

**CITY OF WAYNE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2015**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements	
Balance Sheet - Governmental Funds	27
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	30
Statement of Fund Net Position - Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	32
Statement of Cash Flows - Proprietary Funds	33
Statement of Net Position - Fiduciary Fund	35
Notes to Financial Statements	36
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules	
General Fund	86
Street Fund	87
LB840 Fund	88
Debt Service Fund	89
Note to Required Supplementary Information	90
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	92
Combining Statement of Net Position - Component Units	93
Combining Statement of Activities - Component Units	94

## TABLE OF CONTENTS, Continued

	Page
SINGLE AUDIT REPORTS	
Schedule of Expenditures of Federal Awards	95
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	96
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	98
Schedule of Findings and Questioned Costs	100
Summary Schedule of Prior Audit Findings	101



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Wayne, Nebraska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

#### SHAREHOLDERS

Robert D. Almquist  
Phillip D. Maltzahn  
Terry T. Galloway  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
Joseph P. Stump

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.

## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of September 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-24 and 86-90 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wayne, Nebraska's financial statements. The nonmajor fund combining statements and the component unit combining statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The nonmajor fund combining statements, the component unit combining statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the City of Wayne, 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 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 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 Wayne, Nebraska's internal control over financial reporting and compliance.

*Amquist, Maltzahn,  
Galloway & Luth, P.C.*

Grand Island, Nebraska  
December 30, 2015

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2015**

---

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Wayne, we offer readers of the City of Wayne financial statements this narrative overview and analysis of the financial activities of the City of Wayne for the fiscal year ended September 30, 2015. For information on the Wayne Municipal Airport component unit included in these financial statements, please see the separate audit report for the Airport.

**Financial Highlights**

- The assets of the City of Wayne exceeded its liabilities at the close of the most recent fiscal year by \$38,056,494 (*net position*). Of this amount, \$13,190,331 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Wayne's governmental funds reported combined ending net position of \$18,720,766. Approximately 22.5 percent of this total amount, \$4,214,793, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$105,147, while total fund balance was \$4,021,425.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Wayne's basic financial statements. The City of Wayne's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Wayne's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Wayne's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Wayne is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

Both of the government-wide financial statements distinguish functions of the City of Wayne that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Wayne include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Wayne include the Water, Sewer, Electric, and Transfer Station Enterprise Funds.

The government-wide financial statements include not only the City of Wayne itself (known as the *primary government*), but also legally separate entities, the Municipal Airport Authority and the Community Development Agency, for which the City of Wayne is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 25 and 26 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wayne, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Wayne can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Wayne maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, the LB840 Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

The City of Wayne adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, LB840, and Debt Service Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 27-30 of this report.

**Proprietary funds.** The City of Wayne maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Wayne uses enterprise funds to account for its Water, Sewer, Electric, and Transfer Station Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Wayne's various functions. The City of Wayne uses an internal service fund to account for its employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Electric, and Transfer Station Funds, all of which are considered to be major funds of the City of Wayne.

The basic proprietary fund financial statements can be found on pages 31-34 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Wayne's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 35 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-85 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Wayne's budgetary comparison schedules. Required supplementary information can be found on pages 86-90 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and the component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 91-94 of this report.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Wayne, assets exceeded liabilities by \$38,056,494 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	September 30, 2015			September 30, 2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 8,165,074	\$ 10,633,623	\$ 18,798,697	\$ 5,701,929	\$ 10,968,401	\$ 16,670,330
Capital Assets	16,998,004	16,473,423	33,471,427	16,131,810	16,423,786	32,555,596
Total Assets	<u>25,163,078</u>	<u>27,107,046</u>	<u>52,270,124</u>	<u>21,833,739</u>	<u>27,392,187</u>	<u>49,225,926</u>
Long-term Liabilities	5,484,422	6,212,004	11,696,426	2,868,001	6,613,391	9,481,392
Other Liabilities	957,890	1,559,314	2,517,204	1,017,711	1,279,456	2,297,167
Total Liabilities	<u>6,442,312</u>	<u>7,771,318</u>	<u>14,213,630</u>	<u>3,885,712</u>	<u>7,892,847</u>	<u>11,778,559</u>
Net Position:						
Net Investment in						
Capital Assets	11,263,004	9,930,091	21,193,095	13,081,810	9,362,697	22,444,507
Restricted	3,242,969	430,099	3,673,068	3,045,459	450,546	3,496,005
Unrestricted	4,214,793	8,975,538	13,190,331	1,820,758	9,686,097	11,506,855
Total Net Position	<u>\$ 18,720,766</u>	<u>\$ 19,335,728</u>	<u>\$ 38,056,494</u>	<u>\$ 17,948,027</u>	<u>\$ 19,499,340</u>	<u>\$ 37,447,367</u>

By far the largest portion of the City of Wayne's net position (55.7 percent) reflects its investment in capital assets (land, infrastructure, buildings, machinery, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Wayne uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Wayne's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Wayne's net position (9.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,190,331) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Wayne is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 327,022	\$ 513,879	\$ 198,325	\$ 186,944
Public Safety	240,486	1,081,305	295,294	1,109,365
Public Works	84,614	472,534	18,911	427,708
Public Buildings	52,333	79,096	31,520	77,382
Recreation	207,901	371,722	513,755	439,289
Community Activity Center	105,121	264,134	95,455	246,139
Library	15,493	265,863	13,931	272,315
Senior Citizens Services	182,139	263,671	271,496	277,794
Interest	-	103,902	-	105,605
Depreciation	-	964,691	-	895,442
Total	<u>\$ 1,215,109</u>	<u>\$ 4,380,797</u>	<u>\$ 1,438,687</u>	<u>\$ 4,037,983</u>

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

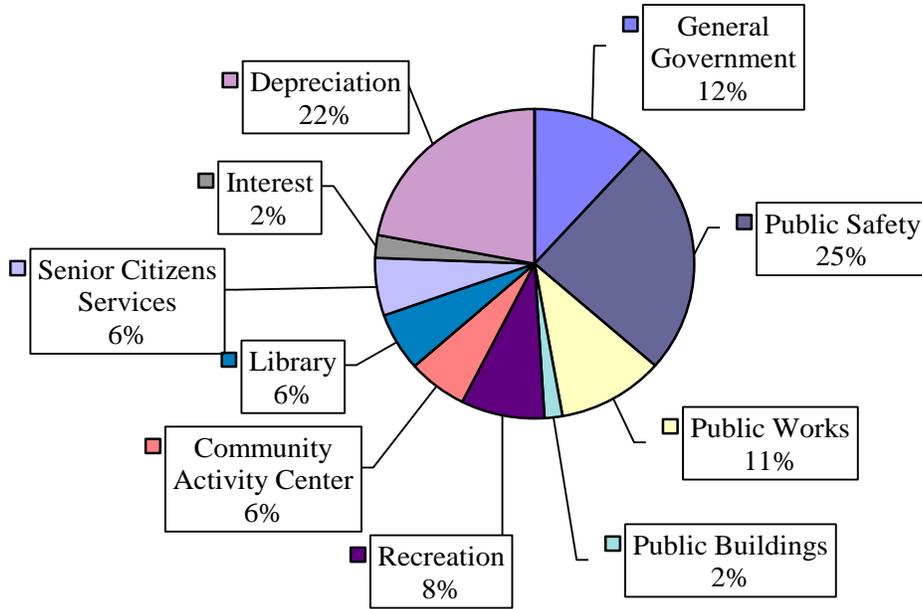
	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 615,943	11.95 %	\$ 555,834	11.03 %
Operating Grants and Contributions	370,576	7.19	331,784	6.59
Capital Grants and Contributions	228,590	4.44	551,069	10.94
Property Taxes	768,153	14.91	740,107	14.69
Motor Vehicle Taxes	79,638	1.55	74,232	1.47
Payments in Lieu of Taxes	832,315	16.15	724,947	14.39
Sales Tax	834,013	16.18	682,383	13.54
Franchise Taxes	198,567	3.85	188,809	3.75
State Allocation	939,580	18.23	917,766	18.21
Special Assessments	55,864	1.08	109,891	2.18
Other	24,624	0.48	16,355	0.32
Interest	30,524	0.59	34,174	0.68
Gain on Sale of Assets	9,840	0.19	14,684	0.29
Interfund and CDA Transfers	165,309	3.21	96,694	1.92
Total	<u>\$ 5,153,536</u>	<u>100.00 %</u>	<u>\$ 5,038,729</u>	<u>100.00 %</u>

Net position increased \$772,739 in the governmental funds during the year ended September 30, 2015.

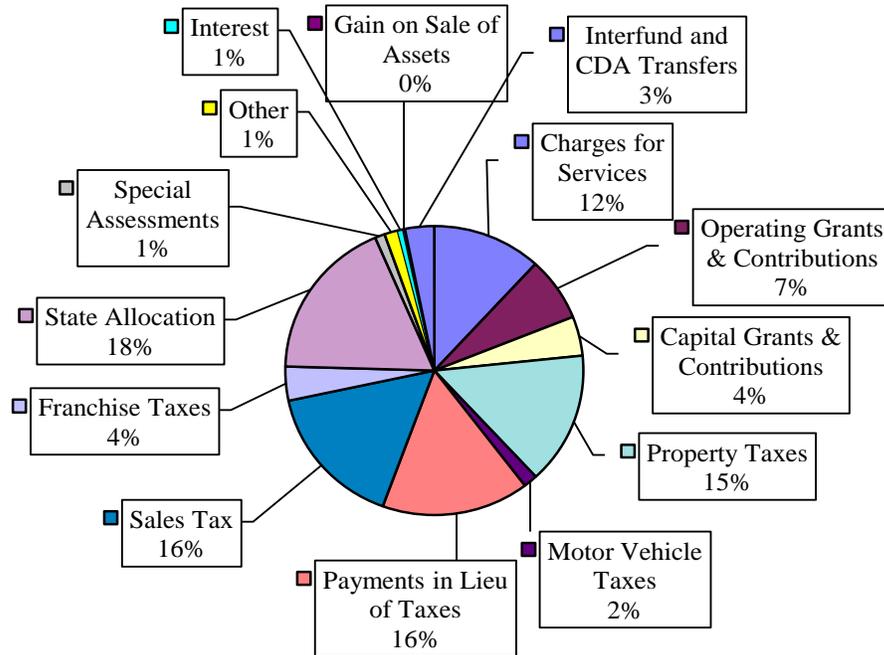
**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

Governmental Activities - 2015 Expenses



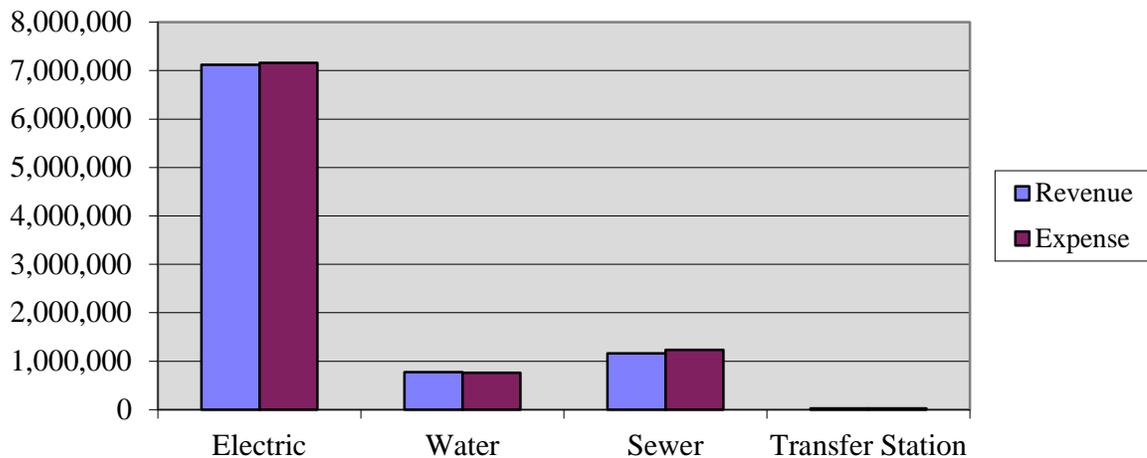
Governmental Activities - 2015 Revenue



**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

**Business-type activities.** Business-type activities decreased the City of Wayne's net position by \$163,612 for the year ended September 30, 2015. Key elements of this decrease are as follows:

**2015 Expenses and Program Revenues - Business-type Activities**



**Expenses and Program Revenues - Business-type Activities**

<u>Function</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 7,123,445	\$ 7,156,900	\$ 7,210,801	\$ 7,126,262
Water	771,825	762,974	799,339	651,739
Sewer	1,160,422	1,237,016	1,359,208	1,205,522
Transfer Station	23,600	28,105	12,800	23,678
Total	9,079,292	9,184,995	9,382,148	9,007,201
Interfund & CDA Transfer	-	135,309	-	308,397
	<u>\$ 9,079,292</u>	<u>\$ 9,320,304</u>	<u>\$ 9,382,148</u>	<u>\$ 9,315,598</u>

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

**Revenues by Source - Business-type Activities**

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2015</u>		<u>Year Ended September 30, 2014</u>	
Charges for Services	\$ 8,933,576	99.03 %	\$ 8,961,336	98.02 %
Capital Grants and Contributions	145,716	1.61	420,812	4.60
Interest	77,400	0.86	68,173	0.75
Interfund Transfers	(135,309)	(1.50)	(308,397)	(3.37)
Total	<u>\$ 9,021,383</u>	<u>100.00 %</u>	<u>\$ 9,141,924</u>	<u>100.00 %</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Wayne used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Wayne's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Wayne's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Wayne's governmental funds reported combined ending fund balances of \$7,116,908. Of this amount, \$105,147 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$1,110,671), 2) restricted for Federal loan programs (\$982,787), 3) restricted for park expenditures (\$27,730), 4) restricted for golf course expenditures (\$36,345), 5) restricted for Community Activity Center expenditures (\$205,739), 6) restricted for economic development (\$616,569), 7) restricted for capital projects (\$263,128), 8) assigned for budgetary stabilization (\$3,245,575), 9) committed for capital projects (\$143,500), 10) assigned for street expenditures (\$201,742), or 11) assigned for other purposes (\$177,975).

The General Fund is the chief operating fund of the City of Wayne. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$105,147, while total fund balance reached \$4,021,425. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.9 percent of total General Fund expenditures, while total fund balance represents 110.9 percent of that same amount.

The fund balance of the City of Wayne's General Fund increased by \$2,664,486 during the current fiscal year.

**Proprietary funds.** The City of Wayne's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$6,147,004, Water Fund - \$1,098,624, Sewer Fund - \$1,727,495, and Transfer Station – \$2,415. The growth in net position for the proprietary funds was as follows: Electric Fund – decrease of \$(182,990), Water Fund – decrease of \$(133,342), Sewer Fund - \$157,066, and Transfer Station – decrease of \$(4,346). Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Wayne's business-type activities.

### **Budgetary Highlights**

There was no difference between the original budget and the final adopted budget for the City of Wayne.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Wayne's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$33,471,427 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Construction in progress on Windom Street project - \$191,296
- Construction in progress on swimming pool - \$724,655
- Construction in progress on Hank Overin grandstands - \$47,790
- Windom Street storm sewer - \$118,209
- Final costs on 10<sup>th</sup> Street turn lane project - \$64,499
- Construction costs on Hillside Drive project - \$212,948
- East park storm shelter - \$206,352
- Case loader - \$113,500
- Heavy rescue truck - \$28,000
- Sports complex playground equipment - \$44,167
- Backstop at Hank Overin field - \$53,104
- Construction in progress on sludge system - \$306,455
- Construction in progress on Chiefs Way sewer line - \$35,113
- Construction in progress on water tower rehab - \$173,850
- New roof at electric plant - \$42,115
- CNG Ford pickup for electric department - \$36,216
- 2015 electric distribution system improvements - \$113,687
- CNG Ford truck for water and sewer departments - \$55,809
- 2015 water line improvements - \$233,533

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

**City of Wayne's Capital Assets**  
**(net of depreciation)**

	Year Ended September 30, 2015			Year Ended September 30, 2014		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 691,592	\$ 369,751	\$ 1,061,343	\$ 691,592	\$ 369,751	\$ 1,061,343
Construction						
in progress	1,259,238	586,236	1,845,474	562,340	12,362	574,702
Infrastructure	6,874,634	-	6,874,634	6,650,964	-	6,650,964
Improvements	1,240,910	-	1,240,910	1,244,698	-	1,244,698
Buildings	5,740,786	9,749,636	15,490,422	5,752,823	10,270,693	16,023,516
Equipment	1,190,844	343,051	1,533,895	1,229,393	277,131	1,506,524
Distribution						
Systems	-	5,424,749	5,424,749	-	5,493,849	5,493,849
Total	<u>\$ 16,998,004</u>	<u>\$ 16,473,423</u>	<u>\$ 33,471,427</u>	<u>\$ 16,131,810</u>	<u>\$ 16,423,786</u>	<u>\$ 32,555,596</u>

Additional information on the City of Wayne's capital assets can be found in Note C4 on pages 62-65 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Wayne had total long-term debt outstanding of \$12,278,332. Of this amount, \$2,835,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wayne's debt represents bonds and notes secured solely by specified revenue sources (i.e., revenue bonds and DEQ note payable).

**City of Wayne's Outstanding Debt**

	Year Ended September 30, 2015			Year Ended September 30, 2014		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
General Obligation						
Bonds	\$ 1,230,000	\$ -	\$ 1,230,000	\$ 1,360,000	\$ -	\$ 1,360,000
Sales Tax Revenue						
Bonds	2,900,000	-	2,900,000	-	-	-
Highway Allocation						
Bonds	960,000	-	960,000	1,000,000	-	1,000,000
Public Safety						
Bonds	645,000	-	645,000	690,000	-	690,000
DEQ Note	-	4,863,332	4,863,332	-	5,111,089	5,111,089
Revenue Bonds	-	1,680,000	1,680,000	-	1,950,000	1,950,000
Total	<u>\$ 5,735,000</u>	<u>\$ 6,543,332</u>	<u>\$ 12,278,332</u>	<u>\$ 3,050,000</u>	<u>\$ 7,061,089</u>	<u>\$ 10,111,089</u>

The City of Wayne's total debt increased by \$2,167,243 (21.4 percent) during the current fiscal year, as the City made scheduled principal payments and issued \$2,900,000 of sales tax revenue bonds for the new swimming pool.

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2015**

---

Additional information on the City of Wayne's long-term debt can be found in Note C6 on pages 66-72 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The City of Wayne has maintained a strong financial position again this year. The budget adopted for 2015-2016 continues the City's practice of conservative financial planning.

Each year the City Council has a retreat where they discuss short and long term goals for the City. The budget adopted complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. Some of the goals below were completed in the 2014-2015 fiscal year and others are in the 2015-2016 budget year.

COUNCIL GOALS 2015-2016

1. City Hall Billing Office
  - Evaluate current building and alternative options before updating 40 year old HVAC, elevator, windows, etc. 2015
  - Increase paperless operations 2015
  - 1912 Old City Hall Building option?
    - Children's Museum
    - Storage
    - ADA accessibility updates will be required for all building options
2. Council Chambers
  - Tablets/Laptops for paperless options 2015
    - Councilmember's choice/possible stipend \$250
    - Date to end printing council packets? 2015
  - Sound system 2015? cost?
  - Flat screen to replace projector for room display device 2015
  - Live stream meeting and feed into YouTube or Google Hangout
  - What do other towns use for recording systems? cost?
3. Golf Course
  - Front 9 was donated to group who then donated it to the City for WPA construction
  - \$6,000 is approximately what the Country Club pays for property tax per year
  - List of revenues and expenses to Council 2015
  - Develop City terms for future operation options 2015
  - Place property under one owner? 2016 or later
4. Street Repairs
  - 1st Ave and Maple Street 2015
  - 3rd and Sherman Street - shallower dips 2015
  - 2015 street repair list - Prioritize over the next 5 years 2015-2020
  - Relocate gravel road between rugby fields?

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

- Street signage for parks 2015
  - 1 & 6 year plan for Nebraska Department of Roads will contain these
5. Sidewalks & Accessibility
- Finish ADA accessibility for parks and public areas 2015
  - Prioritize neighborhoods with elderly and kids
  - 5 year schedule for intersection approaches 2015-2020
    - Cost/Intersection \$6,000-\$10,000
  - Bike friendly curbs and streets
    - Windom - Bike lane instead of parking?
    - South Logan - Bike lane instead of parking?
  - West Highway 35 sidewalk
    - South or North side of Highway or both? 2016
    - City code requires sidewalks as property is annexed and developed
    - \$/running foot \$20
6. Lagoon options for use after decommissioning in 2016
- Recreation event parking
  - RV parking
  - Another rugby or soccer field?
  - T-ball field/4 field complex?
  - Floor elevation of lagoon - relative to flood plain?
  - Should a small lake be retained?
  - Appoint a community committee 2015
  - Any Industrial Zoning area reserved?
7. Group Health
- Find best affordable group plan that keeps coverage in place annually
  - Treatments Coverage?
  - Pharmacy Coverage?
8. Pool Property - keep or sell 2016
- Keep R-1?
  - Green space
  - Apartments?
  - Buffer area?
  - Fill in the old swimming pool tank with dirt or gravel and keep the building for recreation?
    - Ice Skating
    - Roller Skating
    - Warming House
  - “20 Below” location for teens
  - Sell off north part of area north of 13th?
  - Extend 13th Street through?
  - Community survey for lagoon and old pool location future use?
  - Planning commission recommendation?

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

9. Park System

- Shingle public restroom roofs 2015
- Bressler bathrooms and exterior lights 2015
- Renovate/paint Bressler stage 2015
- Playground equipment - Sunnyview and Sports Complex install in 2015
- Bressler high slide safety? 2015
- Accessible sidewalks in 2015

10. Phase II Trail Bid out and Construct in 2015

11. Transfer Station Rebid out contract in 2015

- Minimum lease rate \$24,000 per year?
- Still require City garbage collected to be dumped in Wayne?
- Allocate a portion of \$24,000 for recycling

12. Wood Chipping

- Relocate burn pile and trees in 2015
- Require log cut size limit?
- Adequate warning signs re public cutting fire wood: chainsaw use
- Event parking to replace Rugby burn site in 2015
- RV parking?

13. Composting-Community Pile? Trial operation 2015

- Grass Pile
- Problem with garbage dumping?
- Junk and plastic problem?

14. AMI Meter Reading on residences and businesses? Select AMI system and contract to install 2016/2017

- We have most of the funds accumulated in reserve to install all new water and electric meters
- Water - Cost?
- Electric - Cost?

15. City budget control and Department Net Costs annually

- Reduce cleaning service - costs
- 24/7 Fitness w/PD surveillance at CAC for members
- Fill CAC Director and CAC and Rec Program management positions 2015
- Review all department personnel costs before budget approval
- Overtime Costs review?

16. Economic Development Plan

- Stay the course?
- Market former Pacific Coat Feather property
- Find next available land for new industries 2015?
  - Options?
  - Purchase?
- Dilapidated Housing enforcement 2015 PRT as needed
- Make property complaint forms available on website-submit button

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

17. City Employee Comp Time Buyout 2015

- Evaluate the \$ cost at current time
- New Comp Time, Sick Leave and Vacation Time Caps?

PERSONNEL

The police department just hired a new dispatcher, but has another position open at the present time to have a fully staffed dispatch center. We have advertised for another Police Sergeant, interviewing and testing will take place in January 2016.

Our Public Works, Water & Sewer & Electric Distribution departments are being managed by the City Administrator. Our Community Activity Center and Senior Center have new directors this year. We have hired two new linemen in the Electric Department.

Future loss of institutional knowledge is a concern that council needs to look at. In the next five years we have 12% of our full time employees eligible for retirement. In 10 years we have another 15% of our employees eligible for retirement. We have started exploring how to transfer this institutional knowledge. At the Electric Power Plant we have two linemen cross training to help when the power plant is required to run. This cross training is necessary as we may be required to start up the plant with notice from Nebraska Public Power District (NPPD), or when the power provided by NPPD to the City is interrupted. In other areas we are having procedures documented and considering having future retirees be available as consultants when necessary.

ECONOMY

A shortage of qualified employees continue as a problem for Northeast Nebraska. In our area industrial businesses, call centers, manufacturing businesses, medical facilities, construction businesses, and many small businesses have been advertising employment positions. They are having problems attracting personnel to fill the positions.

The City continues to provide assistance to Wayne Area Economic Development for promotion of the City and assistance with any economic development projects.

The Wayne City Council continues to support the housing efforts or builders in the community. The housing down payment loan program has assisted two new home owners within the City of Wayne. There are two developers working on houses in the City's Western Ridge subdivision. there are now 36 homes in the subdivision.

There have been many large building projects within the community. The largest is a two year \$13 million dollar project for the hospital, the plans include combining the three emergency rooms together in one location and a new ER will include two trauma rooms and three treatment rooms. They will also be expanding the OB rooms, updating the dietary area, moving the chapel and many infrastructure issues that need to be updated. The Country Club is in the preliminary

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2015**

---

planning stage of a major renovation plan to the club house for a convention center. One developer is looking at construction of 20 rental units on his property in the South East quadrant of the City. The need for rental units seems to still be strong.

Concerns about the national, state and local economy will have an impact on our local revenues and rising costs. The future of state Equalization funds continues to be in jeopardy as the state is continually looking for ways to shore up their budget.

GRANTS

New requirements from the Nebraska Department of Roads caused approved grants to be delayed as we wait for their necessary approval before the next steps are taken. This process has added additional time to complete the projects. The Windom Street project has started, however with winter weather approaching, the street paving has been deferred to the spring of 2016. The other grants we are waiting on are the Phase II Trail and the underpass that has been incorporated into the trail project.

The CIS Phase II grant has been approved for building demolition, owner occupied rehab loans, and the City leverage will be water and sewer projects in the South East quadrant of the City. The Senior Center continues with the Department of Roads grant to operate the handi-van and the Area Agency on Aging grant to operate the meal program.

A NIFA grant for the update of the Comprehensive Plan and the Housing study update has also been approved.

CAPITAL PROJECTS

Major projects completed in the City this year include the Storm Shelter/Tornado Shelter in East Park, Storm Sewer on Windom Street, Hillside Drive extension to the new restaurant/sports bar next to McDonalds, the start of the repair to the wind damaged grandstand at the baseball park, construction of the new swimming pool, the bio-solids handling system at the treatment plant, awarding a bid to construct a force main sewer line to the airport (the project was delayed as we are working with Northern Natural Gas to acquire a 4" abandoned gas line that has been bored under the creek), water and sewer extensions on Grainland Road, paint the water tower and replace water lines on 4th Street.

REVENUES

The City has a slight decrease in the total property tax levy requested for City support at \$0.450295 per \$100 of valuation for the upcoming fiscal year. Due to the increased land values, and Wayne Community School losing all state aid, the total tax levy has increased from \$1.873155 to \$1.925865 per \$100 of valuation.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

The FEMA projects have all been completed and the forms have been filed with NEMA/FEMA. We are waiting on FEMA to review and approve the electrical project to receive the final payout. At this time we do not know when NEMA will remit their portion on the small projects either.

The voters approved an additional 1/2 cent sales tax to be used for the debt service on the new swimming pool effective on April 1. This sales tax will sunset when the bonds are paid off.

Revenues from the City Sales Tax have continued to grow at a larger rate than estimated during the last year. The Citizens Advisory committee has processed several requests for the LB840 plan projects.

Rates for the utility funds are set to cover operating costs and capital needs. Annually we have looked at the electric rates and adjusted them accordingly. The water rates were adjusted and should be sufficient to cover the debt service on the State Revolving Loan and the proposed transfer of \$150,000 to help cover the cost of the combined utility State Revolving Loan debt service.

We will continue to draw down on the approved state revolving loan (SRF) to finance the Bio-solids press project.

We will also be looking at borrowing funds to finance the water projects that have been approved by the City Council.

We will monitor utility rates to determine if we need to adjust them to cover operating costs, debt service and capital projects. It is anticipated that we will be adjusting our electric rates in the spring of 2016. As of October 1, 2015 we increased our water rates.

CAPITAL BUDGET 2015-2016

- Set aside for a new police car.
- Radio Council upgrades for the police department.
- Police software upgrades.
- Continue setting aside funds for replacement of air packs for the fire department.
- Mower replacement.
- Phase II of the City's biking/hiking trail system. In the current design there is a portion of the trail that is designed as crushed rock. City Council requested that the 2,200 foot be concrete and allocated \$16,500 from the City sales tax capital project dollars. This project has received a grant of \$45,000 from the Game & Parks. It also has been awarded \$342,056 in Transportation Enhancement Grants and \$27,000 from the Lower Elkhorn Natural Resources District. The Department of Roads has made some adjustments to Phase II of the trail and will take out a portion of the at-grade crossing and connect with the Highway 35 underpass when it is constructed. We are currently working with the

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

Department of Roads regarding the location of the trail in the North East quadrant of the City. Many residents are upset with having a trail thru their neighborhood.

- In June 2014 a windstorm caused a tree to fall on the grandstand at Hank Overin Baseball Field. The demolition has taken place and some of the ground work has been completed. We will be using insurance money to replace the grandstand. Fund raising is ongoing to build a press box storage building, upgrade the exterior of the other buildings to match the style of the grandstand and replace the ball field lighting.
- Construction of the new swimming pool and renovations at the activity center to access the locker rooms.
- The activity center has budgeted for replacing fitness equipment.
- From City sales tax we have budgeted park improvements to meet ADA standards for the restrooms. We anticipate forty thousand dollars for this project (\$40,000). We also have set aside thirty thousand dollars for the restrooms at Hank Overin Baseball Field to bring it up to ADA standards too.
- Fifth year of seventy five thousand (\$75,000) for the swimming pool project.
- Membrane roof replacement for Library/Senior Center.
- Rugby/Soccer field improvements.
- Replace pickup in Public Works Department.
- Repave Clark Street.
- Funds have been budgeted in Electric, Water and Sewer Admin to renovate the Clerk/Treasurer's Offices.
- Funds have been budgeted in Electric, Water and Sewer Admin to upgrade our accounting and billing software. The process has started for the accounting and payroll systems.
- No major projects are planned in the Electric Production department.
- Electric Distribution has budgeted their normal distribution systems upgrades.
- Electric Distribution will be using their newly completed system study for specific projects, they will employ contractors for directional boring and trenching in areas where system reliability will be improved by replacing overhead lines with underground or replacing aged underground lines with new cable and equipment. We will be employing contractors to install the wires or conduit while we do the design, and remainder of the technical aspects of the installations ourselves (\$150,000).
- We will continue exploring Automated Meter Reading (AMR) systems to determine the best system for the City. The City has collected and has in reserve \$597,094 in the electric fund and \$582,058 in the water fund for this project.
- Electric distribution is looking to replace the 1986 basket truck (\$155,000).
- Electric distribution to replace a 2000 4.4 pickup (\$38,500).
- Replacement of the wood chipper used for trimming trees. (Cost for a used wood chipper is \$15,000.)
- City planner pickup replaced with an electric car.
- Technology has budgeted \$15,500 for equipment upgrades.
- The City will continue updating our lift stations (\$15,000).

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2015**

---

- The City will continue rehabbing manholes in the City sewer system (\$25,000).
- Sewer main cleaning and vacuuming, annual project (\$20,000).
- Water and sewer each budgeted 1/2 of the cost of a new skid loader.
- We have arranged for \$1.9 million in NDEQ Revolving Loan Funds to construct a belt press sledge handling system to be constructed in 2015. The 26 acre sludge lagoon will be decommissioned after the sewer sludge is diverted to the belt press. The lagoon site land will be repurposed.
- Updating the Scada system for the sewer and water systems (\$30,000 from each department).
- Water has budgeted a water fill station.
- Replacing water main valves as some of the old valves will no longer operate, making it difficult to isolate an area of shut off water if there is a main break (\$20,000).
- Variable Frequency Drives (VFD) were replaced in the wells, this will improve power consumption as well as the life of the pumps and motors (\$20,000).
- The airport authority has budgeted the addition of the garage to the house.
- During the second year of our Comprehensive Investment & Stabilization (CIS) grant from the Department of Economic Development, our plans are for owner occupied rehab, building demolition and water & sewer line improvement projects.
- The 911 system needs to be replaced due to end of its life and the company will not be making any software upgrades to the system (\$146,000).

DEBT

The new swimming pool sales tax bonds issued in 2015 will be paid for by the collection of the 1/2 cent sales tax. The State Revolving Loan for the bio-solids plant will be covered by user fees. The electric department completed one bond issue. We are working with the bond agent to finance the many water projects in 2014-2015 and 2015-2016.

AIRPORT

There are currently long term contracts in place for the farm ground, the Airport Manager and the Fixed Base Operator (FBO). There are annual leases on the hangars and there is currently one hangar available for rent. Avgas sales have picked up in the last year.

The current Airport Authority wants to promote general aviation so they set their Avgas price at a rate to cover the equipment costs and maintenance. This rate has been lower than most of the airports in the area and has increased traffic at the airport. There seems to be a growing demand for jet fuel too. The board may need to consider how to accommodate those customers.

They are trying to create interest in ground schools. Obtaining a certified instructor has been challenging as we don't have a high demand by students.

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2015**

---

COMMUNITY DEVELOPMENT AGENCY

In 2013-2014 the Council reorganized the Community Development Agency and appointed a Community Redevelopment Authority. The Authority continues to learn what their purpose is and how they work with the City Council. The City Council approved the annexation of the Pacific Coast property into City limits and the blight study for the area was also approved. This makes a TIF project an incentive that can be offered on the property for a new business.

**Request for Information**

This financial report is designed to provide a general overview of the City of Wayne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Wayne, 306 Pearl St., P.O. Box 8, Wayne, NE 68787.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF NET POSITION**  
**September 30, 2015**

	Primary Government			Component <u>Units</u>
	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,100,828	\$ 672,535	\$ 3,773,363	\$ 315,080
Investments	1,375,195	5,805,822	7,181,017	-
County treasurer cash	30,283	-	30,283	3,120
Receivables:				
Property tax	19,898	-	19,898	2,622
Special assessments	377,754	414,872	792,626	-
Accounts, net of allowance for doubtful accounts	8,772	928,734	937,506	35,586
Unbilled revenue	-	335,877	335,877	-
Grants	206,850	418,076	624,926	8,541
Interest	1,855	5,796	7,651	-
Current portion of TIF receivable	-	-	-	143,262
Current portion of notes	269,417	-	269,417	-
Due from other governments	174,500	-	174,500	-
Due (to)/from other funds	(862,000)	862,000	-	-
Due from component units	1,227	300,000	301,227	-
Prepaid insurance	-	-	-	5,701
Inventory	-	311,823	311,823	7,951
Total current assets	<u>4,704,579</u>	<u>10,055,535</u>	<u>14,760,114</u>	<u>521,863</u>
Noncurrent assets:				
Restricted cash and cash equivalents	628,019	108,599	736,618	-
Restricted investments	1,332,273	469,489	1,801,762	-
Noncurrent TIF receivable	-	-	-	2,201,094
Noncurrent notes receivable	1,500,203	-	1,500,203	180,000
Capital assets:				
Land and construction in progress	1,950,830	955,987	2,906,817	495,901
Other capital assets, net of depreciation	15,047,174	15,517,436	30,564,610	6,771,835
Net capital assets	<u>16,998,004</u>	<u>16,473,423</u>	<u>33,471,427</u>	<u>7,267,736</u>
Total noncurrent assets	<u>20,458,499</u>	<u>17,051,511</u>	<u>37,510,010</u>	<u>9,648,830</u>
<b>Total assets</b>	<u>25,163,078</u>	<u>27,107,046</u>	<u>52,270,124</u>	<u>10,170,693</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	160,874	803,102	963,976	3,065
Accrued expenses	132,416	164,500	296,916	151,804
Customer deposits	27,951	188,975	216,926	-
Due to the City of Wayne	-	-	-	301,227
Unavailable property tax	351,649	-	351,649	1,586
Current portion of long-term obligations	285,000	402,737	687,737	169,580
Total current liabilities	<u>957,890</u>	<u>1,559,314</u>	<u>2,517,204</u>	<u>627,262</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	34,422	71,409	105,831	-
Noncurrent portion of long-term obligations	5,450,000	6,140,595	11,590,595	2,363,206
Total noncurrent liabilities	<u>5,484,422</u>	<u>6,212,004</u>	<u>11,696,426</u>	<u>2,363,206</u>
<b>Total liabilities</b>	<u>6,442,312</u>	<u>7,771,318</u>	<u>14,213,630</u>	<u>2,990,468</u>
<b>NET POSITION</b>				
Net investment in capital assets	11,263,004	9,930,091	21,193,095	7,079,306
Restricted for:				
Debt service	1,110,671	375,168	1,485,839	-
Economic development	616,569	54,931	671,500	-
Federal loan programs	982,787	-	982,787	-
Capital projects	263,128	-	263,128	-
Community Activity Center	205,739	-	205,739	-
Parks and golf course	64,075	-	64,075	-
Unrestricted	4,214,793	8,975,538	13,190,331	100,919
<b>Total net position</b>	<u>\$ 18,720,766</u>	<u>\$ 19,335,728</u>	<u>\$ 38,056,494</u>	<u>\$ 7,180,225</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 513,879	\$ 122,347	\$ 204,675
Public buildings	79,096	52,333	-
Public safety	1,081,305	192,033	48,453
Public works	472,534	6,150	-
Senior citizens services	263,671	71,191	110,948
Library	265,863	8,993	6,500
Recreation	371,722	59,486	-
Community Activity Center	264,134	103,410	-
Interest and related expenses	103,902	-	-
Depreciation - unallocated	964,691	-	-
Total governmental activities	<u>4,380,797</u>	<u>615,943</u>	<u>370,576</u>
<b>Business-type activities:</b>			
Electric	7,156,900	7,108,445	-
Water	762,974	760,932	-
Sewer	1,237,016	1,051,399	-
Transfer Station	28,105	12,800	-
Total business-type activities	<u>9,184,995</u>	<u>8,933,576</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 13,565,792</u>	<u>\$ 9,549,519</u>	<u>\$ 370,576</u>
<b>Component units:</b>			
Wayne Municipal Airport	\$ 599,082	\$ 204,561	\$ -
Community Development Agency	173,614	-	-
<b>Total component units</b>	<u>\$ 772,696</u>	<u>\$ 204,561</u>	<u>\$ -</u>

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (186,857)		\$ (186,857)	
-	(26,763)		(26,763)	
-	(840,819)		(840,819)	
78,464	(387,920)		(387,920)	
-	(81,532)		(81,532)	
-	(250,370)		(250,370)	
148,415	(163,821)		(163,821)	
1,711	(159,013)		(159,013)	
-	(103,902)		(103,902)	
-	(964,691)		(964,691)	
<u>228,590</u>	<u>(3,165,688)</u>	<u>\$ -</u>	<u>(3,165,688)</u>	
15,000	-	(33,455)	(33,455)	
10,893	-	8,851	8,851	
109,023	-	(76,594)	(76,594)	
10,800	-	(4,505)	(4,505)	
<u>145,716</u>	<u>-</u>	<u>(105,703)</u>	<u>(105,703)</u>	
<u>\$ 374,306</u>	<u>(3,165,688)</u>	<u>(105,703)</u>	<u>(3,271,391)</u>	
\$ 194,011				\$ (200,510)
-				(173,614)
<u>\$ 194,011</u>				<u>(374,124)</u>
General revenues:				
Taxes:				
Property	768,153	-	768,153	100,672
Motor vehicle	79,638	-	79,638	-
Payments in lieu of taxes	832,315	-	832,315	-
Sales tax	834,013	-	834,013	-
Franchise	198,567	-	198,567	-
TIF proceeds	-	-	-	59,589
State allocation	939,580	-	939,580	-
Special assessments	55,864	-	55,864	-
Miscellaneous	24,624	-	24,624	11,139
Interest income	30,524	77,400	107,924	320
Gain on sale of assets	9,840	-	9,840	27,308
Transfer between City and CDA	30,000	-	30,000	(30,000)
Interfund transfers	135,309	(135,309)	-	-
Total general revenues	<u>3,938,427</u>	<u>(57,909)</u>	<u>3,880,518</u>	<u>169,028</u>
Change in net position	<u>772,739</u>	<u>(163,612)</u>	<u>609,127</u>	<u>(205,096)</u>
Net position - September 30, 2014	<u>17,948,027</u>	<u>19,499,340</u>	<u>37,447,367</u>	<u>7,385,321</u>
Net position - September 30, 2015	<u>\$ 18,720,766</u>	<u>\$ 19,335,728</u>	<u>\$ 38,056,494</u>	<u>\$ 7,180,225</u>

**CITY OF WAYNE, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2015**

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,794,312	\$ (78,254)	\$ -	\$ -	\$ 96,739	\$ 2,812,797
Investments	891,145	302,298	-	-	81,231	1,274,674
County treasurer cash	21,348	6,363	-	2,572	-	30,283
Receivables:						
Special assessments	-	-	-	377,754	-	377,754
Accounts, net of allowance for doubtful accounts	6,640	1,050	-	-	-	7,690
Grants	10,525	-	-	-	196,325	206,850
Notes receivable	-	-	1,314,238	-	455,382	1,769,620
Interest	608	278	-	657	170	1,713
Property tax	17,758	-	-	2,140	-	19,898
Due from other governments	174,500	-	-	-	-	174,500
Due from component units	1,227	-	-	-	-	1,227
Restricted assets:						
Cash	303,357	-	165,672	31,457	127,533	628,019
Investments	64,075	-	-	859,077	409,121	1,332,273
<b>Total assets</b>	<b>\$ 4,285,495</b>	<b>\$ 231,735</b>	<b>\$ 1,479,910</b>	<b>\$ 1,273,657</b>	<b>\$ 1,366,501</b>	<b>\$ 8,637,298</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 139,606	\$ 6,768	\$ -	\$ -	\$ -	\$ 146,374
Accrued expenses	85,675	23,225	1,341	22,175	-	132,416
Customer deposits	27,951	-	-	-	-	27,951
Due to other funds	-	-	862,000	-	-	862,000
Unavailable property tax	10,838	-	-	340,811	-	351,649
<b>Total liabilities</b>	<b>264,070</b>	<b>29,993</b>	<b>863,341</b>	<b>362,986</b>	<b>-</b>	<b>1,520,390</b>
Fund balances:						
Restricted for:						
Debt service	200,000	-	-	910,671	-	1,110,671
Capital projects	263,128	-	-	-	-	263,128
Community Activity Center	-	-	-	-	205,739	205,739
Federal programs	-	-	-	-	982,787	982,787
Economic development	-	-	616,569	-	-	616,569
Parks	27,730	-	-	-	-	27,730
Golf course	36,345	-	-	-	-	36,345
Committed for:						
Capital projects	143,500	-	-	-	-	143,500
Assigned for:						
Budgetary stabilization	3,245,575	-	-	-	-	3,245,575
Street expenditures	-	201,742	-	-	-	201,742
Other purposes	-	-	-	-	177,975	177,975
Unassigned	105,147	-	-	-	-	105,147
<b>Total fund balances</b>	<b>4,021,425</b>	<b>201,742</b>	<b>616,569</b>	<b>910,671</b>	<b>1,366,501</b>	<b>7,116,908</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,285,495</b>	<b>\$ 231,735</b>	<b>\$ 1,479,910</b>	<b>\$ 1,273,657</b>	<b>\$ 1,366,501</b>	<b>\$ 8,637,298</b>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**September 30, 2015**

<b>Total fund balances - governmental funds</b>	\$	7,116,908
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$32,724,132, and the accumulated depreciation is \$15,726,128.</p>		16,998,004
<p>Internal service funds are used by management to charge the costs of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		375,276
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Noncurrent compensated absences	\$	(34,422)
Bonds payable		(5,735,000)
		(5,769,422)
<b>Total net position - governmental activities</b>		<b>\$ 18,720,766</b>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

**For the year ended September 30, 2015**

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes:						
Property	\$ 684,155	\$ 1,365	\$ -	\$ 82,633	\$ -	\$ 768,153
Motor vehicle	-	79,638	-	-	-	79,638
Payments in lieu of taxes	832,156	-	-	159	-	832,315
Sales tax	593,056	-	240,956	-	-	834,012
Franchise	198,567	-	-	-	-	198,567
Intergovernmental	578,933	528,549	-	-	204,675	1,312,157
Special assessments	2,227	-	-	53,637	-	55,864
Charges for services	537,078	6,150	-	-	72,377	615,605
Interest income	6,486	1,906	7,409	4,846	8,932	29,579
Contributions	72,152	-	-	-	-	72,152
Bond/loan proceeds	2,900,000	-	-	-	-	2,900,000
Sale of property	1,200	8,640	-	-	-	9,840
Insurance proceeds	105,973	-	-	-	-	105,973
Other income	12,592	12,032	-	-	-	24,624
Total revenues	<u>6,524,575</u>	<u>638,280</u>	<u>248,365</u>	<u>141,275</u>	<u>285,984</u>	<u>7,838,479</u>
<b>EXPENDITURES</b>						
General government	198,796	-	8,567	-	391,214	598,577
Public buildings	79,095	-	-	-	-	79,095
Public safety	1,068,883	-	-	-	12,422	1,081,305
Public works	-	471,965	-	-	-	471,965
Senior citizens services	263,671	-	-	-	-	263,671
Library	265,863	-	-	-	-	265,863
Recreation	320,640	-	-	-	-	320,640
Community Activity Center	259,931	-	-	-	3,866	263,797
Capital outlay	1,117,942	634,479	-	-	-	1,752,421
Principal payments on debt	-	-	-	215,000	-	215,000
Interest on long-term debt	10,801	-	29,848	74,054	-	114,703
Bond fees	40,281	-	-	-	-	40,281
Total expenditures	<u>3,625,903</u>	<u>1,106,444</u>	<u>38,415</u>	<u>289,054</u>	<u>407,502</u>	<u>5,467,318</u>
<b>Excess (deficiency) of revenues over expenditures</b>	2,898,672	(468,164)	209,950	(147,779)	(121,518)	2,371,161
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	161,009	281,395	-	102,100	-	544,504
Transfers out	(395,195)	-	-	-	(14,000)	(409,195)
Net transfers	<u>(234,186)</u>	<u>281,395</u>	<u>-</u>	<u>102,100</u>	<u>(14,000)</u>	<u>135,309</u>
<b>Net change in fund balances</b>	2,664,486	(186,769)	209,950	(45,679)	(135,518)	2,506,470
Fund balances - September 30, 2014	<u>1,356,939</u>	<u>388,511</u>	<u>406,619</u>	<u>956,350</u>	<u>1,502,019</u>	<u>4,610,438</u>
Fund balances - September 30, 2015	<u>\$ 4,021,425</u>	<u>\$ 201,742</u>	<u>\$ 616,569</u>	<u>\$ 910,671</u>	<u>\$ 1,366,501</u>	<u>\$ 7,116,908</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2015**

**Total net change in fund balances - governmental funds** \$ 2,506,470

Amounts reported for *governmental activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$1,830,885) exceeded depreciation expense (\$964,691) during the period. State grants funded \$78,464 of the capital additions.

866,194

Internal service funds are used by management to charge the costs of employee insurance and post-employment benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities in the statement of activities.

86,496

The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.

(1,421)

The issuance of bonds is reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.

(2,900,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

215,000

**Change in net position of governmental activities**

\$ 772,739

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2015**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 611,909	\$ (145,485)
Investments	3,415,623	1,174,817
Receivables:		
Accounts, net of allowance for doubtful accounts	734,928	90,016
Unbilled revenue	246,526	40,487
Grants receivable	317,270	806
Special assessments	-	127,837
Interest	4,190	803
Due from other funds	862,000	-
Due from Community Development Agency	300,000	-
Inventory	285,782	26,041
Total current assets	6,778,228	1,315,322
Noncurrent assets:		
Restricted cash and cash equivalents	108,599	-
Restricted investments	469,489	-
Capital assets:		
Land	129,517	143,875
Construction in progress	-	204,183
Distribution systems	5,689,801	5,449,644
Buildings	8,126,879	141,152
Equipment	3,526,621	539,524
Less accumulated depreciation	(11,184,376)	(4,175,268)
Net capital assets	6,288,442	2,303,110
Total noncurrent assets	6,866,530	2,303,110
Total assets	13,644,758	3,618,432
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	435,124	185,956
Customer deposits	188,975	-
Accrued interest payable	9,918	3,693
Other accrued expenses	91,642	17,902
Current portion of long-term obligations	150,000	33,948
Total current liabilities	875,659	241,499
Noncurrent liabilities:		
Compensated absences - noncurrent	53,554	9,147
Noncurrent portion of long-term obligations	1,530,000	599,060
Total noncurrent liabilities	1,583,554	608,207
Total liabilities	2,459,213	849,706
<b>NET POSITION</b>		
Net investment in capital assets	4,608,442	1,670,102
Restricted for:		
Debt service	375,168	-
Economic development	54,931	-
Unrestricted	6,147,004	1,098,624
Total net position	\$ 11,185,545	\$ 2,768,726

See notes to financial statements.

Enterprise Funds			Internal
Sewer Fund	Transfer Station	Total	Service Fund
\$ 204,196	\$ 1,915	\$ 672,535	\$ 288,031
1,215,382	-	5,805,822	100,521
103,290	500	928,734	1,082
48,864	-	335,877	-
100,000	-	418,076	-
287,035	-	414,872	-
803	-	5,796	142
-	-	862,000	-
-	-	300,000	-
-	-	311,823	-
<u>1,959,570</u>	<u>2,415</u>	<u>10,055,535</u>	<u>389,776</u>
-	-	108,599	-
-	-	469,489	-
55,178	41,181	369,751	-
382,053	-	586,236	-
3,317,870	-	14,457,315	-
7,719,595	606,685	16,594,311	-
758,949	25,953	4,851,047	-
(4,626,213)	(399,380)	(20,385,237)	-
<u>7,607,432</u>	<u>274,439</u>	<u>16,473,423</u>	<u>-</u>
<u>7,607,432</u>	<u>274,439</u>	<u>17,051,511</u>	<u>-</u>
<u>9,567,002</u>	<u>276,854</u>	<u>27,107,046</u>	<u>389,776</u>
182,022	-	803,102	14,500
-	-	188,975	-
24,677	-	38,288	-
16,668	-	126,212	-
218,789	-	402,737	-
<u>442,156</u>	<u>-</u>	<u>1,559,314</u>	<u>14,500</u>
8,708	-	71,409	-
4,011,535	-	6,140,595	-
<u>4,020,243</u>	<u>-</u>	<u>6,212,004</u>	<u>-</u>
<u>4,462,399</u>	<u>-</u>	<u>7,771,318</u>	<u>14,500</u>
3,377,108	274,439	9,930,091	-
-	-	375,168	-
-	-	54,931	-
<u>1,727,495</u>	<u>2,415</u>	<u>8,975,538</u>	<u>375,276</u>
<u>\$ 5,104,603</u>	<u>\$ 276,854</u>	<u>\$ 19,335,728</u>	<u>\$ 375,276</u>

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS**

**For the year ended September 30, 2015**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
<b>Operating revenues:</b>						
User charges	\$ 7,028,894	\$ 758,113	\$ 1,051,544	\$ 800	\$ 8,839,351	\$ -
Health insurance premiums	-	-	-	-	-	484,893
Hookup fees	-	-	2,250	-	2,250	-
Other revenue	79,551	2,819	(2,395)	12,000	91,975	-
Total operating revenues	<u>7,108,445</u>	<u>760,932</u>	<u>1,051,399</u>	<u>12,800</u>	<u>8,933,576</u>	<u>484,893</u>
<b>Operating expenses:</b>						
Cost of power	4,123,861	-	-	-	4,123,861	-
Personnel	1,123,270	239,095	192,464	2	1,554,831	-
Contract services	31,805	89,638	250,373	-	371,816	-
Commodities	706,967	165,338	217,714	8,899	1,098,918	-
Payments in lieu of taxes	633,438	57,862	72,862	-	764,162	-
Insurance claims and health premiums	-	-	-	-	-	399,343
Depreciation	497,721	191,495	373,111	19,204	1,081,531	-
Total operating expenses	<u>7,117,062</u>	<u>743,428</u>	<u>1,106,524</u>	<u>28,105</u>	<u>8,995,119</u>	<u>399,343</u>
Operating income (loss)	(8,617)	17,504	(55,125)	(15,305)	(61,543)	85,550
<b>Nonoperating revenues (expenses):</b>						
Interest income	60,774	7,807	8,660	159	77,400	946
Grant revenue	15,000	7,500	107,500	10,800	140,800	-
Special assessments	-	3,393	1,523	-	4,916	-
Interest expense	(39,838)	(12,966)	(86,578)	-	(139,382)	-
Loan administration fees	-	(6,580)	(43,914)	-	(50,494)	-
Total nonoperating revenues (expenses)	<u>35,936</u>	<u>(846)</u>	<u>(12,809)</u>	<u>10,959</u>	<u>33,240</u>	<u>946</u>
Income (loss) before interfund transfers	27,319	16,658	(67,934)	(4,346)	(28,303)	86,496
<b>Interfund transfers:</b>						
Transfer from (to) other funds	<u>(210,309)</u>	<u>(150,000)</u>	<u>225,000</u>	<u>-</u>	<u>(135,309)</u>	<u>-</u>
<b>Change in net position</b>	<u>(182,990)</u>	<u>(133,342)</u>	<u>157,066</u>	<u>(4,346)</u>	<u>(163,612)</u>	<u>86,496</u>
Net position - September 30, 2014	<u>11,368,535</u>	<u>2,902,068</u>	<u>4,947,537</u>	<u>281,200</u>	<u>19,499,340</u>	<u>288,780</u>
Net position - September 30, 2015	<u>\$ 11,185,545</u>	<u>\$ 2,768,726</u>	<u>\$ 5,104,603</u>	<u>\$ 276,854</u>	<u>\$ 19,335,728</u>	<u>\$ 375,276</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**

**For the year ended September 30, 2015**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 7,067,279	\$ 732,728
Receipts from other funds	-	-
Payments to suppliers	(5,488,434)	(308,153)
Payments to employees	(1,147,782)	(241,464)
Net cash provided by operating activities	431,063	183,111
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers (to) from other funds	(210,309)	(150,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(228,435)	(307,847)
Grant proceeds	15,000	7,500
Special assessments received	-	23,046
Principal payments on capital debt	(270,000)	(33,279)
Interest paid on capital debt	(42,240)	(13,160)
Loan administration fees	-	(6,580)
Net cash used by capital and related financing activities	(525,675)	(330,320)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in investments	147,846	(80,942)
Decrease in due from other funds	215,000	-
Interest received	63,852	7,870
Net cash provided (used) by investing activities	426,698	(73,072)
Increase (decrease) in cash and cash equivalents	121,777	(370,281)
Cash and cash equivalents - beginning of the year	598,731	224,796
Cash and cash equivalents - end of the year	\$ 720,508	\$ (145,485)
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 611,909	\$ (145,485)
Restricted cash and cash equivalents	108,599	-
Total cash and cash equivalents	\$ 720,508	\$ (145,485)

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,045,787	\$ 12,300	\$ 8,858,094	\$ -
-	-	-	483,811
(535,182)	(8,899)	(6,340,668)	(357,083)
(195,644)	(2)	(1,584,892)	-
<u>314,961</u>	<u>3,399</u>	<u>932,534</u>	<u>126,728</u>
225,000	-	(135,309)	-
(235,594)	(14,397)	(786,273)	-
7,500	10,800	40,800	-
36,589	-	59,635	-
(214,478)	-	(517,757)	-
(87,829)	-	(143,229)	-
(43,914)	-	(50,494)	-
<u>(537,726)</u>	<u>(3,597)</u>	<u>(1,397,318)</u>	<u>-</u>
(224,998)	-	(158,094)	(100,521)
-	-	215,000	-
8,460	159	80,341	973
<u>(216,538)</u>	<u>159</u>	<u>137,247</u>	<u>(99,548)</u>
(214,303)	(39)	(462,846)	27,180
<u>418,499</u>	<u>1,954</u>	<u>1,243,980</u>	<u>260,851</u>
<u>\$ 204,196</u>	<u>\$ 1,915</u>	<u>\$ 781,134</u>	<u>\$ 288,031</u>
\$ 204,196	\$ 1,915	\$ 672,535	\$ 288,031
-	-	108,599	-
<u>\$ 204,196</u>	<u>\$ 1,915</u>	<u>\$ 781,134</u>	<u>\$ 288,031</u>

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS, Continued**

**For the year ended September 30, 2015**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (8,617)	\$ 17,504
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	497,721	191,495
Change in assets and liabilities:		
Accounts receivable	(72,461)	(28,204)
Prepaid expenses	-	-
Inventories	(37,785)	1,928
Accounts payable	45,422	2,757
Customer deposits	31,295	-
Accrued expenses	(24,512)	(2,369)
Net cash provided by operating activities	\$ 431,063	\$ 183,111

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Transfer Station</u>	<u>Total</u>	
\$ (55,125)	\$ (15,305)	\$ (61,543)	\$ 85,550
373,111	19,204	1,081,531	-
(5,612)	(500)	(106,777)	(1,082)
-	-	-	32,760
-	-	(35,857)	-
5,767	-	53,946	9,500
-	-	31,295	-
(3,180)	-	(30,061)	-
<u>\$ 314,961</u>	<u>\$ 3,399</u>	<u>\$ 932,534</u>	<u>\$ 126,728</u>

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUND**

**September 30, 2015**

	Agency <u>Fund</u>
<b>ASSETS</b>	
Cash	\$ 66,918
Investments	82,351
Sales tax receivable	35,629
Other receivables	712
Total assets	<u>\$ 185,610</u>
<b>LIABILITIES</b>	
Agency liabilities	<u>\$ 185,610</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**

**INDEX**

	Page
<b>NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	
1. Financial Reporting Entity	37
2. Basis of Presentation	38
3. Measurement Focus and Basis of Accounting	42
4. Assets, Liabilities, and Equity	44
5. Revenues, Expenditures, and Expenses	50
<b>NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY</b>	
1. Fund Accounting Requirements	52
2. Deposit Laws and Regulations	52
3. Revenue Restrictions	53
4. Debt Restrictions and Covenants	53
5. Budgetary Data	53
<b>NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS</b>	
1. Cash and Investments	54
2. Restricted Assets	57
3. Accounts and Notes Receivable	57
4. Capital Assets	62
5. Accounts Payable	65
6. Long-term Debt	66
7. Interfund Transactions and Balances	73
<b>NOTE D – OTHER NOTES</b>	
1. Employee Pension and Other Benefit Plans	75
2. Risk Management	75
3. Commitments and Contingencies	78
4. Related-Party Transactions	80
5. Interlocal Agreements	81
6. Subsequent Events	85

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Wayne, Nebraska (City) are prepared in accordance with generally accepted accounting principles (GAAP). The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

**1. Financial Reporting Entity**

The City of Wayne, Nebraska, was incorporated in 1884. The City operates under a Mayor-Council form of government with an elected Mayor, and an elected legislative body, Council, composed of eight members. The Mayor is elected at large for a four-year term, and the eight members of the City Council are elected, two from each of four wards, on alternating four-year terms. The administration of the City government is performed under the direction of the Mayor by the City Administrator. Services provided to residents include public safety, highways and streets, planning and zoning, parks, recreation, development, electric, water, and sanitary sewer systems, transfer station, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Wayne
Discretely Presented Component Units:	Wayne Municipal Airport Community Development Agency

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City’s financial statements. The City (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 City. 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.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**1. Financial Reporting Entity, continued**

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following are the discretely presented component units:

Brief Description of Activities and Relationship  
To The City:

Wayne Municipal Airport

Established to provide for the operation of the Wayne Airport. The five-member board is elected by the general public. The component unit information was obtained from financial statements which can be obtained by contacting the Wayne Municipal Airport.

Community Development Agency

Established to promote economic development in the City of Wayne. The City Council comprises the board of the CDA.

**2. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Governmental Funds, continued**

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

*Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

**Proprietary Funds**

*Enterprise Funds*

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

*Internal Service Funds*

The Internal Service Funds account for activities that provide goods and services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Fiduciary Funds (not included in government-wide statements)**

*Agency Funds*

Agency Funds account for assets held by the City in a purely custodial capacity. Since Agency Funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

**Major and Non-major Funds**

The funds are further classified as major or non-major as follows:

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<i>Major:</i>	
Governmental:	
General	See above for description.
Street	The Street Fund is a special revenue fund that accounts for the City's share of highway allocation from the State of Nebraska.
LB840	The LB840 Fund is a special revenue fund that accounts for sales tax to be used for economic development under LB840.
Debt Service	See above for description.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Transfer Station	See above for description.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Major and Non-major Funds, continued**

<u>Fund</u>	<u>Brief Description</u>
<i>Nonmajor:</i>	
Special Revenue:	
Community Development	Accounts for Federal Block Grant and Housing Loans.
Enhanced 911	Accounts for the per-line telephone surcharge for the Emergency Communications System.
Wireless 911	Accounts for the wireless telephone surcharge for the Emergency Communications System.
Sales Tax	Accounts for reserve funds raised for CAC Construction.
Internal Service:	
Insurance	Accounts for the health insurance for all governmental and business-type City operations.

**3. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b, below.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**3. Measurement Focus and Basis of Accounting, continued**

**Measurement Focus, continued**

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. 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. Proprietary fund equity is classified as net position.
- c. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities and the discretely presented component units are presented using the accrual 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.

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**3. Measurement Focus and Basis of Accounting, continued**

**Basis of Accounting, continued**

All proprietary funds and discretely presented component units utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

**4. Assets, Liabilities, and Equity**

**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 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.

**Cash and Investments**

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the City.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include special assessments and property taxes. Business-type activities report utility billings and unbilled revenue as their major receivables.

In the fund financial statements, receivables in governmental funds include revenue accruals such as special assessments and property taxes, since they are usually both measurable and available. Proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable and unbilled revenue compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Due from Other Governments**

The total due from other governments consists of the following:

<u>Fund</u>	<u>Amount</u>	<u>Service</u>
General	\$ <u>174,500</u>	Sales Tax

**Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method.

**Restricted Assets**

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to debt service and proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements, capital assets that are purchased or acquired with an original cost of \$5,000 or more are capitalized and reported on the Statement of Net Position. 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 fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

Depreciation of general capital assets and all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Buildings	25-50 years
Improvements	5-25 years
Machinery and Equipment	5-20 years
Utility System	10-30 years
Infrastructure	30-50 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets, continued**

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Unavailable Revenues**

Unavailable revenues consist of property taxes and special assessments expected to be collected after 60 days.

**Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. A portion of the liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the current compensated absence liability payable from expendable available financial resources, while the proprietary funds report the total liability.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Long-term Debt, continued**

*Government-wide Statements*

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and accrued compensated absences.

*Fund Financial Statements*

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. 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 other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. 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.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Equity Classifications, continued**

*Fund Financial Statements, continued*

Effective October 1, 2010, the City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

**Assigned**—Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

**Unassigned**—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 27). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses**

**Sales and Use Tax**

The City presently levies a 1.5 cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. One cent of the sales tax is allocated 60 percent to the General Fund to be used for capital projects and 40 percent to the LB840 Fund to be used for economic development. The other half cent of sales tax is to be used to pay the debt service on the \$2.9 million sales tax revenue bonds issued for the outdoor swimming pool construction.

Sales taxes collected by the State in September (which represent sales for August) and received by the City in October have been accrued and are included under the caption “Due from other governments.”

**Property Taxes**

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Wayne County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**Property Taxes, continued**

Property taxes levied for 2014-2015 are recorded as revenue when expected to be collected within 60 days after September 30, 2015. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric, water, and sewer utilities make payments in lieu of taxes (8.5 percent of gross revenues for electric and 7 percent of gross revenues for water and sewer).

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

**1. Fund Accounting Requirements**

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include: Special Revenue, Capital Projects, Debt Service, and Agency Funds.

**2. Deposit Laws and Regulations**

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 City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

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 City's demand deposits are insured up to \$250,000 and certificates of deposit/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 City's name.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**3. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 for the various funds.

**4. Debt Restrictions and Covenants**

*Bonds Payable*

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are financial-related. These include covenants such as debt service coverage requirements and required reserve account balances. The City is in compliance with the bond restrictions and covenants.

**5. Budgetary Data**

The City is required by state laws to adopt annual budgets for all fund types. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

The Nebraska Budget Act provides the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditure and/or tax levy limitations.

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**5. Budgetary Data, continued**

- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.
- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Wayne adopts a budget by resolution for all fund types.

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**1. Cash and Investments**

**Deposits**

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2015. The categories of collateral are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**1. Cash and Investments, continued**

**Deposits, continued**

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City’s name; or collateralized with no written or approved collateral agreement.

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and money market accounts	\$ 5,127,370	\$ 693,347	\$ 4,434,023	\$ -	\$ <u>4,891,979</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 3,773,363
Restricted cash and cash equivalents	736,618
Component Unit –	
Unrestricted cash and cash equivalents	315,080
Agency Fund Cash (not included in government-wide statement)	<u>66,918</u>
	<u>\$ 4,891,979</u>

**Investments**

The City’s policies and applicable laws regarding investments are discussed in Notes A4 and B2. The table presented below is designed to disclose whether the investments are insured or registered and who holds the security at September 30, 2015. The categories of investments are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**1. Cash and Investments, continued**

**Investments, continued**

Category 1 – Insured or registered with securities held by the entity or its agent in the entity’s name.

Category 2 – Uninsured and unregistered with securities held by counterparty’s trust department or agent in the entity’s name.

Category 3 – Uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the City’s name.

<b><u>Type of Investment</u></b>	<b>Category <u>1</u></b>	<b>Category <u>2</u></b>	<b>Category <u>3</u></b>	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
Money Market	\$ 680,996	\$ -	\$ -	\$ 680,996	\$ 680,996
Time Deposits	8,384,134	-	-	<u>8,384,134</u>	<u>8,384,134</u>
				<u>\$ 9,065,130</u>	<u>\$ 9,065,130</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 7,181,017
Restricted investments	1,801,762
Agency Funds (not included in government-wide statement)	<u>82,351</u>
	<u>\$ 9,065,130</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**2. Restricted Assets**

The restricted assets as of September 30, 2015, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 628,019	\$ 108,599	\$ 736,618	\$ -
Investments	<u>1,332,273</u>	<u>469,489</u>	<u>1,801,762</u>	<u>-</u>
	<u>\$ 1,960,292</u>	<u>\$ 578,088</u>	<u>\$ 2,538,380</u>	<u>\$ -</u>

Restricted cash for governmental activities consists of \$200,000 of General Fund cash restricted for pool debt service, \$103,357 of General Fund cash restricted for capital projects, \$127,062 of Sales Tax cash restricted for Community Activity Center, \$31,457 of Debt Service cash restricted for debt service, \$471 of Community Development cash restricted for Federal programs, and \$165,672 of LB840 cash restricted for economic development. Restricted investments for governmental activities consist of \$27,730 of General Fund investments restricted to be used for parks, \$36,345 of General Fund investments restricted to be used for the golf course, \$78,600 of Sales Tax investments restricted for Community Activity Center, \$859,077 of Debt Service investments restricted for debt service, and \$330,521 of Community Development investments restricted for Federal programs.

Restricted business-type assets consist of debt service reserves of \$375,168 for the Electric Fund. The Electric Fund also has \$147,989 restricted for customer deposits and \$54,931 restricted for economic development.

**3. Accounts and Notes Receivable**

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of Community Activity Center utilities and other minor receivables. Accounts receivable for the component units consist of minor receivables. Receivables detail at September 30, 2015, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 9,346	\$ 941,915	\$ 951,261	\$ 35,586
Allowance for doubtful accounts	( 574)	( 13,181)	( 13,755)	-
Net accounts receivable	<u>\$ 8,772</u>	<u>\$ 928,734</u>	<u>\$ 937,506</u>	<u>\$ 35,586</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**3. Accounts and Notes Receivable, continued**

Notes receivable for the governmental funds consist of the following at September 30, 2015:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2015</u>	<u>Terms</u>
Community Development Fund	Sand Creek Post and Beam	\$ 90,000	0%; monthly payments due over 120 months; final balloon payment due 1/02/20
Community Development Fund	Wayne Hospitality Group	104,391	3.125%; annual payments due over 15 years; final payment due 12/1/26
Community Development Fund	Udder Delights	12,110	4.5%; monthly payments over 96 months; matures 8/25/22
Community Development Fund	Miss Molly's	43,552	2.75%; monthly payments due over 84 months; final balloon payment due May 1, 2019
Community Development Fund	10 housing loans	205,329	0%; housing loans; due when property is sold
LB840 Fund	Miss Molly's	12,000	0%; forgivable at \$6,000 per year July 12, 2013, through July 12, 2017
LB840 Fund	RBDK, LLC	61,948	0%; forgivable at \$14,000 per year December 11, 2012, through December 11, 2016

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**3. Accounts and Notes Receivable, continued**

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2015</u>	<u>Terms</u>
LB840 Fund	Innovative Protectives	9,333	0%; annual payments of \$667 November 1, 2014, through November 1, 2028
LB840 Fund	OCC Builders, LLC	34,357	0%; annual payments of \$2,643 November 1, 2014, through November 1, 2028
LB840 Fund	Sand Creek Post & Beam, Inc.	180,973	0%; annual payments of \$12,927 November 1, 2014, through November 1, 2028
LB840 Fund	Wayne Hospitality Group	250,000	0%; forgivable when construction of a 44-room hotel is complete
LB840 Fund	DRJ LLC/INET Library	74,186	3%; annual payments of \$10,568 plus interest May 10, 2013, through May 10, 2021
LB840 Fund	Lutt Oil	45,638	3%; annual payments of \$5,862 January 1, 2015, through January 1, 2024
LB840 Fund	Kory Leseberg	36,608	0%; monthly payments of \$222 June 1, 2014, through May 1, 2029

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**3. Accounts and Notes Receivable, continued**

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2015</u>	<u>Terms</u>
LB840 Fund	Kory Leseberg	31,647	3%; monthly payments of \$242 June 1, 2014, through May 1, 2029
LB840 Fund	Ken Jorgensen	125,000	3%; annual payments of \$10,471 September 1, 2015, through September 1, 2029
LB840 Fund	Pat Garvin	37,333	0%; annual payments of \$2,667 May 1, 2015, through May 1, 2029
LB840 Fund	NAPA	46,667	0%; annual payments of \$3,333 May 1, 2015, through May 1, 2029
LB840 Fund	Hefti Trucking	46,667	0%; annual payments of \$3,333 September 1, 2015, through September 1, 2029
LB840 Fund	NAPA	23,333	0%; forgivable at \$1,667 per year May 1, 2015, through May 1, 2029
LB840 Fund	Ken Jorgensen	125,000	3%; forgivable at \$10,471 per year September 1, 2015, through September 1, 2029
LB840 Fund	Jen Claussen	23,027	3%; monthly payments of \$164 April 1, 2015, through March 1, 2030
LB840 Fund	Rainbow World	64,372	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**3. Accounts and Notes Receivable, continued**

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2015</u>	<u>Terms</u>
LB840 Fund	Jen Claussen	23,765	0%; forgivable at \$4,753 per year April 1, 2016, through April 1, 2020
LB840 Fund	Mandy Bencoter	24,375	0%; monthly payments of \$208 February 1, 2017, through January 1, 2027
LB840 Fund	Julie Cull	30,116	3%; monthly payments of \$357 due over 120 months
LB840 Fund	Paulson Construction	34,143	3%; monthly payments due over 120 months
LB840 Fund	Tim Fertig	48,750	3%; monthly payments of \$345 March 5, 2015 through February 5, 2030
LB840 Fund	Allowance for Uncollectible Note	<u>(75,000)</u>	
Total notes receivable		<u>\$ 1,769,620</u>	
Current portion		\$ 269,417	
Noncurrent portion		<u>1,500,203</u>	
		<u>\$ 1,769,620</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2015, was as follows:

	<u>Balance at October 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at September 30, 2015</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 691,592	\$ -	\$ -	\$ -	\$ 691,592
Construction in progress	562,340	966,480	-	(269,582)	1,259,238
Total capital assets not being depreciated	1,253,932	966,480	-	(269,582)	1,950,830
Other capital assets being depreciated:					
Infrastructure	15,246,399	395,655	-	251,848	15,893,902
Improvements	1,742,643	53,104	-	17,734	1,813,481
Buildings	9,536,741	211,701	-	-	9,748,442
Machinery and equipment	3,162,565	203,945	(49,033)	-	3,317,477
Total other capital assets at historical cost	29,688,348	864,405	(49,033)	269,582	30,773,302
Less accumulated depreciation for:					
Infrastructure	(8,595,435)	(423,833)	-	-	(9,019,268)
Improvements	(497,945)	(74,626)	-	-	(572,571)
Buildings	(3,783,918)	(223,738)	-	-	(4,007,656)
Machinery and equipment	(1,933,172)	(242,494)	49,033	-	(2,126,633)
Total accumulated depreciation	(14,810,470)	(964,691) *	49,033	-	(15,726,128)
Other capital assets, net	14,877,878	(100,286)	-	269,582	15,047,174
Governmental activities capital assets, net	<u>\$ 16,131,810</u>	<u>\$ 866,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,998,004</u>

\* Depreciation expense was charged to governmental activities as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**4. Capital Assets, continued**

**Governmental Activities, continued:**

General Fund:

General government/public buildings	\$ 83,004
Public safety	152,952
Public works:	
Street	521,197
Library	2,745
Senior citizens services	10,470
Recreation	99,885
Community Activity Center:	<u>94,438</u>
Total General Fund depreciation expense	\$ <u>964,691</u>

Construction in progress at September 30, 2015, consists of \$168,494 for the Hiking Trail – Phase II project, \$735,644 for the pool replacement project, \$47,790 for the Hank Overin project, and \$307,310 for the Windom Street project. See Note D3 for additional details on these projects.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**4. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2015</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 369,751	\$ -	\$ -	\$ -	\$ 369,751
Construction in progress	12,362	573,874	-	-	586,236
Total capital assets not being depreciated	382,113	573,874	-	-	955,987
Other capital assets being depreciated:					
Buildings	16,563,940	42,115	(11,744)	-	16,594,311
Distribution systems	14,078,228	379,087	-	-	14,457,315
Equipment	4,904,524	138,328	(191,805)	-	4,851,047
Total other capital assets at historical cost	35,546,692	559,530	(203,549)	-	35,902,673
Less accumulated depreciation for:					
Buildings	(6,293,247)	(560,936)	9,508	-	(6,844,675)
Distribution systems	(8,584,379)	(448,187)	-	-	(9,032,566)
Equipment	(4,627,393)	(72,408)	191,805	-	(4,507,996)
Total accumulated depreciation	(19,505,019)	(1,081,531) *	201,313	-	(20,385,237)
Other capital assets, net	16,041,673	(522,001)	(2,236)	-	15,517,436
Business-type capital assets, net	\$ 16,423,786	\$ 51,873	\$ (2,236)	\$ -	\$ 16,473,423

\* Depreciation expense was charged to functions as follows:

Electric	\$ 497,721
Water	191,495
Sewer	373,111
Transfer Station	19,204
Total business-type activities depreciation expense	\$ 1,081,531

Construction in progress at September 30, 2015, consists of \$11,522 of costs incurred to repaint the water tower, \$5,250 of costs on the Grainland Road water line extension, \$13,561 of costs on the North Main Street water lines, \$173,850 of costs on the water tower rehab project, \$34,010 of costs on the force main to the airport project, \$35,113 of costs on the Chief's Way sewer line, \$5,250 of costs on the Grainland Road sewer line extension, and \$307,680 of costs incurred on the sludge system project. See Note D3 for additional detail of the construction in progress at September 30, 2015.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**4. Capital Assets, continued**

	Balance at <u>October 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2015</u>
<b><u>Airport Authority:</u></b>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Other capital assets being depreciated:					
Buildings	2,485,442	27,451	-	-	2,512,893
Improvements	5,127,662	40,252	-	-	5,167,914
Equipment	245,636	(1)	-	-	245,635
Total other capital assets at historical cost	7,858,740	67,702	-	-	7,926,442
Less accumulated depreciation for:					
Buildings	(102,331)	(98,179)	-	-	(200,510)
Improvements	(695,234)	(206,585)	-	-	(901,819)
Equipment	(2,319)	(49,959)	-	-	(52,278)
Total accumulated depreciation	(799,884)	(354,723)	-	-	(1,154,607)
Other capital assets, net	7,058,856	(287,021)	-	-	6,771,835
Airport Authority capital assets, net	<u>\$ 7,346,632</u>	<u>\$ (287,021)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,059,611</u>

	Balance at <u>September 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance at <u>September 30, 2015</u>
<b><u>Community Development Agency:</u></b>				
Capital assets not being depreciated:				
Land	\$ <u>211,117</u>	\$ <u>4,060</u>	\$ <u>(7,052)</u>	\$ <u>208,125</u>

**5. Accounts Payable**

Payables in the general, capital projects, other governmental, and proprietary funds are primarily composed of payables to vendors.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt**

The reporting entity’s long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**Changes in Long-term Debt**

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

<u>Type of Debt</u>	Balance October 1, 2014	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2015	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 3,050,000	\$ 2,900,000	\$ (215,000)	\$ 5,735,000	\$ 285,000
Business-type Activities:					
Bonds payable	\$ 7,061,089	\$ -	\$ (517,757)	\$ 6,543,332	\$ 402,737
Component Units:					
Airport Authority	\$ 152,036	\$ 70,000	\$ (33,606)	\$ 188,430	\$ 49,184
Community Develop- ment Authority	2,263,160	200,000	(118,804)	2,344,356	120,396
Total component unit	<u>\$ 2,415,196</u>	<u>\$ 270,000</u>	<u>\$ (152,410)</u>	<u>\$ 2,532,786</u>	<u>\$ 169,580</u>

**Governmental Activities**

As of September 30, 2015, the governmental long-term liabilities consisted of the following:

Bonds payable:

Public safety bonds - series 2010, with original issue amount of \$490,000. Interest ranges from 1.00 to 3.10 percent with final maturity May 1, 2021. \$ 290,000

Public safety bonds - series 2012, with original issue amount of \$355,000. Interest ranges from 2.20 to 3.05 percent with final maturity May 1, 2028. 355,000

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Governmental Activities, continued**

Bonds payable, continued:

Highway allocation bonds – series 2013B, with original issue amount of \$380,000 issued to provide funds for street construction. Interest ranges from 2.25 to 3.65 percent with final maturity June 15, 2026. 380,000

Highway allocation bonds – series 2013, with original issue amount of \$620,000 issued to provide funds for street construction. Interest ranges from 0.65 to 3.00 percent with final maturity June 15, 2028. 580,000

Various purpose refunding bonds - series 2013, with original issue amount of \$1,005,000 issued to refinance the series 2010 bond anticipation notes. Interest ranges from 0.85 to 4.00 percent with final maturity June 15, 2028. 955,000

Sales tax revenue bonds - series 2015, with original issue amount of \$2,900,000 issued to finance the swimming pool construction costs. Interest ranges from 2.00 to 3.55 percent with final maturity September 15, 2030. 2,900,000

Various purpose refunding bonds - series 2011, with original issue amount of \$585,000 issued to refinance the series 2006 various purpose bonds. Interest ranges from 0.50 to 1.85 percent with final maturity September 15, 2018. 275,000

Total bonds payable \$ 5,735,000

Current portion \$ 285,000

Noncurrent portion 5,450,000

Total \$ 5,735,000

The General Fund is making the bond payments on the sales tax revenue bonds. The Debt Service Fund is making the bond payments on all other outstanding governmental activities debt.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Business-type Activities**

As of September 30, 2015, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2012, with original issue amount of \$1,680,000. Interest ranges from 0.85 to 3.00 percent with final maturity June 15, 2026.	\$ 1,680,000
---	--------------

\$4,949,020 of Sewer DEQ Notes Payable. The note will be due in semi-annual principal and interest payments of \$213,189 commencing December 15, 2012, through June 15, 2032. The note bears interest of 2.0 percent. A one percent administration fee will also be due semi-annually.	4,230,324
--	-----------

\$762,414 of Water DEQ Notes Payable. The note will be due in semi-annual principal and interest payments of \$23,220 commencing December 15, 2011, through June 30, 2031. The note bears interest of 2.0 percent. A one percent administration fee will also be due semi-annually.	<u>633,008</u>
---	----------------

Total business-type activity bonds and notes payable	\$ <u>6,543,332</u>
--	---------------------

Current portion	\$ 402,737
-----------------	------------

Noncurrent portion	<u>6,140,595</u>
--------------------	------------------

Total	\$ <u>6,543,332</u>
-------	---------------------

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Component Unit**

Airport notes payable:

Note payable to the City of Wayne with original principal amount of \$70,000, bearing interest of 3.5 percent, due in semi-annual principal installments of \$17,500 plus accrued interest, through November 16, 2016. \$ 52,500

Nebraska Department of Aeronautics series 2013 Hangar/Terminal loan, advanced \$95,747 of the \$262,001 maximum during the year ended September 30, 2014, due in 120 monthly installments of \$1,986, bearing no interest. 135,930

Total Airport notes payable 188,430

Community Development Agency Bond Payable:

Tax increment revenue bond series 2009, with original amount of \$325,000. Interest of 3 percent is due semi-annually commencing June 1, 2011. The bond is held by the City of Wayne’s Electric Fund. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 194,339

Tax increment revenue bond series 2011, with original amount of \$84,700. Interest of 6.75 percent is due semi-annually commencing July 1, 2013. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 78,650

Tax increment revenue bond series 2009, with original amount of \$75,000. Principal and interest of 7 percent is due annually commencing December 31, 2010. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 57,836

Tax increment revenue bond series 2012, with original amount of \$135,000. Interest of 6 percent is due semi-annually commencing December 1, 2013. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 131,941

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

Tax increment revenue bond series 2012, with original amount of \$467,000. Interest of 6 percent is due semi-annually commencing June 30, 2013. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 442,169

Tax increment revenue bond series 2012, with original amount of \$190,000. Principal and interest of 6 percent is due semi-annually commencing June 30, 2013. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 175,400

Tax increment revenue bond series 2013, with original amount of \$210,000. Interest of 6 percent is due semi-annually commencing June 1, 2015. Semi-annual principal payments commence December 30, 2016 through December 30, 2029. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 210,000

Tax increment revenue bond series 2013, with original amount of \$50,000. Interest of 6.75 percent is due semi-annually commencing June 30, 2014. Semi-annual principal payments commence June 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 50,000

Tax increment revenue bond series 2012, with original amount of \$38,000. Interest of 6 percent is due semi-annually commencing December 1, 2013. Semi-annual principal payments commence July 31, 2014 through December 31, 2027. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 38,000

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

Tax increment revenue bond series 2013, with original amount of \$130,000. Interest of 5 percent is due semi-annually commencing June 30, 2015. Semi-annual principal payments commence December 30, 2016 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 130,000

Tax increment revenue bond series 2013, with original amount of \$150,000. Interest of 6 percent is due semi-annually commencing June 1, 2015. Semi-annual principal payments commence December 1, 2016 through June 1, 2026. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 150,000

Tax increment revenue bond series 2013, with original amount of \$93,000. Interest of 5 percent is due semi-annually commencing June 30, 2015. Semi-annual principal payments commence June 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 87,375

Tax increment revenue bond series 2013, with original amount of \$40,000. Principal and interest of 5 percent is due annually commencing June 30, 2015. Semi-annual principal payments commence December 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 40,000

Tax increment revenue bond series 2013, with original amount of \$108,646. Interest of 5 percent is due semi-annually commencing December 31, 2015. Semi-annual principal payments commence June 30, 2015 through December 31, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 108,646

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

Tax increment revenue bond series 2015, with original amount of \$200,000. Interest of 5 percent is due semi-annually commencing June 30, 2017. Semi-annual principal payments commence June 30, 2019 through June 30, 2029. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 200,000

Tax increment revenue bond series 2014, with original amount of \$250,000. Interest of 6 percent is due semi-annually commencing June 1, 2016. Semi-annual principal payments commence December 31, 2017 through December 31, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 250,000

Total Community Development Agency bonds payable 2,344,356

Total component unit notes and bond payable \$ 2,532,786

Current portion \$ 169,580

Noncurrent portion 2,363,206

Total \$ 2,532,786

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2015, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>			<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 285,000	\$ 166,513	\$ 402,737	\$ 130,014	\$ 48,005	\$ 169,580	\$ 139,088
2017	395,000	155,886	407,818	123,659	45,465	149,663	152,528
2018	405,000	149,029	413,000	116,902	42,874	161,727	125,325
2019	305,000	141,314	418,286	109,591	40,230	174,262	117,002
2020	315,000	134,761	423,678	101,798	37,534	193,121	98,066
2021-2025	1,725,000	550,249	2,223,151	375,957	145,291	1,052,062	333,344
2026-2030	2,305,000	286,590	1,765,183	143,350	69,275	632,371	69,811
2031-2035	-	-	489,479	9,586	4,793	-	-
	<u>\$5,735,000</u>	<u>\$1,584,342</u>	<u>\$6,543,332</u>	<u>\$1,110,857</u>	<u>\$433,467</u>	<u>\$2,532,786</u>	<u>\$1,035,164</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**7. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Street Fund	\$ -	\$ 281,395
Debt Service Fund	-	38,800
Sewer Fund	-	75,000
Electric Fund	147,009	-
E911	<u>14,000</u>	<u>-</u>
Total General Fund	161,009	395,195
Street Fund:		
General Fund	281,395	-
Debt Service Fund:		
Electric Fund	63,300	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	102,100	-
Nonmajor Governmental Funds:		
General Fund	-	14,000
Electric Fund:		
General Fund	-	147,009
Debt Service Fund	<u>-</u>	<u>63,300</u>
Total Electric Fund	-	210,309
Water Fund:		
Sewer Fund	-	150,000
Sewer Fund:		
General Fund	75,000	-
Water Fund	<u>150,000</u>	<u>-</u>
Total Sewer Fund	<u>225,000</u>	<u>-</u>
Total Interfund Transfers	\$ <u>769,504</u>	\$ <u>769,504</u>

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**7. Interfund Transactions and Balances, continued**

Interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
LB840-Tornado Relief	Electric	\$ 500,000	Principal of \$50,000 to \$100,000 is due annually, plus interest at 3% due semi-annually through March 30, 2021.
LB840-Tornado Relief	Electric	237,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through July 31, 2020.
LB840-Tornado Relief	Electric	125,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through September 15, 2018.
		<u>\$ 862,000</u>	
Airport	General	\$ 247	0%; will be repaid during year ending September 30, 2015.
CDA	General	980	0%; will be repaid during year ending September 30, 2015.
CDA	Electric	300,000	0%; on demand or upon sale of real estate.
Total		<u>\$ 301,227</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES**

**1. Employee Pension and Other Benefit Plans**

Under Nebraska statutes, the City is to maintain a retirement plan for City policemen. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited under a money purchase retirement plan with Ameritas Retirement. This plan requires that covered employees and the City contribute an amount equal to 6.5 percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. (Effective October 1, 2015, the contributions for both employee and employer will increase to 7 percent.) The eligible and covered payroll amounted to \$449,556 for the year ended September 30, 2015. Both the City and the covered employees' required contribution of \$29,423 was made for the year ended September 30, 2015. The employees also contributed \$6,491 to a deferred compensation plan in accordance with Internal Revenue Code Section 457. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested.

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with the ICMA. This plan requires that covered employees contribute at least one percent to the deferred compensation savings plan and that the City contribute six percent of the employee's salary to the plan until such employee becomes eligible for regular retirement, at which time contributions shall cease. The total payroll amounted to \$2,166,026 and the covered payroll amounted to \$1,492,362 for the year ended September 30, 2015. The City and the employees contributed \$87,313 and \$96,125, respectively, for the year ended September 30, 2015.

**2. Risk Management**

**Insurance**

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases commercial insurance and administers funds for its self-insured health insurance program. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. The City has not paid any amounts in excess of the coverage provided by insurance in the last three audit periods. The City is partially self-insured for health insurance

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Insurance, continued**

claims up to \$5,000 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$3,200 per individual or \$6,400 per family. The maximum out-of-pocket costs would be \$1,040 for the employee and \$2,160 for the City (based on family coverage).

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$14,500; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$388,552 is established in an internal service fund at September 30, 2015.

**Deposits and Investments**

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2015, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The investment maturities are as follows:

<u>Maturities by Month</u>	<u>Amount</u>
October 2015	\$ 1,223,332
November 2015	78,600
December 2015	5,987
February 2016	2,050,968
March 2016	28,151
April 2016	617,478
May 2016	1,007,658
June 2016	81,231
August 2016	768,675
September 2016	2,113,913
January 2017	106,652
March 2017	147,989
March 2021	<u>153,500</u>
	<b>\$ <u>8,384,134</u></b>

*Credit Risk.* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City’s investments consist of certificates of deposit and money market funds, minimizing credit risk associated with the City’s investment portfolio.

*Concentration of Credit Risk.* The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2015, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank First	\$ 77,647
Elkhorn Valley Bank	1,140,017
Farmers & Merchants Bank	2,987,189
State National Bank	<u>4,179,281</u>
	<b>\$ <u>8,384,134</u></b>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2015.

**3. Commitments and Contingencies**

**Construction/Contractual Commitments**

The City has numerous construction projects and other contracts in progress. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/15</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
<b>Governmental Fund Projects:</b>				
Pool replacement-engineering	\$ 258,300	\$ 192,199	\$ 66,101	May 2016
Pool replacement-construction	2,659,000	509,084	2,149,916	May 2016
Housing Study	42,000	-	42,000	November 2016
<b>Business-type Funds Projects:</b>				
Sludge system-engineering	227,610	135,060	92,550	August 2016
Sludge system-construction	1,623,000	21,870	1,601,130	August 2016
Grainland Road extension-				
Engineering	15,000	10,500	4,500	November 2015
Construction	197,220	-	197,220	November 2015
North Main Water Lines-				
Engineering	18,000	13,500	4,500	June 2016
Construction	262,984	-	262,984	June 2016
Water tower rehab	258,000	173,850	84,150	August 2016
Sewer line to airport	87,353	-	87,353	June 2016
Electric System Study	18,000	10,047	7,953	November 2015

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**TIF Commitment**

On July 21, 2015, the Community Development Agency (CDA) entered into a redevelopment contract with The Jug Store, LLC (Redeveloper). The Redeveloper intends to create additional taxable real property valuation on the project of \$2,000,000 no later than January 1, 2016. The Redeveloper shall pay all project costs related to the construction of the improvements. Under terms of the agreement, the CDA will issue \$230,000 of Redeveloper TIF indebtedness.

**Lease Commitments**

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Pitney Bowes	Envelope Stuffer	7/23/15 – 7/23/20	\$ 254/month
Eakes Office Plus	Copier	5/06/14 – 5/06/19	260/month
Eakes Office Plus	Copier-Recreation	6/8/15 – 6/8/20	79/month
Eakes Office Plus	Copier-Police	5/22/13 – 5/22/18	74/month

The City paid rent of \$6,866 under these lease agreements during the year ended September 30, 2015.

Lease commitments as of September 30, 2015, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2016	\$ 8,001
2017	8,001
2018	7,486
2019	5,819
2020	<u>2,158</u>
	\$ <u>31,465</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Electric Department**

The City has an agreement that expires in 2022 with Nebraska Public Power District (NPPD) to sell to them the City's generating capacity of the City's generating facilities.

Concurrent with the execution of the capacity lease described above, the City entered into a wholesale power contract with NPPD. Under the terms of the agreement, the City is required to purchase all the electric power and energy in excess of power and energy supplied by NPPD needed in the operation of the City distribution system. Beginning in the year 2011, the City can start reducing power and energy purchases from NPPD and purchase these from other sources. Lease payments for the power plant from NPPD would reduce in the same ratio as power and energy purchases from NPPD. Power purchased under this agreement totaled \$4,123,861 for the year ended September 30, 2015.

The City also receives an allocation of electric energy from the United States Department of Energy Western Area Power Administration.

**4. Related-Party Transactions**

The Electric Fund remits 8.5 percent of gross revenues and the Water and Sewer Funds remit seven percent of gross revenues to the General Fund annually as payments in lieu of taxes. The Electric Fund made payments in the amount of \$633,438, the Water Fund made payments of \$57,862, and the Sewer Fund made payments of \$72,862, for the year ended September 30, 2015.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2015:

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Wayne State College, Village of Carroll, and Village of Winside	12/15/98	Dispatch services/911 Service Center
Wayne County Agricultural Society	3/13/01	Agreement to waive water/sewer and electrical charges incurred during the fair
Wayne Community Schools	7/09/02	Use of softball fields, associated parking and restroom facilities, and program equipment
Northeast Nebraska Public Power District	10/26/04	Commitment to provide assistance to restore power after storm damage
Wayne County	8/19/14	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	6/04/14	Campus Security and law enforcement services
Wayne County and Wayne County Library Association	2/22/05	Provide all library services and materials currently available through the public libraries to all residents of the county
Providence Medical Center	2007	Provide funds to defray a part of the cost of the operation of the ambulance
Rural Enterprise Assistance Project	5/10/05	Use of the services of REAP to be available for start-up and existing entrepreneurs
ONELibrary Consortium	5/10/05	The mission of the consortium of public funded libraries in the northeastern part of the State of Nebraska is to enrich the collections, share the resources, enhance the services, and strengthen the support for its member libraries

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Northeast Nebraska Mutual Aid Assn. and Elkhorn Valley	4/02/13	Insuring the safety of the lives and property of our citizens from fire loss, medical emergencies, and natural disasters
Nebraska Public Power District	8/30/05	A firm power contract for 20 years for purchase of wholesale power from NPPD
Wayne State College	7/28/03	Share wireless telecommunication resources
Lower Elkhorn Natural Resource District	5/10/05	Wayne Pedestrian Trail – Phase II
Nebraska Emergency Management Agency	9/27/05	Training requirements for the national incident emergency management system
Northeast Nebraska Economic Development District	10/10/06	A means by which member entities work jointly and cooperatively for community and economic development
Wayne State College	5/08/07	Contribution to Wayne Volunteer Fire Department in lieu of fine assessment for false alarms
Northeast Nebraska Public Power District	10/26/04	Service area extensions
Wayne County and Golf Club of Wayne		Golf courses maintenance agreement
Northeast Nebraska Economic Development District	12/18/12	CDBF reuse administration
Rural Fire Board		Sharing equipment and facilities
Nebraska Expressways for Economic Development	6/21/09	Nebraska State Highway Expressway System
Wayne State College	7/15/08	Rugby field usage
Community Development Agency	02/17/09	Authorization for City to purchase TIF bonds

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
City of Norfolk	2/17/09	Interlocal agreement with City of Norfolk for building inspection services 2009
Northeast Nebraska Red Cross	6/18/13	Red Cross to provide physical facilities to support personnel who are providing services to individuals affected by disasters
Village of Carroll	5/05/09	Interlocal agreement for municipal water system for Carroll, NE
Wayne Public Schools, Wayne County, Wayne Area Economic Development	5/16/09	Collaboration for the creation of a joint web site
City of Laurel	2/16/10	Responsible Charge (RC) Services
City of Wisner, Village of Winside, City of Ponca, Ponca Rural Fire District	6/15/10	Mutual Fire Organization
Wayne County	10/5/10	Responsible Charge (RC) Services
League of Nebraska Municipalities	10/19/10	Federal Transportation Funding
Wayne Community Schools	3/15/11	Share Facilities & Equipment Hank Overin Field
Municipal Electric Interest Groups	10/16/12	Forum for common interests and advocacy relating to rate setting policy decisions made by NPPD
Wayne County	3/19/13	Adoption of the Local Emergency Operation Plan
Homeland Security Federal Emergency Management Agency	5/7/13	Assistance with installation of Emergency Civil Defense Sirens
Electric Transportation Partners - Nebraska	8/20/13	Participation in advancement of compressed natural gas and electric vehicle infrastructure
Wakefield, South Sioux City, Northeast Nebraska Public Power District & Southwest Renewable resources	3/04/14	Work together through the use of green energy and cogeneration to create electricity for Public Entities.
South Sioux City and Pollina Corporate Real Estate, Inc.	3/04/14	Have the exclusive right to provide the Cities with services for the purpose of soliciting investors for the development of a bio mass renewable energy and power generation facility.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Wayne Area Economic Development	3/18/14	Provide for annual funding for WAED for undertaking the efforts to fulfill its mission of enhancing the economic wellbeing and quality of life in the Wayne area.
Nebraska Community Energy Alliance	6/17/14	Interlocal Cooperation Agreement for the Advancement of Compressed Natural Gas and Electric Vehicle Infrastructure & Compressed Natural Gas and Electric Vehicle Use.
Wayne Volunteer Fire Department & Elkhorn Valley Mutual Aid Association	9/16/14	Mutual Aid Agreement.
Wayne County & City of Wayne	10/21/14	Repair of Bridge located on 857th Road between Sections 5 & 8 Road.
City, Northeast NE Economic Development District & Wayne Housing Authority	11/04/14	Environmental review for Housing District.
City & Northeast NE Economic Development District	1/06/15	Administration of the City's Revolving Loan Program.
City and NE Game & Parks	1/20/15	Agreement to maintain signs for 10 years from start date of Project 5/17/11.
City and Western Area Power Admin	3/03/15	Assign specific rights, duties and obligations of City to NPPD for delivery of City's Federal Power and Energy.
City and Western Area Power Admin	3/03/15	Making full transmission service arrangements directly with NPPD.
City and Western Area Power Admin	3/03/15	Update City's transmission arrangements and the transmission path and delivery measurement conditions.
City, Wayne State College and Nebraska Public Power District	3/03/15	WCS requires services from NPPD for the delivery of their allocation from WAPA to the City's electrical system.
Wayne State College & City of Wayne	5/05/15	Share Law Enforcement Resources.
LNRD and multiple jurisdictions	6/16/15	Hazard mitigation planning.
City & Northeast NE Public Power District	7/07/15	Potential litigation partnership with wholesale customers of NPPD.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2015**

**NOTE D – OTHER NOTES, continued**

**6. Subsequent Events**

Management has evaluated subsequent events through December 30, 2015, the date on which the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WAYNE, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**

**Year ended September 30, 2015**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 688,000	\$ 686,868	\$ (1,132)
Payments in lieu of taxes	1,019,940	832,156	(187,784)
Sales tax	615,000	593,056	(21,944)
Franchise	-	198,567	198,567
Intergovernmental	940,802	583,379	(357,423)
Special assessments	-	2,227	2,227
Charges for services	966,876	500,654	(466,222)
Interest income	7,000	6,110	(890)
Contributions	-	72,152	72,152
Bond/loan proceeds	-	2,900,000	2,900,000
Sale of property	-	1,200	1,200
Insurance proceeds	-	105,973	105,973
Other	32,770	12,592	(20,178)
	<hr/>	<hr/>	<hr/>
Total resources	4,270,388	6,494,934	2,224,546
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	551,244	198,796	(352,448)
Public buildings	87,433	79,095	(8,338)
Public safety	1,213,978	1,112,302	(101,676)
Senior citizens services	292,971	263,671	(29,300)
Library	303,288	265,863	(37,425)
Recreation	320,253	372,909	52,656
Community Activity Center	232,757	259,931	27,174
Capital outlay	2,756,312	1,117,942	(1,638,370)
Interest expense	-	10,801	10,801
Bond fees	-	40,281	40,281
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	5,758,236	3,721,591	(2,036,645)
Resources over (under) charges to appropriations	(1,487,848)	2,773,343	4,261,191
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	603,000	161,009	(441,991)
Transfers out	(265,000)	(395,195)	(130,195)
Net transfers	<hr/>	<hr/>	<hr/>
	338,000	(234,186)	(572,186)
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (1,149,848)	\$ 2,539,157	\$ 3,689,005

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year ended September 30, 2015**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ -	\$ 1,365	\$ 1,365
Motor vehicle	-	79,638	79,638
Intergovernmental	1,401,054	528,549	(872,505)
Charges for services	2,700	12,229	9,529
Interest income	100	1,904	1,804
Sale of property	-	8,640	8,640
Other income	-	12,032	12,032
	<hr/>	<hr/>	<hr/>
Total resources	1,403,854	644,357	(759,497)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	535,939	478,746	(57,193)
Capital projects	1,749,464	634,479	(1,114,985)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,285,403	1,113,225	(1,172,178)
Resources over (under) charges to appropriations	(881,549)	(468,868)	412,681
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	470,000	281,395	(188,605)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (411,549)</u>	<u>\$ (187,473)</u>	<u>\$ 224,076</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
LB840 FUND**

**Year ended September 30, 2015**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 216,280	\$ 240,956	\$ 24,676
Interest income	25	7,409	7,384
Other income	<u>135,533</u>	<u>158,887</u>	<u>23,354</u>
Total resources	351,838	407,252	55,414
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	207,451	10,142	(197,309)
Principal payments	170,000	215,000	45,000
Interest on long-term debt	<u>20,550</u>	<u>29,848</u>	<u>9,298</u>
Total charges to appropriations	<u>398,001</u>	<u>254,990</u>	<u>(143,011)</u>
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (46,163)</u>	<u>\$ 152,262</u>	<u>\$ 198,425</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2015**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 80,200	\$ 84,040	\$ 3,840
Payments in lieu of taxes	100	159	59
Special assessments	100,000	75,655	(24,345)
Interest income	<u>1,500</u>	<u>4,718</u>	<u>3,218</u>
Total resources	181,800	164,572	(17,228)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	215,000	215,000	-
Interest expense	74,662	74,662	-
Contingency	<u>880,114</u>	<u>-</u>	<u>(880,114)</u>
Total charges to appropriations	<u>1,169,776</u>	<u>289,662</u>	<u>(880,114)</u>
Resources over (under) charges to appropriations	(987,976)	(125,090)	862,886
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	<u>102,100</u>	<u>102,100</u>	<u>-</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (885,876)</u>	<u>\$ (22,990)</u>	<u>\$ 862,886</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULES -  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**Year ended September 30, 2015**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenue and Expenditures**

	<u>General Fund</u>	<u>Street Fund</u>	<u>LB840 Fund</u>	<u>Debt Service Fund</u>
<b>Sources/inflows of resources:</b>				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 6,494,934	\$ 644,357	\$ 407,252	\$ 164,572
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>29,641</u>	<u>(6,077)</u>	<u>(158,887)</u>	<u>(23,297)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 6,524,575</u></u>	<u><u>\$ 638,280</u></u>	<u><u>\$ 248,365</u></u>	<u><u>\$ 141,275</u></u>
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,721,591	\$ 1,113,225	\$ 254,990	\$ 289,662
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>(95,688)</u>	<u>(6,781)</u>	<u>(216,575)</u>	<u>(608)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,625,903</u></u>	<u><u>\$ 1,106,444</u></u>	<u><u>\$ 38,415</u></u>	<u><u>\$ 289,054</u></u>

## **SUPPLEMENTARY INFORMATION**

**CITY OF WAYNE, NEBRASKA**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2015**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	<u>Community Development</u>	<u>Sales Tax</u>	<u>Wireless 911</u>	<u>E911</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 75,782	\$ 20,957	\$ 96,739
Investments	-	-	60,923	20,308	81,231
Grants receivable	196,325	-	-	-	196,325
Notes receivable	455,382	-	-	-	455,382
Interest receivable	88	77	3	2	170
Restricted assets:					
Cash and cash equivalents	471	127,062	-	-	127,533
Investments	330,521	78,600	-	-	409,121
<b>Total assets</b>	<u>\$ 982,787</u>	<u>\$ 205,739</u>	<u>\$ 136,708</u>	<u>\$ 41,267</u>	<u>\$ 1,366,501</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:					
Restricted for:					
Federal programs	982,787	-	-	-	982,787
Community Activity Center	-	205,739	-	-	205,739
Assigned for:					
Other purposes	-	-	136,708	41,267	177,975
<b>Total fund balances</b>	<u>982,787</u>	<u>205,739</u>	<u>136,708</u>	<u>41,267</u>	<u>1,366,501</u>
<b>Total liabilities and fund     balances</b>	<u>\$ 982,787</u>	<u>\$ 205,739</u>	<u>\$ 136,708</u>	<u>\$ 41,267</u>	<u>\$ 1,366,501</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

**For the year ended September 30, 2015**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Development	Sales Tax	Wireless 911	E911	
<b>REVENUES</b>					
Intergovernmental	\$ 204,675	\$ -	\$ -	\$ -	\$ 204,675
Charges for services	525	-	48,876	22,976	72,377
Interest income	7,777	517	470	168	8,932
Total revenues	<u>212,977</u>	<u>517</u>	<u>49,346</u>	<u>23,144</u>	<u>285,984</u>
<b>EXPENDITURES</b>					
General government	391,214	-	-	-	391,214
Public safety	-	-	8,772	3,650	12,422
Community Activity Center	-	3,866	-	-	3,866
Total expenditures	<u>391,214</u>	<u>3,866</u>	<u>8,772</u>	<u>3,650</u>	<u>407,502</u>
<b>Excess of revenues over expenditures</b>	(178,237)	(3,349)	40,574	19,494	(121,518)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	-	(14,000)	(14,000)
<b>Net change in fund balance</b>	(178,237)	(3,349)	40,574	5,494	(135,518)
Fund balances - September 30, 2014	<u>1,161,024</u>	<u>209,088</u>	<u>96,134</u>	<u>35,773</u>	<u>1,502,019</u>
Fund balances - September 30, 2015	<u>\$ 982,787</u>	<u>\$ 205,739</u>	<u>\$ 136,708</u>	<u>\$ 41,267</u>	<u>\$ 1,366,501</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF NET POSITION -  
COMPONENT UNITS**

**September 30, 2015**

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 193,347	\$ 121,733	\$ 315,080
County treasurer cash	3,120	-	3,120
Receivables:			
Property tax	2,622	-	2,622
Accounts receivable	15,666	19,920	35,586
Grants receivable	8,541	-	8,541
TIF receivable-current portion	-	143,262	143,262
Fuel inventory	7,951	-	7,951
Prepaid insurance	5,701	-	5,701
<b>Total current assets</b>	<u>236,948</u>	<u>284,915</u>	<u>521,863</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	2,201,094	2,201,094
Note receivable-noncurrent portion	-	180,000	180,000
Capital assets:			
Land	287,776	208,125	495,901
Other capital assets, net of depreciation	6,771,835	-	6,771,835
Net capital assets	<u>7,059,611</u>	<u>208,125</u>	<u>7,267,736</u>
<b>Total noncurrent assets</b>	<u>7,059,611</u>	<u>2,589,219</u>	<u>9,648,830</u>
<b>Total assets</b>	7,296,559	2,874,134	10,170,693
<b>LIABILITIES</b>			
Current liabilities:			
Due to the City of Wayne	247	300,980	301,227
Accounts payable	3,065	-	3,065
Accrued interest payable	766	151,038	151,804
Unavailable property tax	1,586	-	1,586
Current portion of long-term debt	49,184	120,396	169,580
<b>Total current liabilities</b>	<u>54,848</u>	<u>572,414</u>	<u>627,262</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	139,246	2,223,960	2,363,206
<b>Total liabilities</b>	<u>194,094</u>	<u>2,796,374</u>	<u>2,990,468</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,871,181	208,125	7,079,306
Unrestricted	231,284	(130,365)	100,919
<b>Total net position</b>	<u>\$ 7,102,465</u>	<u>\$ 77,760</u>	<u>\$ 7,180,225</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended September 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Wayne Municipal Airport:</b>			
Airport	\$ 599,082	\$ 204,561	\$ -
<b>Community Development Agency:</b>			
Economic development	173,614	-	-
<b>Total component units</b>	<b>\$ 772,696</b>	<b>\$ 204,561</b>	<b>\$ -</b>

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Airport Authority</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
\$ 194,011	\$ (200,510)	\$ -	\$ (200,510)
-	-	(173,614)	(173,614)
<u>\$ 194,011</u>	<u>(200,510)</u>	<u>(173,614)</u>	<u>(374,124)</u>
General revenues:			
Taxes:			
Property	100,672	-	100,672
TIF proceeds	-	59,589	59,589
Interest income	320	-	320
Gain on disposal of assets	-	27,308	27,308
Other income	11,139	-	11,139
Transfer from City to Wayne	-	(30,000)	(30,000)
Total general revenues	<u>112,131</u>	<u>56,897</u>	<u>169,028</u>
Change in net position	(88,379)	(116,717)	(205,096)
Net position - beginning of year	<u>7,190,844</u>	<u>194,477</u>	<u>7,385,321</u>
Net position - end of year	<u>\$ 7,102,465</u>	<u>\$ 77,760</u>	<u>\$ 7,180,225</u>

**SINGLE AUDIT REPORTS**

**CITY OF WAYNE, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2015**

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-thru Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Transportation:</u></b>			
Passed Through Nebraska Department of Roads Formula Grants for Other than Urbanized Areas	20.509	32104F-013	\$ 45,551
Passed Through Nebraska Department of Aeronautics Airport Improvement Program	20.106	3-31-0086-013	<u>137,044</u>
Total Department of Transportation			182,595
<b><u>Department of Environmental Quality</u></b>			
Passed Through Nebraska Department of Environmental Quality: Capitalization Grants for Clean Water-State Revolving Fund	66.458	C317032	129,620
<b><u>Housing and Urban Development:</u></b>			
Passed Through Nebraska Department of Economic Development: Community Development Block Grants	14.228	47-6006407	204,675 *
<b><u>Department of Health and Human Services:</u></b>			
Passed Through Northeast Nebraska Area Agency on Aging: Programs for the Aging Cluster: Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	47-6006407	7,135
Nutrition Services Incentive Programs	93.053	47-6006407	11,961
Title III, Part C - Nutrition Services	93.045	47-6006407	<u>16,484</u>
Total Department of Health and Human Services			<u>35,580</u>
Total Federal Awards			<u><u>\$ 552,470</u></u>

\* Major Program

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wayne, Nebraska, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.



INDEPENDENT AUDITORS' 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*

SHAREHOLDERS

Robert D. Almquist  
Phillip D. Maltzahn  
Terry T. Galloway  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
Joseph P. Stump

To the Honorable Mayor and Members of the City Council  
City of Wayne, Nebraska

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 30, 2015.

**Internal Control Over Financial Reporting**

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

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

1203 W 2nd Street  
PO Box 1407  
Grand Island, NE 68802  
Ph. 308-381-1810  
Fax 308-381-4824  
Email: cpa@gicpas.com

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2015-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **City of Wayne's Response to Findings**

The City of Wayne's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

Almgvist, Maltrahn.  
Galloway ÷ Luth, etc.

Grand Island, Nebraska  
December 30, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council  
City of Wayne, Nebraska

**Report on Compliance for Each Major Federal Program**

We have audited the City of Wayne, Nebraska's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City of Wayne, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Wayne, Nebraska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Wayne, Nebraska's compliance.

SHAREHOLDERS

Robert D. Almquist  
Phillip D. Maltzahn  
Terry T. Galloway  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
Joseph P. Stump

## Opinion on Each Major Federal Program

In our opinion, the City of Wayne, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## Report on Internal Control over Compliance

Management of the City of Wayne, Nebraska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*August Malthalm,  
Galloway & Luth, P.C.*

Grand Island, Nebraska  
December 30, 2015

**CITY OF WAYNE, NEBRASKA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2015**

1. A summary of auditors' results:
  - (i) An unmodified opinion was issued on the financial statements of the City of Wayne, Nebraska, as of September 30, 2015.
  - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The significant deficiency is not reported as a material weakness.
  - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Wayne, Nebraska.
  - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Wayne, Nebraska.
  - (v) An unmodified opinion was issued on compliance for major programs.
  - (vi) The audit did not disclose any audit findings which we are required to report under §\_\_\_\_.510(a).
  - (vii) Major Programs: CFDA #14.228 – Community Development Block Grant.
  - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
  - (ix) The City of Wayne, Nebraska qualified as a low-risk auditee under §\_\_\_\_.530.
  
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2015-001 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Management's Response – It is impractical to further segregate duties due to the limited number of accounting personnel.
  
3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §\_\_\_\_.510(a).

None

**CITY OF WAYNE, NEBRASKA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year ended September 30, 2015**

Program

Findings for the year ended September 30, 2014

None noted.