 572,756	\$ 739,300

See independent auditor's report and notes to financial statements

**CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended December 31, 2020 and 2019**

	<u>Net Position</u>
Balance, January 1, 2019	\$ 16,889,941
Change in Net Position	<u>739,300</u>
Balance December 31, 2019	17,629,241
Change in Net Position	<u>572,756</u>
Balance, December 31, 2020	<u>\$ 18,201,997</u>

**CITY OF WAHOO, NEBRASKA
 COMBINED MUNICIPAL UTILITIES FUND
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2020 and 2019**

	<u>Current Year</u>	<u>Prior Year</u>
Cash flows from operating activities:		
Receipts from customers	\$ 9,485,455	\$ 9,719,881
Payments to suppliers	(6,099,600)	(6,217,679)
Payments to employees	(1,871,405)	(1,685,764)
Payment of in lieu of taxes	<u>(204,898)</u>	<u>(203,460)</u>
Net cash provided (used) by operating activities:	<u>1,309,552</u>	<u>1,612,978</u>
Cash flows from noncapital financing activities:		
Operating subsidies and transfers to other funds	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities:	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(3,458,645)	(458,376)
Proceeds on issuance of long-term debt	2,900,000	-
Interest paid	(54,211)	(84,270)
Capital expenditures	<u>(784,354)</u>	<u>(986,776)</u>
Net cash provided (used) by capital and related financing activities:	<u>(1,397,210)</u>	<u>(1,529,422)</u>
Cash flows from investing activities:		
Proceeds from temporary investments	-	-
Payments on loan to City of Wahoo	-	(2,500,000)
Interest received	<u>77,389</u>	<u>100,597</u>
Net cash provided (used) by financing activities	<u>77,389</u>	<u>(2,399,403)</u>
Net increase (decrease) in cash and cash equivalents	(10,269)	(2,315,847)
Cash and cash equivalents at beginning of period	<u>4,525,038</u>	<u>6,840,885</u>
Cash and cash equivalents at end of period	<u>\$ 4,514,769</u>	<u>\$ 4,525,038</u>
 Statement of Net Assets Classification of Cash and Cash Equivalents		
Current Assets:		
Cash and Certificates of Deposit	\$ 4,310,083	\$ 4,046,237
Restricted Cash and Certificates of Deposit	204,686	163,801
Other Assets:		
Restricted Cash and Certificates of Deposit	<u>-</u>	<u>315,000</u>
Total	<u>\$ 4,514,769</u>	<u>\$ 4,525,038</u>

**CITY OF WAHOO, NEBRASKA
 COMBINED MUNICIPAL UTILITIES FUND
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2020 and 2019**

	<u>Current Year</u>	<u>Prior Year</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ 545,556	\$ 722,973
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	895,047	880,644
Public power rebate reimbursement	5,000	10
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	(11,093)	62,294
(Increase) Decrease in unbilled revenues	(35,344)	(936)
(Increase) Decrease in prepaid expenses	(7,564)	(6,708)
(Increase) Decrease in inventories	(104,126)	(7,736)
Increase (Decrease) in accounts payable	(16,123)	(29,253)
Increase (Decrease) in accrued expenses	28,540	(10,336)
Increase (Decrease) in customer deposits	9,659	2,026
Net cash provided (used) by operating activities	<u>\$ 1,309,552</u>	<u>\$ 1,612,978</u>

**CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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 (Utilities) 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
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 NOTES TO THE FINANCIAL STATEMENTS
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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 service area 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, 2020 and 2019.

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 capital 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: Utilities' 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 Utilities' employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. Utilities' 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

**CITY OF WAHOO, NEBRASKA
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NOTES TO THE FINANCIAL STATEMENTS
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proprietary funds when an employee meets these requirements. Unpaid vacation is considered to be current while unpaid sick leave is considered to be long-term.

Cash Equivalents: For purposes of the statement of cash flows, the Utilities 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>2020</u>	<u>2019</u>
Electric	\$ 5,913,736	\$ 6,081,753
Water	636,837	549,869
Sewer	814,418	724,799
Gas	<u>1,456,665</u>	<u>1,491,847</u>
Total expenses	<u>\$ 8,821,656</u>	<u>\$ 8,848,268</u>

As of December 31, 2020 and 2019, the Utilities served approximately 7,836 and 7,778 combined utility customers, respectively.

Insurance: The Utilities 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 Utilities's insurance plan covers worker's compensation insurance, as well as property/casualty insurance. The plan costs \$138,583 and is set to expire on September 30, 2021.

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. All goodwill is reviewed annually for impairment.

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

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

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

Subsequent Events: Subsequent events have been evaluated through May 5, 2021, which is the date the financial statements were available to be issued.

NOTE 2: CASH

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

At December 31, 2020 and 2019, the Utilities' cash balances consist of:

	2020		2019	
	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Carrying Value</u>	<u>Bank Balance</u>
Demand Deposit	\$ 4,379,769	\$ 4,463,033	\$ 4,390,038	\$ 4,584,527
Nonnegotiable Certificates of Deposit	135,000	135,000	135,000	135,000
	<u>\$ 4,514,769</u>	<u>\$ 4,598,033</u>	<u>\$ 4,525,038</u>	<u>\$ 4,719,527</u>

The above deposits and certificates of deposit are displayed in the December 31, 2020 and 2019 financial statements as follows:

	2020	2019
Cash and Certificates of Deposit	\$ 4,310,083	\$ 4,046,237
Current Restricted Cash and Certificates of Deposit	204,686	163,801
Non-current Restricted Cash and Certificates of Deposit	-	315,000
	<u>\$ 4,514,769</u>	<u>\$ 4,525,038</u>

At December 31, 2020, 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 Utilities has established restricted accounts to distinguish these assets from current assets available for operations.

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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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
<u>Restricted Assets:</u>		
<u>Current</u>		
Customer deposits	\$ 159,562	\$ 149,903
Debt reserve	45,124	13,898
Total Current	<u>204,686</u>	<u>163,801</u>
<u>Non-current</u>		
Debt reserve	-	315,000
Total Non-current	-	315,000
Total Restricted Assets	-	478,801
 <u>Restricted Liabilities:</u>		
Customer deposits	159,562	149,903
Long-Term Debt	-	315,000
Total Restricted Liabilities	<u>159,562</u>	<u>464,903</u>
 Restricted Net Position	 \$ <u>45,124</u>	 \$ <u>13,898</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, 2020 and 2019 were as follows:

<u>Business-Type Activities:</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>1/1/2020</u>			<u>12/31/2020</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 304,359	\$ -	\$ -	\$ 304,359
Construction in Progress	219,143	58,783	(251,075)	26,851
Total Capital Assets Not Being Depreciated	<u>523,502</u>	<u>58,783</u>	<u>(251,075)</u>	<u>331,210</u>
 <u>Capital Assets Being Depreciated:</u>				
Buildings	1,108,465	14,333	-	1,122,798
Plant Equipment	7,315,835	67,864	-	7,383,699
Distribution Systems	19,866,694	745,130	-	20,611,824
Other Equipment	2,138,846	149,319	-	2,288,165
Total Capital Assets Being Depreciated	<u>30,429,840</u>	<u>976,646</u>	<u>-</u>	<u>31,406,486</u>
 <u>Less: Accumulated Depreciation for:</u>				
Buildings	783,656	30,789	-	814,445
Plant Equipment	3,845,245	184,262	-	4,029,507
Distribution Systems	11,589,295	591,769	-	12,181,064
Other Equipment	1,648,432	88,227	-	1,736,659
Total Accumulated Depreciation	<u>17,866,628</u>	<u>895,047</u>	<u>-</u>	<u>18,761,675</u>
Total Capital Assets Being Depreciated, Net	<u>12,563,212</u>	<u>81,599</u>	<u>-</u>	<u>12,644,811</u>
Business-Type Activity Capital Assets, Net	<u>\$ 13,086,714</u>	<u>\$ 140,382</u>	<u>\$ (251,075)</u>	<u>\$ 12,976,021</u>

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Depreciation in 2020 was expensed as follows:

Public Works \$895,047

<u>Business-Type Activities:</u>	<u>Balance</u> <u>1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
<u>Capital Assets Not Being Depreciated:</u>				
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>
<u>Capital Assets Being Depreciated:</u>				
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>2,138,846</u>
Total Capital Assets Being Depreciated	<u>29,330,971</u>	<u>1,098,869</u>	-	<u>30,429,840</u>
<u>Less: Accumulated Depreciation for:</u>				
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>1,648,432</u>
Total Accumulated Depreciation	<u>16,985,983</u>	<u>880,645</u>	-	<u>17,866,628</u>
Total Capital Assets Being Depreciated, Net	<u>12,344,988</u>	<u>218,224</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>

Depreciation in 2019 was expensed as follows:

Public Works \$880,645

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the years ended December 31, 2020 and 2019 were as follows:

<u>Business-Type Activities</u>	<u>Beginning</u> <u>Balance</u> <u>1/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u> <u>12/31/20</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<u>Bonds and notes payable:</u>					
Note Payable - NDEQ	\$ 166,131	\$ -	\$ (13,645)	\$ 152,486	\$ 13,920
Combined Utility Bonds, Series 2020	-	2,900,000	(505,000)	2,395,000	500,000
Combined Utility Bonds, Series 2013A	1,505,000	-	(1,505,000)	-	-
Combined Utility Bonds, Series 2013B	935,000	-	(935,000)	-	-
Combined Utility Bond 2011	<u>500,000</u>	-	<u>(500,000)</u>	-	-
Total bonds and notes payable	\$ 3,106,131	\$ -	\$ (3,458,645)	\$ 2,547,486	\$ 513,920
<u>Other liabilities:</u>					
Compensated absences	<u>\$ 326,653</u>	<u>\$ 111,204</u>	<u>\$ (99,855)</u>	<u>\$ 338,002</u>	<u>\$ 130,120</u>
Total long-term liabilities	<u>\$ 3,432,784</u>	<u>\$ 3,011,204</u>	<u>\$ (3,558,500)</u>	<u>\$ 2,885,488</u>	<u>\$ 644,040</u>

**CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

Business-Type Activities	<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	\$ 3,564,508	\$ -	\$ (458,377)	\$ 3,106,131	\$ 468,645
<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>

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

Revenue Bonds:

<u>Original Amount</u>		<u>2020</u>	<u>2019</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
\$ 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
\$ 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
\$ 2,900,000	Combined Utility Revenue Refunding Bond, Series 2020 issued March 24, 2020; Interest rates 1.30% to 1.55%. Principal and interest payments due June 15 and December 15.	<u>2,395,000</u>	<u>-</u>
		2,395,000	2,940,000
	Less: Current Portion	<u>(500,000)</u>	<u>(455,000)</u>
		<u>\$ 1,895,000</u>	<u>\$ 2,485,000</u>

**CITY OF WAHOO, NEBRASKA
 COMBINED MUNICIPAL UTILITIES FUND
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2020 and 2019**

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>
2021	\$ 500,000	\$ 32,936
2022	505,000	26,090
2023	515,000	18,921
2024	520,000	11,390
2025	<u>355,000</u>	<u>3,488</u>
Total	<u>\$ 2,395,000</u>	<u>\$ 92,825</u>

Interest expense for the years ended December 31, 2020 and 2019 was \$50,189 and \$84,270.

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, 2020, the annual requirements for the loan with the NDEQ is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	13,920	2,980
2022	14,199	2,701
2023	14,485	2,415
2024	14,776	2,124
2025	15,073	1,827
2026 – 2030	<u>80,033</u>	<u>4,468</u>
Total	<u>\$ 152,486</u>	<u>\$ 16,515</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(B) plan and Roth retirement plan. The Utilities is not required to match any amount to the 457(B) or Roth employee contributions.

**CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019**

Contributions to the 457(B) plan were \$129,842 for the year ended December 31, 2020, and consisted of \$64,921 by the Utilities and \$64,921 by employees. 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 by employees to the Roth retirement plan for the year ended December 31, 2020 and 2019 were \$6,500 and \$6,500 respectively. No contributions were made to the 457(B) plan. No assets are accumulated in a trust for the plans.

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.

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 has issued 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, 2020

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Combined</u>
<u>Operating Revenues</u>					
Utility sales	\$ 6,015,453	\$ 586,267	\$ 881,986	\$ 1,471,363	\$ 8,955,069
Merchandise, Service, & Other Sales	165,415	57,395	108,205	30,939	361,954
Total Operating Revenues	<u>6,180,868</u>	<u>643,662</u>	<u>990,191</u>	<u>1,502,302</u>	<u>9,317,023</u>
<u>Operating Expenses</u>					
Production:					
Purchased Power/Gas	4,268,147	-	-	796,569	5,064,716
Salaries, Wages & Benefits	356,468	15,673	70,641	596	443,378
Maintenance & Supplies	23,095	3,238	51,789	112	78,234
Insurance	39,274	7,114	16,440	7	62,835
Utilities	39,319	31,728	98,429	-	169,476
Depreciation	49,526	25,261	139,786	11,210	225,783
Other	7,457	-	1,038	-	8,495
Total Production Expenses	<u>4,783,286</u>	<u>83,014</u>	<u>378,123</u>	<u>808,494</u>	<u>6,052,917</u>
Distribution/Collection:					
Salaries, Wages & Benefits	364,085	244,335	93,968	339,265	1,041,653
Maintenance & Supplies	58,639	61,376	7,620	27,309	154,944
Insurance	18,840	3,682	4,982	4,537	32,041
Utilities	8,797	4,490	237	7,453	20,977
Depreciation	365,630	81,722	113,376	95,624	656,352
Other	13,396	4,432	684	8,047	26,559
Total Distribution/Collection Expenses	<u>829,387</u>	<u>400,037</u>	<u>220,867</u>	<u>482,235</u>	<u>1,932,526</u>
General and Administrative:					
Salaries, Wages & Benefits	194,440	75,521	63,229	86,412	419,602
Maintenance & Supplies	19,769	18,799	12,383	14,974	65,925
Insurance	3,515	1,132	1,036	1,598	7,281
Utilities	2,572	1,686	1,490	1,769	7,517
Depreciation & Amortization	2,254	4,126	1,503	5,029	12,912
Other	68,353	46,460	102,647	55,327	272,787
Total General & Administrative Expenses	<u>290,903</u>	<u>147,724</u>	<u>182,288</u>	<u>165,109</u>	<u>786,024</u>
Total Operating Expenses	<u>5,903,576</u>	<u>630,775</u>	<u>781,278</u>	<u>1,455,838</u>	<u>8,771,467</u>
Operating Income (Loss)	<u>277,292</u>	<u>12,887</u>	<u>208,913</u>	<u>46,464</u>	<u>545,556</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest Income	35,688	15,967	16,157	9,577	77,389
Interest Expense	(10,160)	(6,062)	(33,140)	(827)	(50,189)
Total Nonoperating Revenues (Expenses)	<u>25,528</u>	<u>9,905</u>	<u>(16,983)</u>	<u>8,750</u>	<u>27,200</u>
Income Before Transfers	302,820	22,792	191,930	55,214	572,756
Transfers	-	-	-	-	-
Change in Net Position	<u>\$ 302,820</u>	<u>\$ 22,792</u>	<u>\$ 191,930</u>	<u>\$ 55,214</u>	<u>\$ 572,756</u>

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>
<u>Operating Revenues</u>					
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
Total Operating Revenues	<u>6,429,019</u>	<u>533,588</u>	<u>922,547</u>	<u>1,601,817</u>	<u>9,486,971</u>
<u>Operating Expenses</u>					
Production:					
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
Total Production Expenses	<u>4,976,482</u>	<u>71,129</u>	<u>318,641</u>	<u>923,427</u>	<u>6,289,679</u>
Distribution/Collection:					
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
Total Distribution/Collection Expenses	<u>815,459</u>	<u>341,360</u>	<u>236,381</u>	<u>411,596</u>	<u>1,804,796</u>
General and Administrative:					
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
Total General & Administrative Expenses	<u>272,850</u>	<u>129,126</u>	<u>113,456</u>	<u>154,091</u>	<u>669,523</u>
Total Operating Expenses	<u>6,064,791</u>	<u>541,615</u>	<u>668,478</u>	<u>1,489,114</u>	<u>8,763,998</u>
Operating Income (Loss)	<u>364,228</u>	<u>(8,027)</u>	<u>254,069</u>	<u>112,703</u>	<u>722,973</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest Income	36,771	22,068	26,847	14,911	100,597
Interest Expense	(16,962)	(8,254)	(56,321)	(2,733)	(84,270)
Total Nonoperating Revenues (Expenses)	<u>19,809</u>	<u>13,814</u>	<u>(29,474)</u>	<u>12,178</u>	<u>16,327</u>
Income Before Transfers	384,037	5,787	224,595	124,881	739,300
Transfers	-	-	-	-	-
Change in Net Position	<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 SCHEDULES OF REVENUES AND EXPENSES - ELECTRIC DEPARTMENT
For the Years Ended December 31, 2020 and 2019

	<u>Current Year</u>	<u>Prior Year</u>
<u>Operating Revenues</u>		
Utility sales	\$ 6,015,453	\$ 5,984,009
Merchandise, Service, & Other Sales	<u>165,415</u>	<u>445,010</u>
Total Operating Revenues	<u>6,180,868</u>	<u>6,429,019</u>
<u>Operating Expenses</u>		
Production:		
Purchased Power/Gas	4,268,147	4,496,847
Salaries, Wages & Benefits	356,468	313,118
Maintenance & Supplies	23,095	23,710
Insurance	39,274	37,170
Utilities	39,319	38,476
Depreciation	49,526	54,625
Other	<u>7,457</u>	<u>12,536</u>
Total Production Expenses	<u>4,783,286</u>	<u>4,976,482</u>
Distribution/Collection:		
Salaries, Wages & Benefits	364,085	356,227
Maintenance & Supplies	58,639	71,633
Insurance	18,840	18,300
Utilities	8,797	9,233
Depreciation	365,630	351,318
Other	<u>13,396</u>	<u>8,748</u>
Total Distribution/Collection Expenses	<u>829,387</u>	<u>815,459</u>
General and Administrative:		
Salaries, Wages & Benefits	194,440	170,114
Maintenance & Supplies	19,769	19,353
Insurance	3,515	3,152
Utilities	2,572	1,884
Depreciation & Amortization	2,254	2,195
Other	<u>68,353</u>	<u>76,152</u>
Total General & Administrative Expenses	<u>290,903</u>	<u>272,850</u>
Total Operating Expenses	<u>5,903,576</u>	<u>6,064,791</u>
Operating Income (Loss)	<u>277,292</u>	<u>364,228</u>
<u>Nonoperating Revenues (Expenses):</u>		
Interest Income	35,688	36,771
Interest Expense	<u>(10,160)</u>	<u>(16,962)</u>
Total Nonoperating Revenues (Expenses)	<u>25,528</u>	<u>19,809</u>
Income Before Transfers	302,820	384,037
Transfers	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 302,820</u>	<u>\$ 384,037</u>

See independent auditor's report

CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
COMBINING SCHEDULES OF REVENUES AND EXPENSES - WATER DEPARTMENT
For the Years Ended December 31, 2020 and 2019

	<u>Current Year</u>	<u>Prior Year</u>
<u>Operating Revenues</u>		
Utility sales	\$ 586,267	\$ 480,459
Merchandise, Service, & Other Sales	<u>57,395</u>	<u>53,129</u>
Total Operating Revenues	<u>643,662</u>	<u>533,588</u>
<u>Operating Expenses</u>		
Production:		
Salaries, Wages & Benefits	15,673	15,855
Maintenance & Supplies	3,238	3,573
Insurance	7,114	3,268
Utilities	31,728	24,671
Depreciation	25,261	23,762
Other	<u>-</u>	<u>-</u>
Total Production Expenses	<u>83,014</u>	<u>71,129</u>
Distribution/Collection:		
Salaries, Wages & Benefits	244,335	212,145
Maintenance & Supplies	61,376	47,276
Insurance	3,682	6,827
Utilities	4,490	5,014
Depreciation	81,722	67,658
Other	<u>4,432</u>	<u>2,440</u>
Total Distribution/Collection Expenses	<u>400,037</u>	<u>341,360</u>
General and Administrative:		
Salaries, Wages & Benefits	75,521	76,491
Maintenance & Supplies	18,799	16,079
Insurance	1,132	830
Utilities	1,686	2,110
Depreciation & Amortization	4,126	2,748
Other	<u>46,460</u>	<u>30,868</u>
Total General & Administrative Expenses	<u>147,724</u>	<u>129,126</u>
Total Operating Expenses	<u>630,775</u>	<u>541,615</u>
Operating Income (Loss)	<u>12,887</u>	<u>(8,027)</u>
<u>Nonoperating Revenues (Expenses):</u>		
Interest Income	15,967	22,068
Interest Expense	<u>(6,062)</u>	<u>(8,254)</u>
Total Nonoperating Revenues (Expenses)	<u>9,905</u>	<u>13,814</u>
Income Before Transfers	22,792	5,787
Transfers	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 22,792</u>	<u>\$ 5,787</u>

CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
COMBINING SCHEDULES OF REVENUES AND EXPENSES - SEWER DEPARTMENT
For the Years Ended December 31, 2020 and 2019

	<u>Current Year</u>	<u>Prior Year</u>
<u>Operating Revenues</u>		
Utility sales	\$ 881,986	\$ 847,315
Merchandise, Service, & Other Sales	<u>108,205</u>	<u>75,232</u>
Total Operating Revenues	<u>990,191</u>	<u>922,547</u>
<u>Operating Expenses</u>		
Production:		
Salaries, Wages & Benefits	70,641	37,647
Maintenance & Supplies	51,789	36,130
Insurance	16,440	15,519
Utilities	98,429	93,645
Depreciation	139,786	134,464
Other	<u>1,038</u>	<u>1,236</u>
Total Production Expenses	<u>378,123</u>	<u>318,641</u>
Distribution/Collection:		
Salaries, Wages & Benefits	93,968	114,446
Maintenance & Supplies	7,620	11,077
Insurance	4,982	4,537
Utilities	237	337
Depreciation	113,376	104,376
Other	<u>684</u>	<u>1,608</u>
Total Distribution/Collection Expenses	<u>220,867</u>	<u>236,381</u>
General and Administrative:		
Salaries, Wages & Benefits	63,229	69,831
Maintenance & Supplies	12,383	11,710
Insurance	1,036	925
Utilities	1,490	1,120
Depreciation & Amortization	1,503	1,503
Other	<u>102,647</u>	<u>28,367</u>
Total General & Administrative Expenses	<u>182,288</u>	<u>113,456</u>
Total Operating Expenses	<u>781,278</u>	<u>668,478</u>
Operating Income (Loss)	<u>208,913</u>	<u>254,069</u>
<u>Nonoperating Revenues (Expenses):</u>		
Interest Income	16,157	26,847
Interest Expense	<u>(33,140)</u>	<u>(56,321)</u>
Total Nonoperating Revenues (Expenses)	<u>(16,983)</u>	<u>(29,474)</u>
Income Before Transfers	191,930	224,595
Transfers	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 191,930</u>	<u>\$ 224,595</u>

CITY OF WAHOO, NEBRASKA
COMBINED MUNICIPAL UTILITIES FUND
COMBINING SCHEDULES OF REVENUES AND EXPENSES - GAS DEPARTMENT
For the Years Ended December 31, 2020 and 2019

	<u>Current Year</u>	<u>Prior Year</u>
<u>Operating Revenues</u>		
Utility sales	\$ 1,471,363	\$ 1,564,710
Merchandise, Service, & Other Sales	<u>30,939</u>	<u>37,107</u>
Total Operating Revenues	<u>1,502,302</u>	<u>1,601,817</u>
<u>Operating Expenses</u>		
Production:		
Purchased Power/Gas	796,569	903,990
Salaries, Wages & Benefits	596	5,216
Maintenance & Supplies	112	2,387
Insurance	7	1
Utilities	-	-
Depreciation	11,210	11,833
Other	<u>-</u>	<u>-</u>
Total Production Expenses	<u>808,494</u>	<u>923,427</u>
Distribution/Collection:		
Salaries, Wages & Benefits	339,265	246,412
Maintenance & Supplies	27,309	27,670
Insurance	4,537	3,892
Utilities	7,453	7,103
Depreciation	95,624	121,227
Other	<u>8,047</u>	<u>5,292</u>
Total Distribution/Collection Expenses	<u>482,235</u>	<u>411,596</u>
General and Administrative:		
Salaries, Wages & Benefits	86,412	91,870
Maintenance & Supplies	14,974	12,743
Insurance	1,598	1,193
Utilities	1,769	1,141
Depreciation & Amortization	5,029	4,935
Other	<u>55,327</u>	<u>42,209</u>
Total General & Administrative Expenses	<u>165,109</u>	<u>154,091</u>
Total Operating Expenses	<u>1,455,838</u>	<u>1,489,114</u>
Operating Income (Loss)	<u>46,464</u>	<u>112,703</u>
<u>Nonoperating Revenues (Expenses):</u>		
Interest Income	9,577	14,911
Interest Expense	<u>(827)</u>	<u>(2,733)</u>
Total Nonoperating Revenues (Expenses)	<u>8,750</u>	<u>12,178</u>
Income Before Transfers	55,214	124,881
Transfers	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 55,214</u>	<u>\$ 124,881</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, Nebraska, Combined Municipal 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, 2020 and 2019 and the related notes to the financial statements, and have issued our report thereon dated May 5, 2021. 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) as a basis for designing 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 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 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 May 5, 2021.

Purpose of this Report

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

BMG Certified Public Accountants, LLP

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

Lincoln, Nebraska
May 5, 2021