

**City of Grand Island, Nebraska
Electric Department**

Basic Financial Statements

September 30, 2023 and 2022

**Grand Island, Nebraska
Electric Department
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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Grand Island
Grand Island, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Electric Department of the City of Grand Island, Nebraska (the "Department"), an enterprise fund of the City of Grand Island, Nebraska, as of and for the years ended September 30, 2023 and 2022, and the related notes to the basic financial statements, which collectively comprise the Department's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Electric Department of the City of Grand Island, Nebraska, as of September 30, 2023 and 2022, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Grand Island's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Electric Department and do not purport to, and do not, present fairly the financial position of the City of Grand Island, Nebraska as of September 30, 2023 and 2022, the changes in its financial position and its cash flows, where applicable, 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.

Required Supplementary Information

Management has omitted the 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 a 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 that collectively comprise the Department's basic financial statements. The accompanying operating statistics as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2024, on our consideration of the Electric Department of the City of Grand Island, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Electric Department of the City of Grand Island's internal control over financial reporting and compliance.

Beygan KDV, LLC

Omaha, Nebraska
March 28, 2024

BASIC FINANCIAL STATEMENTS

City of Grand Island, Nebraska
Statements of Net Position - Electric Department
September 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 45,043,880	\$ 56,954,023
Receivables		
Accounts, net of allowance for doubtful accounts of \$500,600 for 2023 and \$621,884 for 2022	6,152,066	4,995,088
Unbilled revenue	3,758,694	3,307,820
Interest	372,064	71,366
Due from other funds	251,297	140,775
Inventory	15,162,947	11,945,802
Prepaid expenses	10,709	545,555
Total current assets	70,751,657	77,960,429
 Noncurrent assets		
Restricted cash and cash equivalents	3,206,531	3,180,472
Deferred charges	576,201	1,269,064
Capital assets		
Construction in progress	9,508,234	2,246,408
Land and land improvements	6,069,593	6,069,593
Distribution and collection system	342,019,343	338,845,717
Buildings and equipment	46,035,845	45,551,353
Less accumulated depreciation	(281,273,091)	(269,297,325)
Net capital assets	122,359,924	123,415,746
Total noncurrent assets	126,142,656	127,865,282
Total assets	196,894,313	205,825,711
 Deferred outflows of resources		
Deferred loss on debt refunding	1,316,525	1,588,910
Total assets and deferred outflows of resources	\$ 198,210,838	\$ 207,414,621

City of Grand Island, Nebraska
Statements of Net Position - Electric Department
September 30, 2023 and 2022

	2023	2022
Liabilities		
Current liabilities		
Accounts payable	\$ 5,320,412	\$ 4,105,533
Due to other funds	-	228,414
Accrued expenses	823,816	773,901
Compensated absences-current	134,393	132,499
Accrual for payments in lieu of taxes	361,658	610,366
Current portion of long-term obligation	3,830,000	3,805,000
Total current liabilities	10,470,279	9,655,713
Noncurrent liabilities		
Compensated absences - noncurrent	1,528,444	1,506,899
Closure/post-closure liability	1,095,449	1,036,220
Noncurrent portion of long-term obligations	15,800,000	19,630,000
Total noncurrent liabilities	18,423,893	22,173,119
Total liabilities	\$ 28,894,172	\$ 31,828,832
Net Position		
Net invested in capital assets	\$ 102,729,924	\$ 99,980,746
Restricted for		
Debt service	685,939	686,560
Closure/post-closure costs	1,425,143	1,457,692
Unrestricted	64,475,660	75,605,043
Total net position	169,316,666	175,585,789
Total liabilities and net position	\$ 198,210,838	\$ 207,414,621

City of Grand Island, Nebraska
Statements of Revenues, Expenses
and Changes in Net Position
Electric Department
For the Years Ended September 30, 2023 and 2022

	2023	2022
Operating Revenues		
Electric energy sales		
Residential	\$ 22,394,577	\$ 22,086,041
Commercial and industrial	42,057,641	42,112,511
Municipal and interdepartmental	1,998,937	2,048,447
Wholesale	24,695,564	37,256,291
Total sales	91,146,719	103,503,290
Other revenue	3,068,968	1,777,260
Total operating revenues	94,215,687	105,280,550
Operating Expenses		
Cost of power	72,992,518	79,764,959
Operation system	3,513,940	3,317,296
Maintenance of system	3,222,171	3,261,625
Consumer accounting and collection	1,768,555	1,688,936
Employee benefits and payroll	1,018,044	906,937
General office salaries and expense	858,245	829,127
Special services	526,963	1,325,787
Insurance	737,007	769,510
Miscellaneous	134,982	166,530
Change in closure/post-closure liability	59,229	41,187
Depreciation	12,786,175	12,689,785
Total operating expenses	97,617,829	104,761,679
Operating income (loss)	(3,402,142)	518,871
Non-Operating Revenues (Expenses)		
Investment income	1,041,542	196,884
Gain on disposal of capital assets	-	12,817
Interest expense	(583,157)	(605,062)
Total non-operating revenues (expenses)	458,385	(395,361)
Transfer in from City	-	12,854
Transfer to City of Grand Island - payments in lieu of taxes	(3,325,366)	(610,366)
Net transfers	(3,325,366)	(597,512)
Change in net position	(6,269,123)	(474,002)
Net position - beginning of year	175,585,789	176,059,791
Net position - end of year	\$ 169,316,666	\$ 175,585,789

See notes to basic financial statements.

City of Grand Island, Nebraska
Statements of Cash Flows
Electric Department
For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from customers	\$ 92,607,835	\$ 105,981,265
Cash paid to suppliers for goods and services	(81,829,569)	(90,399,837)
Cash paid to employees for services	(3,640,468)	(3,753,344)
Net cash provided by operating activities	7,137,798	11,828,084
Cash Flows from Noncapital Financing Activities		
Advances from other funds	(338,936)	140,998
Transfers from other funds	-	12,854
Payments in lieu of taxes	(3,574,074)	(1,102,375)
Net cash used in noncapital financing activities	(3,913,010)	(948,523)
Cash Flows from Capital and Related Financing Activities		
Purchase of property and equipment	(11,730,353)	(5,500,993)
Proceeds on sales of capital assets	-	158,049
Principal payments on long-term debt	(3,805,000)	(3,785,000)
Interest paid	(314,363)	(335,295)
Net cash used in capital and related financing activities	(15,849,716)	(9,463,239)
Cash Flows from Investing Activities		
Interest received	740,844	155,913
Net cash provided by investing activities	740,844	155,913
Net change in cash and cash equivalents	(11,884,084)	1,572,235
Cash and Cash Equivalents		
Beginning of year	60,134,495	58,562,260
End of year	\$ 48,250,411	\$ 60,134,495
Composition of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 45,043,880	\$ 56,954,023
Restricted cash and cash equivalents	3,206,531	3,180,472
Total cash and cash equivalents	\$ 48,250,411	\$ 60,134,495

City of Grand Island, Nebraska
 Statements of Cash Flows (Continued)
 Electric Department
 For the Years Ended September 30, 2023 and 2022

	2023	2022
Reconciliation of Change in Net Position to Cash Provided by Operating Activities		
Operating income (loss)	\$ (3,402,142)	\$ 518,871
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	12,786,175	12,689,785
Changes in operating assets and liabilities		
Receivables	(1,607,852)	700,715
Inventories	(3,217,145)	(2,149,207)
Prepaid expenses	534,846	60,525
Costs recoverable in future periods	692,863	1,005,913
Accounts payable and accrued expenses	1,291,824	(618,233)
Closure/post-closure	59,229	(380,285)
Total adjustments	10,539,940	11,309,213
Net cash provided by operating activities	\$ 7,137,798	\$ 11,828,084
Supplemental cash flow information		
Accounts payable incurred for capital assets purchased	\$ -	\$ (1,216,089)

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Grand Island, Nebraska, Electric Department (the Department), are prepared in accordance with generally accepted accounting principles (U.S. GAAP). The Department's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements referred to above present only the Department and do not purport to, and do not, present fairly the financial position of the City of Grand Island, Nebraska, as of September 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A. Financial Reporting Entity

The City of Grand Island, Nebraska, Electric Department is a public utility accounted for as an enterprise fund by the City of Grand Island, Nebraska (the City). The City Council has the authority to set rates and charges, incur debt, and significantly influence operations.

In determining the financial reporting entity, the Department has considered all potential component units for which the Department may be financially accountable, and as such, should be included within the Department's financial statements. The Department (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Department. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

The Department is an enterprise fund of the City of Grand Island, Nebraska, and has determined that it has no component units for reporting purposes.

B. Measurement Focus and Basis of Accounting

The Department utilizes the economic resources measurement focus and uses the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

C. Basis of Accounting

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Department's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and License prescribed by the Federal Energy Regulatory Commission (FERC). The Department prepares its financial statements as a business- type activity in conformity with applicable pronouncements of the GASB.

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

The Department first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The Department applies the accounting policies established in the GASB Codification Section Re10, Regulated Operations. This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

The Department considers cash on hand and in the bank, as well as cash and equity in pooled cash held by the City, which are readily convertible to known amounts of cash and have original maturities of three months or less, to be cash and cash equivalents.

The Department participates in a cash management pool, managed by the City. The Department's interest in this pool consists of \$48,250,411 and \$60,134,495 of cash and cash equivalents at September 30, 2023 and 2022, respectively.

F. Investments and Investment Income

Investments in non-negotiable certificates of deposit are carried at cost. Investment income consists of interest income from non-negotiable certificates of deposit and cash and cash equivalents.

G. Receivables

Billings for electric revenues are generally rendered on a monthly basis. Accounts receivable are stated at the amount billed to customers, with credit extended on an unsecured basis. The Department provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 21 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Estimated sales which have not been billed are accrued and recorded in the period to which they relate as unbilled revenues.

H. Inventories

Fuel, materials, and supplies inventories are stated at cost. Cost is generally determined on a weighted-average basis.

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The restricted assets are related to debt service reserve accounts and the account restricted for fly ash closure liability.

J. Capital Assets

Utility plant additions and replacements are generally stated at cost. Costs of labor, materials, supervision, and other expenses incurred in making repairs and minor replacements and in maintaining the plant in efficient operating condition are charged to expense. Plant accounts are charged with the costs of betterments and replacements of plant, except minor replacements, and the accumulated provision for depreciation is charged with retirements, together with removal costs, less salvage.

Costs related to studies expected to result in construction and/or acquisition of additional utility plants are deferred pending completion. Upon completion, such costs are capitalized as part of the cost of the plant to be constructed or acquired. If a project is terminated, costs of studies related thereto are charged to expense in accordance with the rate-making treatment adopted. The City has a \$10,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated acquisition value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

K. Deferred Charges

Deferred charges incurred consists of various plant maintenance costs that are being amortized over the life of the scheduled maintenance repair life. In accordance with GASB Codification Section Re10, *Regulated Operations*, the maintenance costs which would be recognized during the current period are deferred and not included in the determination of the change in net position until such costs are recoverable.

L. Deferred Outflows of Resources

Deferred outflows of resources include the unamortized difference between the reacquisition price and net carrying amount related to the Department's bond refunding activities. The deferred outflows of resources related to the bond refunding activity will be amortized through 2028.

M. Compensated Absences

All regular full-time employees earn sick leave and vacation leave. Employees accrue vacation leave at variable rates based on years of service. Sick leave accrues at a rate of eight hours per month of service.

N. Net Position Classifications

Net position is classified into three components:

- ◆ Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or improvement of those assets.

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position Classifications (Continued)

Net position is classified into three components: (Continued)

- ◆ Restricted Net Position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- ◆ Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

O. Revenues and Expenses

As an enterprise fund, the Department distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Department's principal ongoing operations. The principal operating revenues of the Department are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The Department has been allocated a portion of the City's pooled cash. The Department's demand deposits are insured up to \$250,000 and certificates of deposits/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the FDIC limits are insured by collateral held by the pledging institution in the Department's name.

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Department's deposit policy for custodial credit risk requires compliance with the provisions of state law.

B. Summary of Carrying Values

The carrying values of pooled cash and investments at September 30, 2023 and 2022, are included in the statement of net position as follows:

	2023	2022
Cash and cash equivalents	\$ 45,043,880	\$ 56,954,023
Restricted cash and cash equivalents	3,206,531	3,180,472
Total	\$ 48,250,411	\$ 60,134,495

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Summary of Carrying Values (Continued)

Investments

The Department is authorized by statute to invest in securities based upon the prudent person investment criteria. The Department follows a policy of investing in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and bank certificates of deposit. The Department had no specifically held investments at September 30, 2023.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from risking interest rates, the Department's investment policy requires that market conditions and investment securities be analyzed daily to determine the maximum yield to be obtained and to minimize the impact of rising interest rates.

Credit Risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Excluding investments restricted for debt service, the Department limits its investments to certificates of deposit, money market funds, and other securities backed by U.S. Government obligations, which minimizes credit risk associated with the Department's investment portfolio.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: The Department's investment policy places no limit on the amount that may be invested in any one issuer.

C. Restricted Assets

The Department had \$3,206,531 and \$3,180,472 of restricted cash and cash equivalents as of September 30, 2023 and 2022, respectively. The restricted cash and cash equivalents are restricted for fly ash disposal closure/post-closure care, and also include amounts included for the debt service reserve for the electric bonds as of September 30, 2023 and 2022.

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023 and 2022, were as follows:

2023	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets					
Construction in progress	\$ 2,246,408	\$ 10,623,008	\$ (581,048)	\$ (2,780,134)	\$ 9,508,234
Land and land rights	3,903,085	-	-	-	3,903,085
Production plant	215,706,769	57,029	-	11,231	215,775,029
Transmission plant	29,959,620	90,262	-	-	30,049,882
Distribution plant	123,138,948	336,463	-	2,768,903	126,244,314
General plant	15,591,733	441,083	(46,853)	-	15,985,963
Plant acquisition adjustment	2,166,508	-	-	-	2,166,508
Total capital assets	<u>392,713,071</u>	<u>11,547,845</u>	<u>(627,901)</u>	<u>-</u>	<u>403,633,015</u>
Less Accumulated depreciation and amortization	<u>(269,297,325)</u>	<u>(12,786,175)</u>	<u>810,409</u>	<u>-</u>	<u>(281,273,091)</u>
Total capital assets, net	<u>\$ 123,415,746</u>	<u>\$ (1,238,330)</u>	<u>\$ 182,508</u>	<u>\$ -</u>	<u>\$ 122,359,924</u>
2022	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets					
Construction in progress	\$ 2,956,988	\$ 5,417,636	\$ (210,322)	\$ (5,917,894)	\$ 2,246,408
Land and land rights	3,903,085	-	-	-	3,903,085
Production plant	214,293,475	1,216,089	-	197,205	215,706,769
Transmission plant	29,959,620	-	-	-	29,959,620
Distribution plant	118,992,904	-	-	4,146,044	123,138,948
General plant	15,445,388	148,447	(51,338)	49,236	15,591,733
Plant acquisition adjustment	2,166,508	-	-	-	2,166,508
Total capital assets	<u>387,717,968</u>	<u>6,782,172</u>	<u>(261,660)</u>	<u>(1,525,409)</u>	<u>392,713,071</u>
Less Accumulated depreciation an amortization	<u>(258,184,287)</u>	<u>(12,689,785)</u>	<u>51,338</u>	<u>1,525,409</u>	<u>(269,297,325)</u>
Total capital assets, net	<u>\$ 129,533,681</u>	<u>\$ (5,907,613)</u>	<u>\$ (210,322)</u>	<u>\$ -</u>	<u>\$ 123,415,746</u>

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 4 - LONG-TERM OBLIGATIONS

Long-term debt at September 30, 2023 and 2022, is shown below:

	2023	2022
Combined Utilities Revenue Bonds (Taxable Interest), Series 2021B, due annually to August 15,2028, interest from 0.44% to 2.78%	\$ 19,630,000	\$ 23,435,000
Less current maturities	3,830,000	3,805,000
Noncurrent portion	\$ 15,800,000	\$ 19,630,000

Long-term obligations activity for 2023 and 2022 are summarized as follows:

September 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 23,435,000	\$ -	\$ (3,805,000)	\$ 19,630,000	\$ 3,830,000
Compensated absences	1,639,398	23,439	-	1,662,837	134,393
Closure/post-closure liability	1,036,220	59,229	-	1,095,449	-
Total	\$ 26,110,618	\$ 82,668	\$ (3,805,000)	\$ 22,388,286	\$ 3,964,393
<u>September 30, 2022</u>					
Revenue bonds payable	\$ 27,220,000	\$ -	\$ (3,785,000)	\$ 23,435,000	\$ 3,805,000
Compensated absences	1,796,760	-	(157,362)	1,639,398	132,499
Closure/post-closure liability	1,416,505	-	(380,285)	1,036,220	-
Total	\$ 30,433,265	\$ -	\$ (4,322,647)	\$ 26,110,618	\$ 3,937,499

The following is a summary of debt service requirements for the next five years and thereafter:

Year Ending September 30,	Revenue Bonds	
	Principal	Interest
2024	\$ 3,830,000	\$ 285,635
2025	3,870,000	246,608
2026	3,915,000	202,141
2027	3,975,000	144,865
2028	4,040,000	77,568
Total	\$ 19,630,000	\$ 956,816

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 4 - LONG-TERM OBLIGATIONS (CONTINUED)

The indentures under which the Department's revenue bonds were issued provide for the creation and maintenance of certain accounts. These accounts at September 30, 2023 and 2022 are shown in Note 3 under Restricted Assets. There are a number of other limitations, restrictions, and covenants contained in the indentures under which the Department's revenue bonds were issued.

NOTE 5 - PAYMENTS TO THE CITY OF GRAND ISLAND

The Department is exempt from Federal and state income taxes and local property taxes. City ordinances provide for payments in lieu of taxes. The annual payment in lieu of taxes, amounting to \$3,325,366 and \$610,366 for 2023 and 2022, respectively, are set at 5% of the net operating revenues of the Department, excluding depreciation. The Department does pay sales tax.

The City provides certain administrative services to the Department for which the Department pays fees to the City. These fees are included in special services expense and amount to \$526,963 and \$1,268,966 for the years ended September 30, 2023 and 2022, respectively.

NOTE 6 - PENSION PLAN

The City has a defined contribution employees' pension plan in which employees of the Department participate. The plan requires any new employee working a minimum of 1,000 hours to participate in the plan. The plan requires general participants and IBEW participants to contribute 6% or 7.5%, respectively, of participant earnings in order for the pension plan to meet Internal Revenue Service guidelines for tax deferred pension plans. The Department is required to match the participant's contributions. As of October 1, 1997, participants can elect to contribute an additional 4% of their earnings with no Department match.

All participants are fully vested in their own contributions and become vested in the Department's contribution at varying rates depending on their date of employment. Full vesting in the Department's contributions occurs after five years of participation in the plan. The Department's contributions were \$904,193 and \$909,482 for the years ended September 30, 2023 and 2022, respectfully.

NOTE 7 - RISK MANAGEMENT

The Department participates in the City's self-insurance program administered by the City's Risk Management Division (Division). The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. On behalf of the City, the Division purchases insurance and administers funds for its self-insured program. The Division maintains a workers' compensation fund and a self-insured loss fund. The Division provides first dollar coverage for all workers' compensation exposure with insurance acting as an umbrella or excess coverage. The maximum exposure would be the deductible amounts for property and automobile physical damage, as well as losses not covered by insurance. The Department has had no claims or judgments exceeding this commercial coverage in any of the past three fiscal years.

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

A. Power Supply

The Department currently has generation capacity of approximately 183 MW from coal-fired and gas/oil-fired electric generating stations. The peak load of the Department during the fiscal year ended September 30, 2023, was approximately 173 MW in August 2023. The peak load of the Department during the fiscal year ended September 30, 2022, was approximately 164 MW in August 2022.

The Department is party to an agreement with the Department of Energy (DOE) pursuant to which the Department may purchase up to 9,168 KW of power to be transmitted through DOE and Nebraska Public Power District (NPPD) facilities. Such power is sold to the Department at standard DOE wholesale firm power service rates. The agreement expires on December 31, 2050.

B. Purchased Power Agreements

The Department entered into a participation power agreement with Omaha Public Power District (OPPD) on January 15, 2004, to obtain approximately 33 MW of energy from the OPPD Nebraska City Unit #2. The project was completed in May 2009 and was financed through a bond issuance by OPPD. The Department has also entered into an agreement with the Public Power Generation Agency to obtain approximately 15 MW of energy. The project was completed in May 2011. During the year ended September 30, 2016, the Department entered into a 25-year agreement with Invenergy for the entire 35.8 MW output of the Prairie Breeze III windfarm near Elgin, Nebraska. This facility came online in March 2016. Subsequent agreements with the City of Nebraska City and City of Neligh for 7 MW and 2 MW, respectively, have since been signed. During the year ended September 30, 2017, the Department entered into a 25 year agreement with Sempra for the entire 50 MW output of Prairie Hills windfarm to be located in Custer County, Nebraska. During the year ended September 30, 2017, the Department also entered into a 25-year agreement with Sol Systems for the entire 1 MW output of a new solar installation to be located near a Department substation. This facility came online in October 2018.

C. Regulatory Compliance

In 1997, the Department entered into an agreement with the Nebraska Department of Environment and Energy to establish a closure/post-closure care account. The purpose of this account is to accumulate sufficient monies to fund all related costs of closure and post-closure of the fly ash disposal area at the Platte Generating Station. The calculated amount of the closure/post-closure liability was \$1,095,449 and \$1,036,220 for the years ended September 30, 2023 and 2022, respectively. The amount on deposit in the closure/post-closure care account was \$2,520,592 and \$2,493,912 at September 30, 2023 and 2022, respectively.

The Department's operations are subject to stringent federal, state, and local laws and regulations relating to improving and maintaining environmental quality. Environmental expenditures related to current operations are factored into the strategic planning process of the Department and are considered when determining future energy rates. Financing of these expenditures is expected to be through available cash reserves and bonded debt.

**Grand Island, Nebraska
Electric Department
Notes to Basic Financial Statements**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

D. Construction

The Department has commitments under major construction contracts of approximately \$16,300,000 and \$1,924,000 at September 30, 2023 and 2022, respectively.

E. Claims and Litigation

The Department is involved in various litigation in the normal course of its operations and services. In the opinion of City management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the Department in connection with its legal proceedings will not have a material effect on the Department's financial position but could be material to the results of operations in future accounting periods.

OTHER INFORMATION

City of Grand Island, Nebraska
 Electric Department
 Operating Statistics
 Year ended September 30, 2023
 (Unaudited)

Total gross kilowatt hours generated	\$ 457,941,700	
Additional kilowatt hours used at plant	15,925,508	
Net kilowatt hours produced	<u>442,016,192</u>	
Net scheduled/metered interchange	313,549,279	
Total kilowatt hours available, for sale	755,565,471	
Kilowatt hours sold, as metered	<u>734,414,008</u>	
Line loss	<u>\$ 21,151,463</u>	
Line loss percentage	<u>2.80%</u>	
Monthly average number billed by class		
Residential	\$ 22,751	
Commercial	4,624	
Industrial	<u>93</u>	
Total	<u>\$ 27,468</u>	
	<u>KWH</u>	<u>Revenue *</u>
Total KWH and revenue by class		
Residential	\$ 228,435,145	\$ 22,234,669
Commercial	215,865,818	21,014,914
Industrial	<u>290,113,045</u>	<u>22,747,344</u>
Total	<u>\$ 734,414,008</u>	<u>\$ 65,996,927</u>
Average revenue per KWH sold		<u>0.0899</u>

* These figures are based on actual billings during the fiscal year, and don't include the impacts of other items included within operating revenues on the Statement of Revenues, Expenses and Changes in Net Position.