

**CITY OF WAYNE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2013**

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## 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, 2013, and the related notes to the financial statements, which collectively comprise the City's 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

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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 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, 2013, 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 6-23 and 81-85 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 January 15, 2014, 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.

*August Malthahn,  
Goodman & Luth, P.C.*

Grand Island, Nebraska  
January 15, 2014

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013**

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**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, 2013. 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 \$36,311,898 (*net position*). Of this amount, \$11,349,107 (*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 \$16,947,281. Approximately 9.0 percent of this total amount, \$1,520,744, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$78,381, or 3.1 percent of total General Fund expenditures.

**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, 2013**

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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 24 and 25 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 Sales Tax 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, 2013**

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

The basic governmental fund financial statements can be found on pages 26-29 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 30-33 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 34 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 35-80 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 81-85 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 86-89 of this report.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

**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 \$36,311,898 at the close of the most recent fiscal year.

**Net Position**

	September 30, 2013			September 30, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 4,851,501	\$ 11,319,324	\$ 16,170,825	\$ 4,142,577	\$ 11,360,970	\$ 15,503,547
Capital Assets	15,425,773	16,531,266	31,957,039	15,340,144	16,658,586	31,998,730
Total Assets	<u>20,277,274</u>	<u>27,850,590</u>	<u>48,127,864</u>	<u>19,482,721</u>	<u>28,019,556</u>	<u>47,502,277</u>
Long-term Liabilities	2,624,751	7,138,092	9,762,843	2,122,677	7,245,342	9,368,019
Other Liabilities	705,242	1,347,881	2,053,123	604,112	1,527,217	2,131,329
Total Liabilities	<u>3,329,993</u>	<u>8,485,973</u>	<u>11,815,966</u>	<u>2,726,789</u>	<u>8,772,559</u>	<u>11,499,348</u>
Net Position:						
Net Investment in						
Capital Assets	12,705,773	8,962,300	21,668,073	13,169,794	8,896,959	22,066,753
Restricted	2,720,764	573,954	3,294,718	2,674,463	573,818	3,248,281
Unrestricted	1,520,744	9,828,363	11,349,107	911,675	9,776,220	10,687,895
Total Net Position	<u>\$ 16,947,281</u>	<u>\$ 19,364,617</u>	<u>\$ 36,311,898</u>	<u>\$ 16,755,932</u>	<u>\$ 19,246,997</u>	<u>\$ 36,002,929</u>

By far the largest portion of the City of Wayne's net position (59.7 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 (9.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,349,107) 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, 2013**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 122,403	\$ 403,937	\$ 102,150	\$ 549,562
Public Safety	203,473	1,087,757	169,737	1,305,500
Public Works	75,346	428,864	148,142	403,443
Public Buildings	28,434	70,176	26,835	60,937
Recreation	80,943	272,869	57,545	264,537
Community Activity Center	100,733	231,109	108,827	216,154
Library	14,746	253,049	13,092	224,623
Senior Citizens Services	168,351	238,873	180,584	224,318
Interest	-	49,738	-	49,725
Depreciation	-	836,183	-	810,358
Total	<u>\$ 794,429</u>	<u>\$ 3,872,555</u>	<u>\$ 806,912</u>	<u>\$ 4,109,157</u>

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

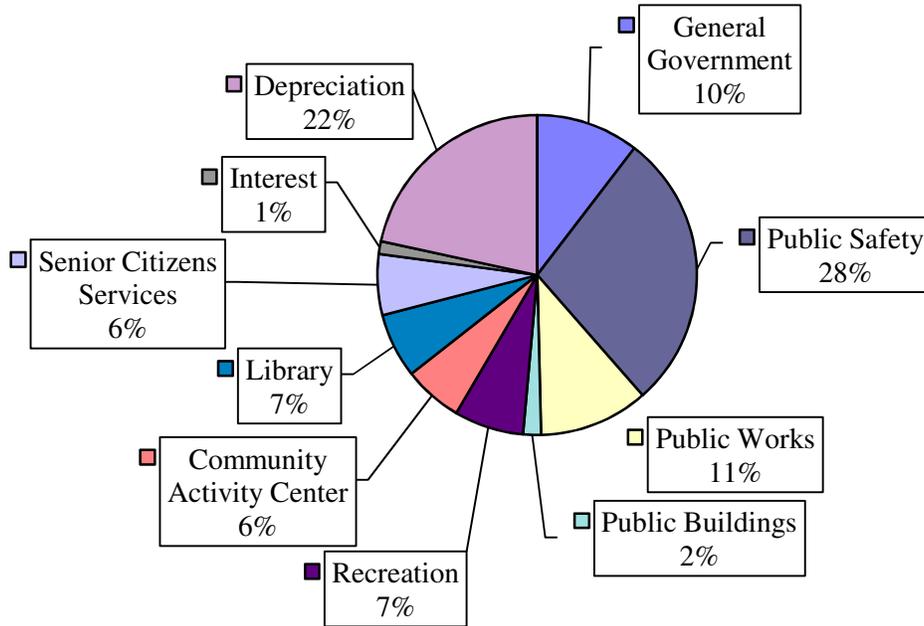
	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
Charges for Services	\$ 567,527	13.81 %	\$ 518,067	12.40 %
Operating Grants and Contributions	130,887	3.19	143,063	3.42
Capital Grants and Contributions	96,015	2.34	145,782	3.49
Property Taxes	741,688	18.05	722,579	17.29
Motor Vehicle Taxes	72,508	1.76	70,484	1.69
Payments in Lieu of Taxes	680,942	16.57	586,504	14.04
Sales Tax	604,083	14.70	604,617	14.47
Franchise Taxes	185,546	4.52	189,441	4.53
State Allocation	852,925	20.76	804,565	19.26
Special Assessments	81,549	1.99	127,225	3.05
Other	57,475	1.40	25,824	0.62
Interest	28,404	0.69	130,084	3.11
Gain on Sale of Assets	23,680	0.58	17,516	0.42
Interfund and CDA Transfers	(14,675)	(0.36)	92,225	2.21
Total	<u>\$ 4,108,554</u>	<u>100.00 %</u>	<u>\$ 4,177,976</u>	<u>100.00 %</u>

Net position increased \$235,999 in the governmental funds during the year ended September 30, 2013.

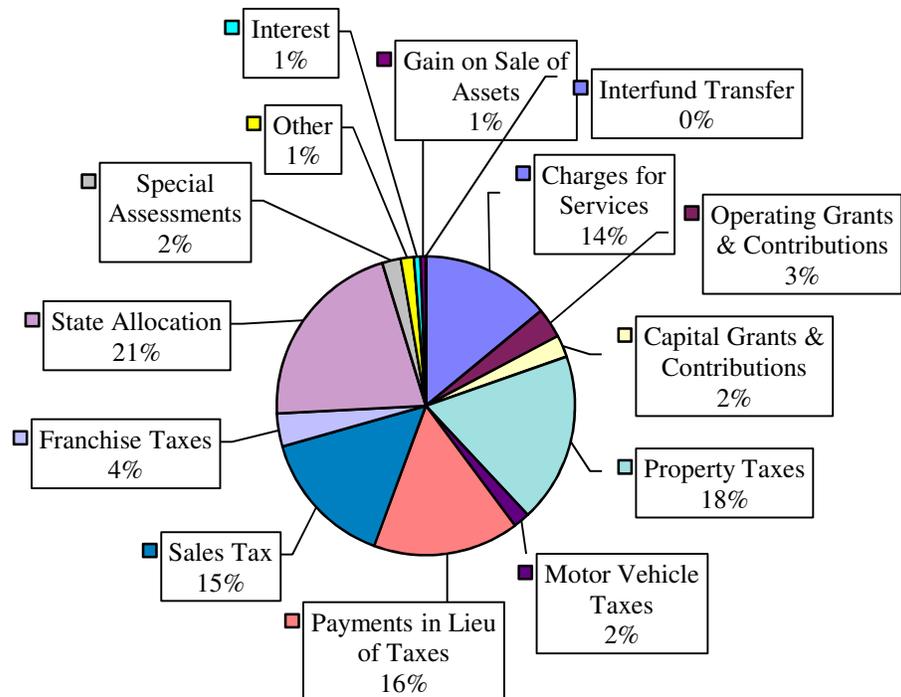
**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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Governmental Activities - 2013 Expenses



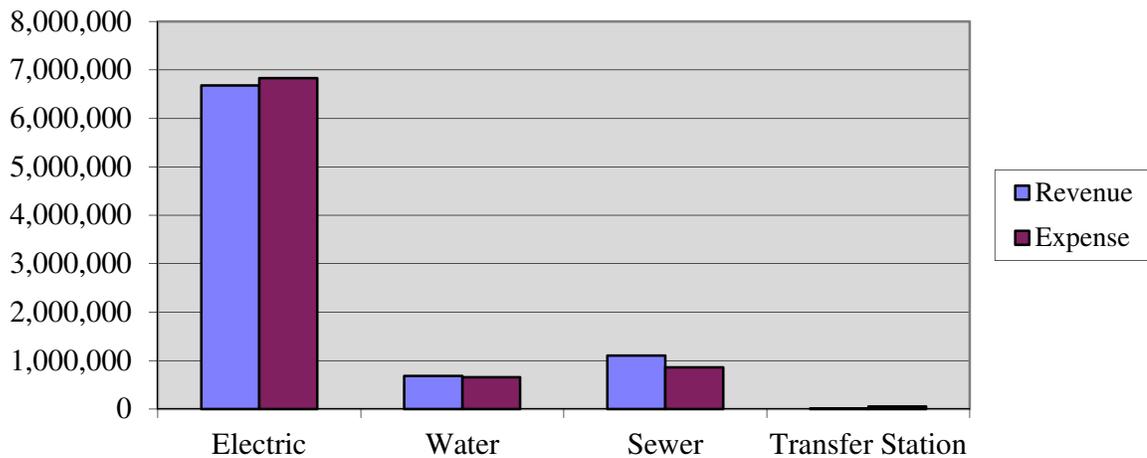
Governmental Activities - 2013 Revenue



**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

**Business-type activities.** Business-type activities increased the City of Wayne's net position by \$153,450, accounting for 39.4 percent of the total growth in the government's net position for the year ended September 30, 2013. Key elements of this increase are as follows:

**2013 Expenses and Program Revenues - Business-type Activities**



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

<u>Function</u>	<u>Year Ended September 30, 2013</u>		<u>Year Ended September 30, 2012</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 6,681,467	\$ 6,832,862	\$ 6,572,348	\$ 6,424,230
Water	679,019	653,331	654,635	586,990
Sewer	1,099,312	858,955	1,098,634	988,979
Transfer Station	13,800	52,938	11,800	24,420
Total	<u>8,473,598</u>	<u>8,398,086</u>	<u>8,337,417</u>	<u>8,024,619</u>
Interfund Transfer	32,775	-	32,775	-
	<u>\$ 8,506,373</u>	<u>\$ 8,398,086</u>	<u>\$ 8,370,192</u>	<u>\$ 8,024,619</u>

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

<b>Revenues by Source - Business-type Activities</b>						
<b><u>SOURCES OF REVENUE</u></b>	<b>Year Ended September 30, 2013</b>			<b>Year Ended September 30, 2012</b>		
Charges for Services	\$ 8,365,375	97.82	%	\$ 8,082,913	95.57	%
Capital Grants and Contributions	108,223	1.27		254,504	3.01	
Interest	62,338	0.73		86,815	1.03	
Gain on Sale of Assets	925	0.01		-	-	
Interfund Transfers	14,675	0.17		32,775	0.39	
Total	<u>\$ 8,551,536</u>	<u>100.00</u>	%	<u>\$ 8,457,007</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 \$4,085,215. Approximately 1.9 percent of this total amount (\$78,381) 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 (\$801,255), 2) restricted for Federal loan programs (\$1,147,448), 3) restricted for park expenditures (\$27,384), 4) restricted for golf course expenditures (\$36,140), 5) restricted for Community Activity Center expenditures (\$208,542), 6) restricted for economic development (\$251,389), 7) restricted for capital projects (\$248,606), 8) assigned for budgetary stabilization (\$821,308), 9) assigned for capital projects (\$113,500), 10) assigned for street expenditures (\$245,980), or 11) assigned for other purposes (\$105,282).

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 \$78,381, while total fund balance reached \$1,325,319. 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 3.1 percent of total General Fund expenditures, while total fund balance represents 52.4 percent of that same amount.

The fund balance of the City of Wayne's General Fund increased by \$143,863 during the current fiscal year.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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**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.

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$6,675,756, Water Fund - \$1,571,920, Sewer Fund - \$1,587,066, and Transfer Station – deficit balance of \$(6,379). The growth in net position for the proprietary funds was as follows: Electric Fund – decrease of \$(162,102), Water Fund - \$34,269, Sewer Fund - \$320,402, and Transfer Station – decrease of \$(39,119). 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, 2013, amounts to \$31,957,039 (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:

- Benscoter infrastructure - \$227,666
- 10<sup>th</sup> Street infrastructure - \$396,761
- Playground equipment at Beverly Park - \$43,369
- Handibus acquired with grant revenue - \$26,921
- Construction in progress on Milo Drive - \$42,448
- Construction in progress on Wayne Trail Phase II (paid for with grant revenue) - \$42,339
- Final construction costs on cooling tower update - \$28,450
- Final construction costs on RICE data collection system - \$109,302
- Additions to electric distribution system - \$108,408
- Final construction costs on wastewater plant - \$191,293
- Construction in progress on sewer line to John Deere - \$39,150
- Water meter replacement - \$36,122

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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

	<u>Year Ended September 30, 2013</u>			<u>Year Ended September 30, 2012</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
Land	\$ 617,650	\$ 369,751	\$ 987,401	\$ 617,650	\$ 369,751	\$ 987,401
Construction						
in progress	288,137	39,150	327,287	552,896	8,192,639	8,745,535
Infrastructure	6,825,126	-	6,825,126	6,233,720	-	6,233,720
Improvements	685,433		685,433	703,103	-	703,103
Buildings	5,957,422	10,830,183	16,787,605	6,167,373	2,572,478	8,739,851
Equipment	1,052,005	211,202	1,263,207	1,065,402	232,362	1,297,764
Distribution						
Systems	-	5,080,980	5,080,980	-	5,291,356	5,291,356
Total	<u>\$ 15,425,773</u>	<u>\$ 16,531,266</u>	<u>\$ 31,957,039</u>	<u>\$ 15,340,144</u>	<u>\$ 16,658,586</u>	<u>\$ 31,998,730</u>

Additional information on the City of Wayne's capital assets can be found in Note C4 on pages 60-63 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 \$10,288,966. Of this amount, \$2,720,000 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**

	<u>Year Ended September 30, 2013</u>			<u>Year Ended September 30, 2012</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>	<u>Activities</u>	
General Obligation						
Bonds	\$ 435,000	\$ -	\$ 435,000	\$ 510,000	\$ -	\$ 510,000
Bond Anticipation						
Notes	935,000	-	935,000	935,000	-	935,000
Highway Allocation						
Bonds	620,000	-	620,000	-	-	-
Public Safety						
Bonds	730,000	-	730,000	770,000	-	770,000
DEQ Note	-	5,353,966	5,353,966	-	5,322,456	5,322,456
Revenue Bonds	-	2,215,000	2,215,000	-	2,475,000	2,475,000
Total	<u>\$ 2,720,000</u>	<u>\$ 7,568,966</u>	<u>\$ 10,288,966</u>	<u>\$ 2,215,000</u>	<u>\$ 7,797,456</u>	<u>\$ 10,012,456</u>

The City of Wayne's total debt increased by \$276,510 (2.8 percent) during the current fiscal year, as the City issued \$620,000 of highway allocation bonds.

Additional information on the City of Wayne's long-term debt can be found in Note C6 on pages 64-69 of this report.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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**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 2013-2014 continues the City's practice of conservative financial planning. The budget adopted complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. For 2012-2013, those priorities included:

1. Public Safety & Law Enforcement
  - a. School safety and law enforcement
  - b. Public Safety – Police Department & Fire
  - c. Pursuit policy
2. Business Development
  - a. More land for development
  - b. Community Business Growth and use of sales tax LB840 incentive funds
  - c. Community Business and residential Growth and the use of TIF
  - d. Internship in Local Businesses through State program
  - e. Long term water supply
3. Residential Development
  - a. Sell small park at 10<sup>th</sup> & Walnut/10<sup>th</sup> & Nebraska
  - b. Direction Signage in Town
  - c. Downtown Design Covenants
4. Code Enforcement
  - a. Sofas & Other furniture on front porch
  - b. Code Enforcement process desired by council
  - c. Apartment parking off street is inadequate
  - d. Community Wide Clean-up
  - e. Sidewalk
  - f. Poultry
  - g. Curb appeal for new apartments using construction incentives
  - h. Architectural requirements for apartment construct & commercial buildings everywhere in Wayne
5. Downtown Development
  - a. Second Floor Housing Downtown
  - b. Marking parallel parking spaces and timing of stoplight in downtown
  - c. Incenting Downtown Businesses
  - d. Downtown revitalization
  - e. Change Midnight to Five limit on selected streets
  - f. Welcome Signs
  - g. 2:00 AM Bar closing
6. Recreation
  - a. Swimming pool
  - b. Playground equipment Summer Sports Complex
  - c. Tennis Courts

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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- d. Trail
- e. Golf Course
- f. Water Recreation
- g. Living in Wayne
- h. Link Overin Field to sports complex sidewalk
- i. Add soccer and soccer storage to Rugby Fields
- j. Online registration for recreation
- 7. City Government Operations
  - a. Local access channel
  - b. Getting started on city's 2013-14 budget
  - c. Use of 26 acre lagoon
  - d. CAC weight room
  - e. City auditorium 24 hour access
  - f. Lease CAC courts to WSC
  - g. Online city bill pay
  - h. New City Hall
  - i. Fee schedule review
  - j. Recycling and energy reduction
  - k. Elementary school parking
  - l. Rename south end of Donner Pass
  - m. Reroute South Tomar
  - n. Move bone yard to another location
  - o. Demo old Eining building
  - p. Stop sign for westbound on Hillcrest at Walnut
- 8. Wayne State College
  - a. WSC Student senate liaison to City Council and Council liaison to WSC Student Senate

Our industrial, call centers, and manufacturing businesses have been advertising employment positions. Companies in the surrounding area are also hiring. Northeast Nebraska has jobs available; however we need people to fill the positions and affordable housing for those employees to live in.

The City continues to provide assistance to Wayne Area Economic Development for promotion of the City and assistance with any economic development projects. Working together we recertify Wayne as an Economic Development Certified Community. This involves strategic planning, target marketing, identifying potential speculative sites, etc. The goal is to let businesses interested in relocating know we are open for business and willing to work with them to fill their needs to grow their business and our community.

One of the City of Wayne's City Council's goals has been to increase the available affordable housing in Wayne. They have created a housing loan incentive program to assist in building houses. Council has discovered that the greatest need for home builders is down payment

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2013**

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assistance. The incentive program was changed to allow for a \$10,000 down payment assistance loan for new construction homes to home buyers.

The Community Development Agency purchased land for the Western Ridge housing subdivision in previous years. In this subdivision, a developer has approached the Council requesting a discount on lots if he builds within a specific period of time. He has constructed a duplex, and three single family homes to date. He also has plans for a couple more houses at the present time.

The Benscoter Development has six new houses constructed. There is also a new subdivision Angel Acres, a duplex under construction, one house completed, and another house to be constructed this year.

There were four apartment complexes completed this year and four more are in various stages of construction. The four complexes are all using Tax Increment Financing. Other new TIF projects this year included the Angel Acres Subdivision and the Western Ridge III Subdivision. Developers are also working on three more TIF projects.

The Community Development Agency sold the final lot in the Kardell Industrial Subdivision.

Due to recent federal regulation by Housing and Urban Development (HUD), the Department of Economic Development (DED) is also looking at all locally operated revolving loan programs. DED has not monitored our local funds at this time. However, the City of Wayne has contracted with the Northeast Nebraska Economic Development District to oversee the local Revolving Loan program.

Concerns about the national and local economy will have an impact on the local revenues and rising costs. The State of Nebraska continues to have short falls in their revenue projects and undertake a variety of cost cutting measures. The future of State equalization funds continues to be in jeopardy as the State is continually looking for ways to shorten up their budget.

New requirements from the Nebraska Department of Roads caused approved grants to be delayed as we wait for necessary approval before the next steps are taken. This process has added additional time to complete the projects.

The police department has hired a new Sergeant and is looking to hire another Sergeant and police officer. At the present time, the dispatch center is fully staffed.

All other staffing levels are the same. Service levels remain the same; however, staff continually search for and explore cost cutting measures. We also search for new revenue streams and raise rates where appropriate to cover costs.

Our larger construction projects last year were completion of Pheasant Run, Milo Drive, 10<sup>th</sup> Street and finishing up on Jaxon Street & Tomar for the Benscoter Subdivision. There was also continuation on the Rice Compliance project at the Power Plant. There is a new sewer line being installed to the industrial park and also a water line to the airport. The construction of the

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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hangar/terminal was almost completed at fiscal year end. There were new pagers purchased for the fire department, park equipment, playground equipment, the weight room and the youth activity rooms were switched at the Activity Center. New equipment was purchased for the public works department, and the City also purchased new Itron meter reading system.

Revenues from the City sales tax have grown at a larger rate than estimated during the last year. The Citizens Advisory Committee has processed several requests for the LB840 plan projects. In order to fund the approved LB840 projects the City Council has authorized a third interest-bearing loan from the Electric Fund to pay for the projects. The proceeds of future sales tax dollars will pay the interest and principal of this loan.

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 need to 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.

Capital items for 2013-14 include:

- Carpeting and painting the utility office area and office furniture for the clerk's office and the ceiling mounted proxima for Council chambers.
- Two police cars to be replaced with equipment.
- In-car video cameras/body worn cameras. Highway Safety Grant Funds may be available to cover 75 percent of expense and remainder by STOP funds through the county. Current cameras cannot be replaced one at a time due to the software program they run on. Body microphones for these have been discontinued and cannot be replaced without upgrading entire system. Bid received from different company with better options for audio/video and also options for body worn cameras for inside buildings have been attained.
- Computer server for camera system. B. Kesting recommends a separate server to run software for camera system both for reliability and security reasons. New system also has an automatic download to the server that removes downtime of manually loading all video into system. Moved to technology budget.
- Cell phone/computer forensics software. More criminal cases are involving cell phones and computers. This software would enable us to acquire results, that we sometimes wait a year for, from the State Lab.
- Purchase department owned patrol rifles. Department would be tragically outgunned in any shooting event that could occur. National trend is most shooters are armed with semi-automatic rifles capable of shooting far distances, which we don't have. (Vests do not stop these rounds.)
- The rescue truck #20 is a 1980 and is in need of some updates. The truck responds to all vehicle accidents in town and rural. We would like to replace this truck in hopefully 3 to 5 years, or sooner if we can. A new truck is about \$300,000 and if the City and Rural Board would split the cost, maybe it can be replaced sooner.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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- This line should be an ongoing amount spread out over time. Projecting the cost for the pagers purchased in 2001 to the present has increased approximately \$1,000 per year. At that rate, we should start putting aside around \$3,500 per year for 5 years, starting the same year as we purchase new ones, and continuing in the same fashion from then on. Warranty on current pagers is up in October.
- Building a reserve to replace the air packs for the fire departments.
- Various park equipment updates, including picnic tables, camping pad updates, rubber padding under playground equipment, etc.
- 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. The Citizen's Sales Tax Committee requested that the 2,200' be concrete and we carried forward the budget of \$16,500 from the City sales tax 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 Resource 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.
- New scoreboard, protective fencing over the tops of the backstops.
- Purchase a new maintenance lift, and keep our present one to use at the Library/Senior Center.
- The activity center has budgeted for replacing fitness equipment.
- Replacing windows at the senior center.
- The FCC radio frequency changes also will require us to replace our civil defense sirens. A grant has been approved and the equipment has been ordered. It should be installed this fiscal year.
- Park improvements to meet ADA standards for the restrooms. We anticipate using sales tax dollars for this project. (\$50,000) We are also beginning to set aside dollars for the restrooms at Hank Overin Baseball Field (\$3,000).
- Third year of setting aside (\$75,000) per year for swimming pool replacement.
- Playground equipment for Summer Sports Complex and Sunnyview Park.
- Replacing the street sweeper, Jet/Vac truck may be used equipment or consider lease purchase options. The Jet/Vac will be split across several departments.
- Replacement of pickups and truck for the Public Works Department and replacement of the mowers and tractors for the Public Works Departments.
- Renovation of Windom Street has been taken over by the Department of Roads and we hope construction will be in 2013. (\$590,000) Windom Street water main. (\$80,000)
- Extension of Hillside Drive south to a new development.
- The Department of Roads has moved the underpass into the trail project and we are hopeful that it will be finished in 2013-14 (\$538,946).
- Possible roof replacement on Engine Room (\$12,000).
- Fencing, parking lot rock, LED lighting. (\$10,000).

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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- Power plant pickup replacement. (\$25,000)
- Annual equipment purchases for the distribution system (\$150,000).
- Electric Distribution Improvement Project will continue 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. (\$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.
- Replacement of the wood chipper used for trimming trees. (Cost for a used wood chipper is \$15,000.)
- Replacing a 2000 pickup that has 74,000 miles and has needed significant work in the last couple years (\$53,000).
- Replacing technology in various departments, servers, sound system for the Council chambers (\$86,000).
- New metal building to be constructed at the treatment plant to house materials and equipment for both the Water and Sewer Department, \$50,000 for total project.
- The City will continue updating our lift stations. (\$10,000)
- The City will continue rehabbing manholes in the city sewer system. (\$25,000)
- Sewer main cleaning and vacuuming, annual project. (\$20,000)
- Replace a 2001 ton truck split between Water & Sewer (\$28,000).
- Updating the Scada System for the sewer and water systems (\$20,000 from each department).
- Sewer line to John Deere. (\$250,000)
- Begin replacing 4" water mains in various sections of the City with 8" water lines to provide better water flow and fire protection (\$100,000).
- 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).
- Replacing Variable Frequency Drives (VFD) in the wells, this will improve power consumption as well as the life of the pumps and motors. NPPD provides a rebate for VFD's and the expected ROI is 3 to 5 years (\$20,000).
- The airport authority has entered into a contract to build a new hangar/terminal building in 2012-13. The City has a Nebraska Department of Aeronautics loan for \$262,001 and FAA commitments of up to \$524,884. The local funding will be 10 percent of the project.
- A water line from the City's water system to the airport is also in the budget as the current well is not sufficient to service the new building (\$60,000). This will provide the necessary water service and also fire hydrants at the airport. This will aid in rural fire protection too.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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- The airport intended to put in fencing and security gates and put in additional concrete for the east drive for (\$50,000).

The City has a slight increase in the total property tax levy requested for city support at \$0.457523 per \$100 of valuation for the upcoming fiscal year.

On October 4, 2013 the softball complex, East Industrial Park and the airport were hit by an EF4 tornado that caused significant damage to these areas. We are working with the insurance company to replace City facilities and equipment. The area was declared a disaster area by the President of the United States on November 26, 2013.

At the airport all structures were destroyed with the exception of one hangar, which had damage and is being repaired. The electrical system vault was damaged as well as some of the lights for the runways. The beacon and the NDB and AWOS were also destroyed. We also need to work with the FAA regarding any construction on the airport. Insurance coverage is for replacement (not enhancement) and so far most of the bids for the airport have been approved.

We have received some bids for repairs to the softball complex lighting and fencing; those items have been approved by the adjuster. We are still working on getting bids for other items at the complex.

The industrial park had about 20 businesses affected by the tornado. We believe all but one business has committed to rebuild their business back in the same locations. One thing many businesses have discovered is that the septic systems do not meet today's code requirements, so we are expanding the sewer line from just going to John Deere to the businesses on Chief's Way. Some of these businesses have also asked about hooking up to City water, as they may have problems with their wells.

Pacific Coast Feather has not made a commitment to rebuild in Wayne as of December 1. They did ask about incentives the City may be able to offer. One incentive is TIF; however, TIF requires the property to be in city limits so Council is working thru the annexation process for that property. The property is already served by city utilities. The company has announced that it will pay the employees thru January 4, 2014 and they will cover insurance thru January 31, 2014 with no deductions from their pay checks.

At this time we do not know what kind of affect the tornado will have on our sales tax revenues.

On December 9, 2013, FEMA and NEMA will be in Wayne to begin the process of assigning projects. During the cleanup process, debris from City property was hauled to the airport. This debris consisted of metal material, trees and parts of buildings. During this time there was significant truck and equipment on the airport structures that caused damage that is not eligible for insurance reimbursement but is eligible for FEMA funding. Any costs not covered by insurance may also be recoverable from FEMA funding.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2013**

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**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, 2013**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 709,394	\$ 445,102	\$ 1,154,496	\$ 281,401
Investments	1,022,702	7,524,910	8,547,612	-
County treasurer cash	58,838	-	58,838	5,295
Receivables:				
Property tax	32,308	-	32,308	3,247
Special assessments	345,255	131,845	477,100	-
Accounts, net of allowance for doubtful accounts	56,507	979,180	1,035,687	1,153
Unbilled revenue	-	317,177	317,177	-
Grants	14,499	-	14,499	-
Interest	1,894	9,724	11,618	-
Current portion of TIF receivable	-	-	-	48,814
Current portion of notes	84,432	-	84,432	-
Due from other governments	99,192	-	99,192	-
Due (to)/from other funds	(335,000)	335,000	-	-
Due from City of Wayne	-	-	-	24,710
Due from component units	1,019	572,275	573,294	-
Prepaid insurance	24,751	-	24,751	5,882
Inventory	-	284,392	284,392	9,350
<b>Total current assets</b>	<b>2,115,791</b>	<b>10,599,605</b>	<b>12,715,396</b>	<b>379,852</b>
Noncurrent assets:				
Restricted cash and cash equivalents	391,144	252,454	643,598	-
Restricted investments	1,198,365	467,265	1,665,630	-
Noncurrent TIF receivable	-	-	-	1,606,451
Noncurrent notes receivable	1,146,201	-	1,146,201	200,000
Capital assets:				
Land and construction in progress	905,787	408,901	1,314,688	1,266,213
Other capital assets, net of depreciation	14,519,986	16,122,365	30,642,351	4,772,716
<b>Net capital assets</b>	<b>15,425,773</b>	<b>16,531,266</b>	<b>31,957,039</b>	<b>6,038,929</b>
<b>Total noncurrent assets</b>	<b>18,161,483</b>	<b>17,250,985</b>	<b>35,412,468</b>	<b>7,845,380</b>
<b>Total assets</b>	<b>20,277,274</b>	<b>27,850,590</b>	<b>48,127,864</b>	<b>8,225,232</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	124,210	481,159	605,369	197,255
Due to Wayne Municipal Airport	-	24,710	24,710	-
Accrued expenses	189,782	179,601	369,383	86,760
Customer deposits	14,150	154,535	168,685	-
Due to the City of Wayne	-	-	-	573,294
Unavailable property tax	257,100	-	257,100	1,854
Current portion of long-term obligations	1,055,000	507,876	1,562,876	91,990
<b>Total current liabilities</b>	<b>1,640,242</b>	<b>1,347,881</b>	<b>2,988,123</b>	<b>951,153</b>
Noncurrent liabilities:				
Compensated absences - noncurrent	24,751	77,002	101,753	-
Noncurrent portion of long-term obligations	1,665,000	7,061,090	8,726,090	1,631,888
<b>Total noncurrent liabilities</b>	<b>1,689,751</b>	<b>7,138,092</b>	<b>8,827,843</b>	<b>1,631,888</b>
<b>Total liabilities</b>	<b>3,329,993</b>	<b>8,485,973</b>	<b>11,815,966</b>	<b>2,583,041</b>
<b>NET POSITION</b>				
Net investment in capital assets	12,705,773	8,962,300	21,668,073	5,970,316
Restricted for:				
Debt service	801,255	479,941	1,281,196	-
Economic development	251,389	94,013	345,402	-
Federal loan programs	1,147,448	-	1,147,448	-
Capital projects	248,606	-	248,606	-
Community Activity Center	208,542	-	208,542	-
Parks and golf course	63,524	-	63,524	-
Unrestricted	1,520,744	9,828,363	11,349,107	(328,125)
<b>Total net position</b>	<b>\$ 16,947,281</b>	<b>\$ 19,364,617</b>	<b>\$ 36,311,898</b>	<b>\$ 5,642,191</b>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2013**

<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	\$ 403,937	\$ 121,727	\$ 676
Public buildings	70,176	28,434	-
Public safety	1,087,757	182,983	20,490
Public works	428,864	2,208	-
Senior citizens services	238,873	63,630	104,721
Library	253,049	9,746	5,000
Recreation	272,869	58,856	-
Community Activity Center	231,109	99,943	-
Interest and related expenses	49,738	-	-
Depreciation - unallocated	836,183	-	-
Total governmental activities	<u>3,872,555</u>	<u>567,527</u>	<u>130,887</u>
<b>Business-type activities:</b>			
Electric	6,832,862	6,667,769	-
Water	653,331	642,915	-
Sewer	858,955	1,040,891	-
Transfer Station	52,938	13,800	-
Total business-type activities	<u>8,398,086</u>	<u>8,365,375</u>	<u>-</u>
<b>Total primary government</b>	<u><u>\$ 12,270,641</u></u>	<u><u>\$ 8,932,902</u></u>	<u><u>\$ 130,887</u></u>
<b>Component units:</b>			
Wayne Municipal Airport	\$ 522,795	\$ 152,239	\$ -
Community Development Agency	83,222	888	-
<b>Total component units</b>	<u><u>\$ 606,017</u></u>	<u><u>\$ 153,127</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Governmental Activities	Primary Government Business-type Activities	Total	
\$ -	\$ (281,534)		\$ (281,534)	
-	(41,742)		(41,742)	
-	(884,284)		(884,284)	
73,138	(353,518)		(353,518)	
-	(70,522)		(70,522)	
-	(238,303)		(238,303)	
22,087	(191,926)		(191,926)	
790	(130,376)		(130,376)	
-	(49,738)		(49,738)	
-	(836,183)		(836,183)	
<u>96,015</u>	<u>(3,078,126)</u>	<u>\$ -</u>	<u>(3,078,126)</u>	
13,698	-	(151,395)	(151,395)	
36,104	-	25,688	25,688	
58,421	-	240,357	240,357	
-	-	(39,138)	(39,138)	
<u>108,223</u>	<u>-</u>	<u>75,512</u>	<u>75,512</u>	
<u>\$ 204,238</u>	<u>(3,078,126)</u>	<u>75,512</u>	<u>(3,002,614)</u>	
\$ 478,878				\$ 108,322
-				(82,334)
<u>\$ 478,878</u>				<u>25,988</u>
General revenues:				
Taxes:				
Property	741,688	-	741,688	74,026
Motor vehicle	72,508	-	72,508	-
Payments in lieu of taxes	680,942	-	680,942	-
Sales tax	604,083	-	604,083	-
Franchise	185,546	-	185,546	-
TIF proceeds	-	-	-	21,603
State allocation	852,925	-	852,925	-
Special assessments	81,549	-	81,549	-
Miscellaneous	57,475	-	57,475	-
Interest income	28,404	62,338	90,742	214
Gain on sale of assets	23,680	925	24,605	(81,907)
Interfund transfers	(14,675)	14,675	-	-
Total general revenues	<u>3,314,125</u>	<u>77,938</u>	<u>3,392,063</u>	<u>13,936</u>
Change in net position	235,999	153,450	389,449	39,924
Net position - September 30, 2012				
As originally reported	16,755,932	19,246,997	36,002,929	5,602,267
Restatement (note A4)	(44,650)	(35,830)	(80,480)	-
As restated	<u>16,711,282</u>	<u>19,211,167</u>	<u>35,922,449</u>	<u>5,602,267</u>
Net position - September 30, 2013	<u>\$ 16,947,281</u>	<u>\$ 19,364,617</u>	<u>\$ 36,311,898</u>	<u>\$ 5,642,191</u>

**CITY OF WAYNE, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2013**

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 313,054	\$ 297,398	\$ -	\$ -	\$ 25,146	\$ 635,598
Investments	850,599	-	-	-	80,132	930,731
County treasurer cash	46,648	5,590	-	6,600	-	58,838
Receivables:						
Special assessments	-	-	-	345,255	-	345,255
Accounts, net of allowance for doubtful accounts	56,507	-	-	-	-	56,507
Grants	14,499	-	-	-	-	14,499
Notes receivable	1,200	-	-	-	1,223,954	1,225,154
Interest	1,298	-	65	330	154	1,847
Property tax	28,305	-	-	4,003	-	32,308
Due from other governments	99,192	-	-	-	-	99,192
Due from component units	1,019	-	-	-	-	1,019
Restricted assets:						
Cash	103,152	-	129,877	96,131	61,984	391,144
Investments	63,524	-	78,600	606,067	450,174	1,198,365
<b>Total assets</b>	<b>\$ 1,578,997</b>	<b>\$ 302,988</b>	<b>\$ 208,542</b>	<b>\$ 1,058,386</b>	<b>\$ 1,841,544</b>	<b>\$ 4,990,457</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 74,377	\$ 34,833	\$ -	\$ -	\$ -	\$ 109,210
Accrued expenses	148,938	22,175	-	16,244	2,425	189,782
Customer deposits	14,150	-	-	-	-	14,150
Due to other funds	-	-	-	-	335,000	335,000
Unavailable property tax	16,213	-	-	240,887	-	257,100
<b>Total liabilities</b>	<b>253,678</b>	<b>57,008</b>	<b>-</b>	<b>257,131</b>	<b>337,425</b>	<b>905,242</b>
Fund balances:						
Restricted for:						
Debt service	-	-	-	801,255	-	801,255
Capital projects	248,606	-	-	-	-	248,606
Community Activity Center	-	-	208,542	-	-	208,542
Federal programs	-	-	-	-	1,147,448	1,147,448
Economic development	-	-	-	-	251,389	251,389
Parks	27,384	-	-	-	-	27,384
Golf course	36,140	-	-	-	-	36,140
Assigned for:						
Budgetary stabilization	821,308	-	-	-	-	821,308
Capital projects	113,500	-	-	-	-	113,500
Street expenditures	-	245,980	-	-	-	245,980
Other purposes	-	-	-	-	105,282	105,282
Unassigned	78,381	-	-	-	-	78,381
<b>Total fund balances</b>	<b>1,325,319</b>	<b>245,980</b>	<b>208,542</b>	<b>801,255</b>	<b>1,504,119</b>	<b>4,085,215</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,578,997</b>	<b>\$ 302,988</b>	<b>\$ 208,542</b>	<b>\$ 1,058,386</b>	<b>\$ 1,841,544</b>	<b>\$ 4,990,457</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, 2013**

<b>Total fund balances - governmental funds</b>	\$	4,085,215
<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 \$29,743,127, and the accumulated depreciation is \$14,317,354.</p>		
		15,425,773
<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>		
		181,044
<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	\$	(24,751)
Bonds payable	(2,720,000)	(2,744,751)
<b>Total net position - governmental activities</b>	<b>\$</b>	<b>16,947,281</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, 2013**

	<u>General</u>	<u>Street</u>	<u>Sales Tax</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes:						
Property	\$ 648,536	\$ 1,520	\$ -	\$ 91,632	\$ -	\$ 741,688
Motor vehicle	-	72,508	-	-	-	72,508
Payments in lieu of taxes	680,779	-	-	163	-	680,942
Sales tax	384,887	-	-	-	219,196	604,083
Franchise	185,546	-	-	-	-	185,546
Intergovernmental	550,796	440,980	-	-	676	992,452
Special assessments	-	-	-	81,549	-	81,549
Charges for services	469,174	2,208	-	-	95,767	567,149
Interest income	7,118	159	601	2,832	16,957	27,667
Contributions	2,591	-	-	-	-	2,591
Bond/loan proceeds	-	620,000	-	-	-	620,000
Sale of property	23,680	-	-	-	-	23,680
Other income	55,025	2,450	-	-	-	57,475
Total revenues	<u>3,008,132</u>	<u>1,139,825</u>	<u>601</u>	<u>176,176</u>	<u>332,596</u>	<u>4,657,330</u>
<b>EXPENDITURES</b>						
General government	292,660	-	-	-	139,769	432,429
Public buildings	70,176	-	-	-	-	70,176
Public safety	1,075,084	-	-	-	12,673	1,087,757
Public works	-	428,717	-	-	-	428,717
Senior citizens services	238,873	-	-	-	-	238,873
Library	253,049	-	-	-	-	253,049
Recreation	272,869	-	-	-	-	272,869
Community Activity Center	230,732	-	-	-	-	230,732
Capital outlay	94,190	734,778	22,161	-	-	851,129
Principal payments on debt	-	-	-	115,000	-	115,000
Interest on long-term debt	-	-	-	39,286	10,452	49,738
Total expenditures	<u>2,527,633</u>	<u>1,163,495</u>	<u>22,161</u>	<u>154,286</u>	<u>162,894</u>	<u>4,030,469</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	480,499	(23,670)	(21,560)	21,890	169,702	626,861
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	44,000	266,836	-	99,125	-	409,961
Transfers out	(380,636)	-	-	-	(44,000)	(424,636)
Net transfers	<u>(336,636)</u>	<u>266,836</u>	<u>-</u>	<u>99,125</u>	<u>(44,000)</u>	<u>(14,675)</u>
<b>Net change in fund balances</b>	143,863	243,166	(21,560)	121,015	125,702	612,186
Fund balances - September 30, 2012	<u>1,181,456</u>	<u>2,814</u>	<u>230,102</u>	<u>680,240</u>	<u>1,378,417</u>	<u>3,473,029</u>
Fund balances - September 30, 2013	<u>\$ 1,325,319</u>	<u>\$ 245,980</u>	<u>\$ 208,542</u>	<u>\$ 801,255</u>	<u>\$ 1,504,119</u>	<u>\$ 4,085,215</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, 2013**

<b>Total net change in fund balances - governmental funds</b>	\$ 612,186
Amounts reported for <i>governmental activities</i> 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 (\$921,812) exceeded depreciation expense (\$836,183) during the period.	85,629
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.	45,258
The change in noncurrent compensated absences is reported as an expense in the statement of net assets. Noncurrent compensated absences are not reported in the governmental funds.	(2,074)
The issuance of bonds is reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net assets.	(620,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>115,000</u>
<b>Change in net assets of governmental activities</b>	<u><u>\$ 235,999</u></u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

**September 30, 2013**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,126	\$ 121,210
Investments	5,090,765	1,240,364
Receivables:		
Accounts, net of allowance for doubtful accounts	791,641	83,993
Unbilled revenue	237,122	33,871
Special assessments	-	100,232
Interest	8,278	839
Current portion of notes	-	-
Due from other funds	335,000	-
Due from Community Development Agency	572,275	-
Prepaid expenses	-	-
Inventory	253,634	30,758
Total current assets	7,325,841	1,611,267
Noncurrent assets:		
Restricted cash and cash equivalents	252,454	-
Restricted investments	467,265	-
Capital assets:		
Land	129,517	143,875
Construction in progress	-	-
Distribution systems	5,295,356	5,134,350
Buildings	8,047,381	141,152
Equipment	3,529,218	472,706
Less accumulated depreciation	(10,503,704)	(3,807,758)
Net capital assets	6,497,768	2,084,325
Total noncurrent assets	7,217,487	2,084,325
Total assets	14,543,328	3,695,592
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	467,788	8,164
Due to Wayne Municipal Airport	-	-
Customer deposits	154,535	-
Accrued interest payable	14,407	4,077
Other accrued expenses	98,254	18,635
Current portion of long-term obligations	265,000	32,624
Total current liabilities	999,984	63,500
Noncurrent liabilities:		
Compensated absences - noncurrent	60,866	8,471
Noncurrent portion of long-term obligations	1,950,000	666,288
Total noncurrent liabilities	2,010,866	674,759
Total liabilities	3,010,850	738,259
<b>NET POSITION</b>		
Net investment in capital assets	4,282,768	1,385,413
Restricted for:		
Debt service	479,941	-
Economic development	94,013	-
Unrestricted	6,675,756	1,571,920
Total net position	\$ 11,532,478	\$ 2,957,333

See notes to financial statements.

Enterprise Funds			Internal
Sewer Fund	Transfer Station	Total	Service Fund
\$ 267,606	\$ 19,160	\$ 445,102	\$ 73,796
1,193,781	-	7,524,910	91,971
103,546	-	979,180	-
46,184	-	317,177	-
31,613	-	131,845	-
607	-	9,724	47
-	-	-	5,479
-	-	335,000	-
-	-	572,275	-
-	-	-	24,751
-	-	284,392	-
<u>1,643,337</u>	<u>19,160</u>	<u>10,599,605</u>	<u>196,044</u>
-	-	252,454	-
-	-	467,265	-
55,178	41,181	369,751	-
39,150	-	39,150	-
3,003,924	-	13,433,630	-
7,719,595	606,685	16,514,813	-
865,344	37,919	4,905,187	-
(4,032,468)	(387,335)	(18,731,265)	-
<u>7,650,723</u>	<u>298,450</u>	<u>16,531,266</u>	<u>-</u>
<u>7,650,723</u>	<u>298,450</u>	<u>17,250,985</u>	<u>-</u>
<u>9,294,060</u>	<u>317,610</u>	<u>27,850,590</u>	<u>196,044</u>
4,378	829	481,159	15,000
-	24,710	24,710	-
-	-	154,535	-
27,154	-	45,638	-
17,074	-	133,963	-
210,252	-	507,876	-
<u>258,858</u>	<u>25,539</u>	<u>1,347,881</u>	<u>15,000</u>
7,665	-	77,002	-
4,444,802	-	7,061,090	-
<u>4,452,467</u>	<u>-</u>	<u>7,138,092</u>	<u>-</u>
<u>4,711,325</u>	<u>25,539</u>	<u>8,485,973</u>	<u>15,000</u>
2,995,669	298,450	8,962,300	-
-	-	479,941	-
-	-	94,013	-
1,587,066	(6,379)	9,828,363	181,044
<u>\$ 4,582,735</u>	<u>\$ 292,071</u>	<u>\$ 19,364,617</u>	<u>\$ 181,044</u>

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

**For the year ended September 30, 2013**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
<b>Operating revenues:</b>						
User charges	\$ 6,608,124	\$ 636,200	\$ 1,037,520	\$ 800	\$ 8,282,644	\$ -
Health insurance premiums	-	-	-	-	-	422,209
Other revenue	59,645	6,715	3,371	13,000	82,731	-
Total operating revenues	<u>6,667,769</u>	<u>642,915</u>	<u>1,040,891</u>	<u>13,800</u>	<u>8,365,375</u>	<u>422,209</u>
<b>Operating expenses:</b>						
Cost of power	4,089,663	-	-	-	4,089,663	-
Personnel	1,055,146	169,283	163,649	59	1,388,137	-
Contract services	29,686	96,551	228,336	-	354,573	-
Commodities	748,784	134,281	109,097	33,675	1,025,837	-
Payments in lieu of taxes	512,371	40,003	66,975	-	619,349	-
Insurance claims and health premiums	-	-	-	-	-	377,689
Depreciation	343,121	191,712	150,143	19,204	704,180	-
Total operating expenses	<u>6,778,771</u>	<u>631,830</u>	<u>718,200</u>	<u>52,938</u>	<u>8,181,739</u>	<u>377,689</u>
Operating income (loss)	(111,002)	11,085	322,691	(39,138)	183,636	44,520
<b>Nonoperating revenues (expenses):</b>						
Interest income	48,693	8,581	5,045	19	62,338	738
Grant revenue	13,698	-	-	-	13,698	-
Special assessments	-	36,104	58,421	-	94,525	-
Gain on sale of assets	925	-	-	-	925	-
Interest expense	(54,091)	(14,272)	(93,672)	-	(162,035)	-
Loan administration fees	-	(7,229)	(47,083)	-	(54,312)	-
Total nonoperating revenues (expenses)	<u>9,225</u>	<u>23,184</u>	<u>(77,289)</u>	<u>19</u>	<u>(44,861)</u>	<u>738</u>
Income (loss) before interfund transfers	(101,777)	34,269	245,402	(39,119)	138,775	45,258
<b>Interfund transfers:</b>						
Transfer from (to) other funds	(60,325)	-	75,000	-	14,675	-
<b>Change in net position</b>	(162,102)	34,269	320,402	(39,119)	153,450	45,258
Net position - September 30, 2012						
As originally reported	11,730,410	2,923,064	4,262,333	331,190	19,246,997	135,786
Restatement (note A4)	(35,830)	-	-	-	(35,830)	-
As restated	<u>11,694,580</u>	<u>2,923,064</u>	<u>4,262,333</u>	<u>331,190</u>	<u>19,211,167</u>	<u>135,786</u>
Net position - September 30, 2013	<u>\$ 11,532,478</u>	<u>\$ 2,957,333</u>	<u>\$ 4,582,735</u>	<u>\$ 292,071</u>	<u>\$ 19,364,617</u>	<u>\$ 181,044</u>

See notes to financial statements.

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

**For the year ended September 30, 2013**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 6,517,093	\$ 624,786
Receipts from other funds	-	-
Payments to suppliers	(5,522,776)	(276,135)
Payments to employees	(1,045,671)	(165,452)
Net cash provided (used) by operating activities	(51,354)	183,199
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers (to) from other funds	(60,325)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(291,847)	(15,558)
Proceeds from sale of capital assets	925	-
Grant proceeds	243,659	-
Special assessments received	-	14,202
Increase in due to Wayne Municipal Airport	-	-
Proceeds from issuance of capital debt	-	-
Principal payments on capital debt	(260,000)	(31,981)
Interest paid on capital debt	(56,025)	(14,459)
Loan administration fees	-	(7,229)
Net cash provided (used) by capital and related financing activities	(363,288)	(55,025)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in investments	217,942	(257,729)
Increase in due from Community Development Agency	(208,820)	-
Decrease in notes receivable	-	-
Decrease in due from other funds	30,000	-
Interest received	54,648	8,619
Net cash provided (used) by investing activities	93,770	(249,110)
Increase (decrease) in cash and cash equivalents	(381,197)	(120,936)
Cash and cash equivalents - beginning of the year	670,777	242,146
Cash and cash equivalents - end of the year	\$ 289,580	\$ 121,210
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 37,126	\$ 121,210
Restricted cash and cash equivalents	252,454	-
Total cash and cash equivalents	\$ 289,580	\$ 121,210

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,041,873	\$ 13,800	\$ 8,197,552	\$ -
-	-	-	422,209
(406,381)	(32,846)	(6,238,138)	(408,440)
(161,135)	(59)	(1,372,317)	-
<u>474,357</u>	<u>(19,105)</u>	<u>587,097</u>	<u>13,769</u>
75,000	-	14,675	-
(269,456)	-	(576,861)	-
-	1	926	-
-	-	243,659	-
26,808	-	41,010	-
-	24,710	24,710	-
262,456	-	262,456	-
(198,966)	-	(490,947)	-
(93,202)	-	(163,686)	-
(47,083)	-	(54,312)	-
(319,443)	24,711	(713,045)	-
(205,713)	-	(245,500)	(686)
-	-	(208,820)	-
-	-	-	3,652
-	-	30,000	-
7,605	19	70,891	749
<u>(198,108)</u>	<u>19</u>	<u>(353,429)</u>	<u>3,715</u>
31,806	5,625	(464,702)	17,484
<u>235,800</u>	<u>13,535</u>	<u>1,162,258</u>	<u>56,312</u>
<u>\$ 267,606</u>	<u>\$ 19,160</u>	<u>\$ 697,556</u>	<u>\$ 73,796</u>
\$ 267,606	\$ 19,160	\$ 445,102	\$ 73,796
-	-	252,454	-
<u>\$ 267,606</u>	<u>\$ 19,160</u>	<u>\$ 697,556</u>	<u>\$ 73,796</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2013**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (111,002)	\$ 11,085
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	343,121	191,712
Change in assets and liabilities:		
Accounts receivable	(152,784)	(18,129)
Prepaid expenses	-	-
Inventories	(52,325)	2,692
Accounts payable	(89,947)	(7,992)
Customer deposits	2,108	-
Accrued expenses	9,475	3,831
Net cash provided (used) by operating activities	\$ (51,354)	\$ 183,199

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>	
\$ 322,691	\$ (39,138)		\$ 183,636	\$ 44,520
150,143	19,204		704,180	-
982	-		(169,931)	-
-	-		-	(24,751)
-	-		(49,633)	-
(1,973)	829		(99,083)	(6,000)
-	-		2,108	-
2,514	-		15,820	-
<u>\$ 474,357</u>	<u>\$ (19,105)</u>		<u>\$ 587,097</u>	<u>\$ 13,769</u>

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUND**

**September 30, 2013**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 46,241
Investments	133,969
Sales tax receivable	35,379
Interest receivable	279
Other receivables	449
Total assets	<u>\$ 216,317</u>
<b>LIABILITIES</b>	
Agency liabilities	<u>\$ 216,317</u>

See notes to financial statements.

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

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**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013**

**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, 2013**

**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.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

**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.

**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, 2013**

**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, 2013**

**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.
Sales Tax	The Sales Tax Fund is a special revenue fund that accounts for reserve funds raised for CAC Construction.
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, 2013

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.
LB840	Accounts for sales tax to be used for economic development under LB840.
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, 2013**

**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, 2013**

**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, 2013**

**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>99,192</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, 2013**

**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, 2013**

**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, 2013**

**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, 2013

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 26). 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.

*Equity Restatement*

GASB 65 was adopted effective October 1, 2012, at which time unamortized bond issuance costs were written off, as bond issuance costs are considered period costs rather than assets under GASB 65. As a result, the governmental activities net position was reduced \$44,650 and the business-type activities and the Electric Fund net position were reduced \$35,830.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

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

**Sales and Use Tax**

The City presently levies a one-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. Prior to July 1, 2009, the sales tax was recorded in the Sales Tax Fund and used for the Community Activity Center bond principal and interest. Effective July 1, 2009, 60 percent of the sales tax is recorded in the General Fund to be used for capital projects and 40 percent is recorded in the LB840 Fund to be used for economic development.

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, 2013**

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

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

**Property Taxes, continued**

Property taxes levied for 2012-2013 are recorded as revenue when expected to be collected within 60 days after September 30, 2013. 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, 2013**

**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, 2013**

**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, 2013**

**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, 2013. The categories of collateral are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**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	\$ 2,223,004	\$ 936,036	\$ 1,286,968	\$ -	\$ <u>2,125,736</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 1,154,496
Restricted cash and cash equivalents	643,598
Component Unit –	
Unrestricted cash and cash equivalents	281,401
Agency Fund Cash (not included in government-wide statement)	<u>46,241</u>
	<u>\$ 2,125,736</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, 2013. The categories of investments are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**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	\$ 799,910	\$ -	\$ -	\$ 799,910	\$ 799,910
Time Deposits	9,547,301	-	-	<u>9,547,301</u>	<u>9,547,301</u>
				<u>\$ 10,347,211</u>	<u>\$ 10,347,211</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 8,547,612
Restricted investments	1,665,630
Agency Funds (not included in government-wide statement)	<u>133,969</u>
	<u>\$ 10,347,211</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2013, 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	\$ 391,144	\$ 252,454	\$ 643,598	\$ -
Investments	<u>1,198,365</u>	<u>467,265</u>	<u>1,665,630</u>	<u>-</u>
	<u>\$ 1,589,509</u>	<u>\$ 719,719</u>	<u>\$ 2,309,228</u>	<u>\$ -</u>

Restricted cash for governmental activities consists of \$103,152 of General Fund cash restricted for capital projects, \$129,877 of Sales Tax cash restricted for Community Activity Center, \$96,131 of Debt Service cash restricted for debt service, \$55,160 of Community Development cash restricted for Federal programs, and \$6,824 of LB840 cash restricted for economic development. Restricted investments for governmental activities consist of \$27,384 of General Fund investments restricted to be used for parks, \$36,140 of General Fund investments restricted to be used for the golf course, \$78,600 of Sales Tax investments restricted for Community Activity Center, \$606,067 of Sales Tax investments restricted for debt service, and \$450,174 of Community Development investments restricted for Federal programs.

Restricted business-type assets consist of debt service reserves of \$479,941 for the Electric Fund. The Electric Fund also has \$145,765 restricted for customer deposits and \$94,013 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, 2013, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 57,081	\$ 992,361	\$ 1,049,442	\$ 1,153
Allowance for doubtful accounts	( 574)	( 13,181)	( 13,755)	-
Net accounts receivable	<u>\$ 56,507</u>	<u>\$ 979,180</u>	<u>\$ 1,035,687</u>	<u>\$ 1,153</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**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, 2013:

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2013</u>	<u>Terms</u>
Community Development Fund	Mines Jewelers	\$ 17,103	4%; monthly payments due over 84 months; final balloon payment due 7/20/16
Community Development Fund	Snakey Jakes	2,407	4.375%; monthly payments due over 84 months; matures 3/01/15
Community Development Fund	Wayne Child Care	45,294	4%; monthly payments due over 84 months; final balloon payment due 5/10/15
Community Development Fund	Sand Creek Post and Beam	126,667	0%; monthly payments due over 120 months; final balloon payment due 1/02/20
Community Development Fund	Wayne Hospitality Group	118,340	3.125%; annual payments due over 15 years; final payment due 12/1/26
Community Development Fund	Udder Delights	15,228	4.5%; monthly payments over 84 months; matures 5/16/14
Community Development Fund	The Max Again	78,543	4.95%; monthly payments due over 84 months; matures 5/25/14
Community Development Fund	Miss Molly's	47,452	2.75%; monthly payments due over 84 months; final balloon payment due May 1, 2019

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**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>2013</u>	<u>Terms</u>
Community Development Fund	9 housing loans	190,930	0%; housing loans; due when property is sold
LB840 Fund	Miss Molly's	24,000	0%; forgivable at \$6,000 per year July 12, 2013, through July 12, 2017
LB840 Fund	RBDK, LLC	67,395	0%; forgivable at \$14,000 per year December 11, 2012, through December 11, 2016
LB840 Fund	Interactive Impact, Inc.	6,000	0%; forgivable at \$500 per month October 1, 2009, through October 1, 2014
LB840 Fund	Digital Blue, Inc.	6,120	0%; forgivable at \$510 per month October 1, 2009, through October 1, 2014
LB840 Fund	Louis and Javanah Bencoter	7,200	0%; forgivable at \$600 per month October 1, 2009, through October 1, 2014
LB840 Fund	Wayne Hospitality Group	250,000	0%; forgivable when construction of a 44-room hotel is complete
LB840 Fund	DRJ LLC/INET Library	82,285	3%; annual payments of \$10,568 plus interest May 10, 2013, through May 10, 2021

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**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>2013</u>	<u>Terms</u>
LB840 Fund	James Milliken	24,850	0%; annual payments of \$3,550 January 1, 2011, through January 1, 2020
LB840 Fund	Rainbow World	71,875	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022
LB840 Fund	Mandy Benscoter	23,542	0%; monthly payments of \$208 April 1, 2013, through March 1, 2023
LB840 Fund	John and Molly Temme	65,000	3%; monthly payments of \$628 September 15, 2013, through August 15, 2023
LB840 Fund	Julie Cull	14,003	3%; monthly payments of \$357 due over 120 months
LB840 Fund	Paulson Construction	14,720	3%; monthly payments due over 120 months
LB840 Fund	Allowance for Uncollectible Note	(75,000)	
General Fund	Employees of the City of Wayne	1,200	0%; payroll deduction for firearm purchases
Internal Service Fund	Employees of the City of Wayne	5,479	0%; payroll deduction for computer/electronic purchases
Total notes receivable		<u>\$ 1,230,633</u>	
Current portion		\$ 84,432	
Noncurrent portion		<u>1,146,201</u>	
		<u>\$ 1,230,633</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2013, was as follows:

	<u>Balance at</u> <u>October 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2013</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 617,650	\$ -	\$ -	\$ -	\$ 617,650
Construction in progress	552,896	80,775	-	(345,534)	288,137
Total capital assets not being depreciated	1,170,546	80,775	-	(345,534)	905,787
Other capital assets being depreciated:					
Infrastructure	14,005,940	642,117	-	332,295	14,980,352
Improvements	1,111,717	11,646	-	13,239	1,136,602
Buildings	9,512,637	16,011	-	-	9,528,648
Machinery and equipment	3,020,475	171,263	-	-	3,191,738
Total other capital assets at historical cost	27,650,769	841,037	-	345,534	28,837,340
Less accumulated depreciation for:					
Infrastructure	(7,772,220)	(383,006)	-	-	(8,155,226)
Improvements	(408,614)	(42,555)	-	-	(451,169)
Buildings	(3,345,264)	(225,962)	-	-	(3,571,226)
Machinery and equipment	(1,955,073)	(184,660)	-	-	(2,139,733)
Total accumulated depreciation	(13,481,171)	(836,183) *	-	-	(14,317,354)
Other capital assets, net	14,169,598	4,854	-	345,534	14,519,986
Governmental activities capital assets, net	<u>\$ 15,340,144</u>	<u>\$ 85,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,425,773</u>

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government/public buildings	\$ 87,164
Public safety	132,353
Public works:	
Street	444,469
Library	2,746
Senior citizens services	3,625
Recreation	55,461
Community Activity Center:	<u>110,365</u>
Total General Fund depreciation expense	\$ <u>836,183</u>

Construction in progress at September 30, 2013, consists of \$149,484 for the Hiking Trail – Phase II Project, \$96,205 for the Windom Street Project, and \$42,448 for the Milo Drive Project. See Note D3 for additional details on these projects.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

**4. Capital Assets, continued**

	<u>October 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>September 30, 2013</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 369,751	\$ -	\$ -	\$ -	\$ 369,751
Construction in progress	<u>8,192,639</u>	<u>4,242</u>	<u>-</u>	<u>(8,157,731)</u>	<u>39,150</u>
Total capital assets not being depreciated	8,562,390	4,242	-	(8,157,731)	408,901
Other capital assets being depreciated:					
Buildings	8,028,037	329,045	-	8,157,731	16,514,813
Distribution systems	13,233,905	199,725	-	-	13,433,630
Equipment	<u>4,861,338</u>	<u>43,849</u>	<u>-</u>	<u>-</u>	<u>4,905,187</u>
Total other capital assets at historical cost	26,123,280	572,619	-	8,157,731	34,853,630
Less accumulated depreciation for:					
Buildings	(5,455,559)	(229,071)	-	-	(5,684,630)
Distribution systems	(7,942,549)	(410,100)	(1)	-	(8,352,650)
Equipment	<u>(4,628,976)</u>	<u>(65,009)</u>	<u>-</u>	<u>-</u>	<u>(4,693,985)</u>
Total accumulated depreciation	<u>(18,027,084)</u>	<u>(704,180) *</u>	<u>(1)</u>	<u>-</u>	<u>(18,731,265)</u>
Other capital assets, net	<u>8,096,196</u>	<u>(131,561)</u>	<u>(1)</u>	<u>8,157,731</u>	<u>16,122,365</u>
Business-type capital assets, net	<u>\$ 16,658,586</u>	<u>\$ (127,319)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 16,531,266</u>

\* Depreciation expense was charged to functions as follows:

Electric	\$ 343,121
Water	191,712
Sewer	150,143
Transfer Station	<u>19,204</u>
Total business-type activities depreciation expense	<u>\$ 704,180</u>

Construction in progress at September 30, 2013, consists of \$39,150 of costs incurred on the Chief's Way sewer line extension project. See Note D3 for additional detail of the construction in progress at September 30, 2013.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2013**

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

**4. Capital Assets, continued**

	<u>October 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>September 30, 2013</u>
<b><u>Airport Authority:</u></b>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Construction in progress	70,656	733,504	-	-	804,160
	<u>358,432</u>	<u>733,504</u>	<u>-</u>	<u>-</u>	<u>1,091,936</u>
Other capital assets being depreciated:					
Buildings	545,412	-	-	(2,500)	542,912
Improvements	4,977,168	12,735	-	2,500	4,992,403
Equipment	207,061	-	-	-	207,061
Total other capital assets at historical cost	<u>5,729,641</u>	<u>12,735</u>	<u>-</u>	<u>-</u>	<u>5,742,376</u>
Less accumulated depreciation for:					
Buildings	(241,960)	(12,432)	-	2,500	(254,392)
Improvements	(383,183)	(198,181)	-	(2,500)	(581,364)
Equipment	(117,831)	(16,073)	-	-	(133,904)
Total accumulated depreciation	<u>(742,974)</u>	<u>(226,686)</u>	<u>-</u>	<u>-</u>	<u>(969,660)</u>
Other capital assets, net	<u>4,986,667</u>	<u>(213,951)</u>	<u>-</u>	<u>-</u>	<u>4,772,716</u>
Airport Authority capital assets, net	<u>\$ 5,345,099</u>	<u>\$ 519,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,864,652</u>

Construction in progress of \$804,160 at September 30, 2013, represents costs incurred on the hangar/terminal building project. See Note D3 for additional details on commitments.

	<u>Balance at September 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at September 30, 2013</u>
<b><u>Community Development Agency:</u></b>				
Capital assets not being depreciated:				
Land	\$ <u>204,437</u>	\$ <u>110,810</u>	\$ <u>(140,970)</u>	\$ <u>174,277</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, 2013**

**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, 2013:

<u>Type of Debt</u>	Balance October 1, 2012	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2013	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 2,215,000	\$ 620,000	\$ (115,000)	\$ 2,720,000	\$ 1,055,000
Business-type Activities:					
Bonds payable	\$ 7,797,456	\$ 262,456	\$ (490,946)	\$ 7,568,966	\$ 507,876
Component Units:					
Airport Authority	\$ 34,878	\$ 46,059	\$ (12,324)	\$ 68,613	\$ 12,284
Community Develop- ment Authority	1,246,907	428,000	(19,642)	1,655,265	79,706
Total component unit	<u>\$ 1,281,785</u>	<u>\$ 474,059</u>	<u>\$ (31,966)</u>	<u>\$ 1,723,878</u>	<u>\$ 91,990</u>

**Governmental Activities**

As of September 30, 2013, 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. \$ 375,000

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, 2013**

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

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

**Governmental Activities, continued**

Bonds payable, continued:

Bond anticipation notes – series 2010, with original issue amount of \$935,000 issued to provide interim financing for Street Improvement District 2010-1. Interest is 1.10 percent with a maturity date of October 15, 2013. 935,000

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

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. 435,000

Total bonds payable \$ 2,720,000

Current portion \$ 1,055,000

Noncurrent portion 1,665,000

Total \$ 2,720,000

The Debt Service Fund is making the bond payments on all outstanding governmental activities debt.

**Business-type Activities**

As of September 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2009, with original issue amount of \$1,535,000. Interest ranges from 1.55 to 3.05 percent with final maturity June 15, 2015. \$ 535,000

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2013**

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

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

**Business-type Activities, continued**

Bonds and notes payable, continued:

Electric revenue 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. 4,655,054

\$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. 698,912

Total business-type activity bonds and notes payable \$ 7,568,966

Current portion \$ 507,876

Noncurrent portion 7,061,090

Total \$ 7,568,966

**Component Unit**

Airport notes payable:

Nebraska Department of Aeronautics series 2000 Shop Hangar Airport loan, due in monthly installments through June 1, 2015, bearing no interest. \$ 22,554

Nebraska Department of Aeronautics series 2013 Hangar/Terminal loan, advanced \$46,059 of the \$262,001 maximum during the year ended September 30, 2013, due in 120 monthly installments of \$1,986, bearing no interest. 46,059

Total Airport notes payable 68,613

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

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

**Component Unit, continued**

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. 285,160

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 held by the City of Wayne's Electric Fund. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 84,700

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. 65,405

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. 135,000

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. 467,000

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. 190,000

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2013**

**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 \$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

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

Total Community Development Agency bonds payable 1,655,265

Total component unit notes and bond payable \$ 1,723,878

Current portion \$ 91,990

Noncurrent portion 1,631,888

Total \$ 1,723,878

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

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

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2013, are as follows:

Year Ending September 30,	<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>
2014	\$1,055,000	\$ 41,735	\$ 507,876	\$ 155,266	\$ 52,935	\$ 91,990	\$ 78,616
2015	165,000	35,595	517,758	143,229	50,495	123,303	75,929
2016	160,000	33,635	402,737	130,014	48,005	109,524	80,613
2017	185,000	31,500	407,818	123,659	45,465	105,579	75,601
2018	190,000	28,593	413,000	116,902	42,874	108,993	63,773
2019-2023	445,000	103,865	2,146,450	465,559	173,642	623,140	228,123
2024-2028	520,000	45,685	2,022,549	228,944	100,592	521,849	65,841
2029-2033	-	-	1,150,778	45,779	22,890	39,500	1,824
	<u>\$2,720,000</u>	<u>\$320,608</u>	<u>\$ 7,568,966</u>	<u>\$1,409,352</u>	<u>\$536,898</u>	<u>\$ 1,723,878</u>	<u>\$ 670,320</u>

**7. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Street Fund	\$ -	\$ 266,836
Debt Service Fund	-	38,800
Sewer Fund	-	75,000
Wireless 911	30,000	-
E911	<u>14,000</u>	<u>-</u>
Total General Fund	44,000	380,636
Street Fund:		
General Fund	266,836	-

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2013**

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

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

Operating transfers, continued:

	<u>Transfers In</u>	<u>Transfers Out</u>
Debt Service Fund:		
Electric Fund	60,325	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	99,125	-
Nonmajor Governmental Funds:		
General Fund	-	44,000
Electric Fund:		
Debt Service Fund	-	60,325
Sewer Fund:		
General Fund	<u>75,000</u>	<u>-</u>
Total Interfund Transfers	<u>\$ 484,961</u>	<u>\$ 484,961</u>

Interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
LB840	Electric	\$ 55,000	Principal of \$5,000, plus interest at 3% is due semi-annually through December 1, 2018.
LB840	Electric	250,000	Principal of \$100,000, plus interest at 3% is due annually through January 1, 2015.
LB840	Electric	30,000	Principal of \$5,000, plus interest at 3% is due semi-annually through September 30, 2016.
		<u>\$ 335,000</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

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

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

Interfund balances, continued:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
Airport	General	\$ 1,019	0%; will be repaid during year ending September 30, 2014.
Transfer Station	Airport	24,710	0%; will be repaid during year ending September 30, 2014.
CDA	Electric	112,000	0%; on demand or upon sale of real estate.
CDA	Electric	300,000	0%; on demand or upon sale of real estate.
CDA	Electric	<u>160,275</u>	0%; on demand or upon sale of real estate.
Total		\$ <u>598,004</u>	

**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 six percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. (Effective October 1, 2013, the contributions for both employee and employer will increase to 6.5 percent, and will increase to 7 percent effective October 1, 2015.) The eligible and covered payroll amounted to \$410,204 for the year ended September 30, 2013. Both the City and the covered employees' required contribution of \$24,711 was made for the year ended September 30, 2013. The employees also contributed \$5,338 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.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**NOTE D – OTHER NOTES, continued**

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

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 \$1,999,627 and the covered payroll amounted to \$1,352,874 for the year ended September 30, 2013. The City and the employees contributed \$83,338 and \$71,760, respectively, for the year ended September 30, 2013.

**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 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 \$5,000 per individual or \$10,000 per family. The maximum out-of-pocket costs would be \$2,400 for the employee and \$7,600 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 \$15,000; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$165,767 is established in an internal service fund at September 30, 2013.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2013

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

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, 2013, 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.

**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 2013	\$ 1,216,127
November 2013	1,768,132
December 2013	2,286,000
February 2014	30,177
March 2014	78,459
April 2014	607,751
May 2014	78,600
June 2014	97,000
August 2014	1,021,034
September 2014	2,140,521
October 2014	70,000
March 2015	<u>153,500</u>
	\$ <u>9,547,301</u>

**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.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*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, 2013, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank First	\$ 129,294
Farmers and Merchants Bank	2,966,445
First National Bank	105,843
State National Bank	6,178,719
Edward Jones	<u>167,000</u>
	<u>\$ 9,547,301</u>

*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, 2013.

**3. Commitments and Contingencies**

**Construction**

The City’s governmental funds have numerous construction projects 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 9/30/13</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
City of Wayne Projects:				
Milo Drive-Engineering	\$ 37,950	\$ 32,448	\$ 5,502	Winter 2013-2014
Milo Drive-Construction	186,724	-	186,724	Winter 2013-2014
Chief’s Way-Sewer Extension	284,476	-	284,476	January 2014

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Construction, continued**

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/13</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Wayne Municipal Airport: Hangar/terminal building: Construction	795,694	663,210	132,484	September 2014

**Lease Commitments**

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Pitney Bowes	Envelope Stuffer	12/19/09 – 12/19/14	\$ 390/month
De Lage Landen	Copier	4/24/09 – 4/23/14	394/month
De Lage Landen	Copier-Senior Center	1/20/10 – 1/20/15	77/month
Dakota Business Systems	Copier-Library	2/04/10 – 2/04/15	77/month
Eakes Office Plus	Copier-Police	5/22/13-5/22/18	74/month

The City paid rent of \$11,626 under these lease agreements during the year ended September 30, 2013.

Lease commitments as of September 30, 2013, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2014	\$ 10,168
2015	2,668
2016	882
2017	882
2018	<u>368</u>
	<u>\$ 14,968</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**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 \$4,089,664 for the year ended September 30, 2013.

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 \$512,371, the Water Fund made payments of \$40,003, and the Sewer Fund made payments of \$66,975, for the year ended September 30, 2013.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2013**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2013:

<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	7/9/02	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	5/11/04	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	6/4/13	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, 2013**

**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	4/2/13	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	5/8/07	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, 2013**

**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	5/5/09	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

**6. Union Contracts**

The City is subject to the following union contract:

- Wayne Police Employees Fraternal Order of Police #54. This agreement commenced on January 1, 2012, and terminates on June 30, 2014.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2013**

**NOTE D – OTHER NOTES, continued**

**7. Subsequent Events**

Management has evaluated subsequent events through January 15, 2014, the date on which the financial statements were available for issue.

A tornado hit the City of Wayne on October 4, 2013, destroying Wayne Municipal Airport capital assets with net book value of \$335,131 (original cost of \$758,972 less accumulated depreciation of \$423,841). The Airport expects to receive insurance proceeds of \$1,081,983 to replace this property. Bids for replacement of the Airport capital assets total \$1,581,206.

Also, the hangar/terminal building with construction in progress of \$804,160 as of September 30, 2013, was destroyed. This building was still covered under the construction contractor's builders risk insurance policy, so it will be rebuilt to the stage of completion immediately before destruction.

Property at the baseball park/ball complex was also destroyed by the October 4, 2013 tornado. The City has received bids totaling \$437,993 for the replacement of these assets and expects to receive insurance proceeds of \$334,276 towards their replacement.

On October 15, 2013, the City issued \$1,005,000 of Series 2013 General Obligation bonds to pay off the \$935,000 Series 2010 bond anticipation notes and finance cost overruns on the construction projects. The bonds bear interest ranging from 0.85 – 4.0 percent and are due to be repaid over 15 years through June 15, 2028.

On October 15, 2013, the City issued \$380,000 of Series 2013B Highway Allocation bonds to finance the Pheasant Run and Western Ridge III projects. The bonds bear interest ranging from 2.25 – 3.65 percent and are due to be repaid over 13 years through June 15, 2026.

On October 18, 2013, the CDA issued \$150,000 of TIF bond proceeds to the redeveloper for the Angel Acres 2013B project. The bonds bear interest of 6 percent and are due over 12 years through June 1, 2026.

On October 15, 2013, the Council committed \$500,000 of LB840 funds to be used for emergency business loans in the tornado disaster recovery efforts. The amount of the loan would be based on 10 percent of the company's annual payroll. The loans will be non-interest bearing with a maximum of \$250,000 per applicant, payable over 15 years. The funds must be used for the applicants to rebuild their businesses.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

**Year ended September 30, 2013**

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 636,059	\$ 643,522	\$ 7,463
Payments in lieu of taxes	871,628	680,779	(190,849)
Sales tax	550,000	395,630	(154,370)
Franchise	-	185,546	185,546
Intergovernmental	901,240	551,358	(349,882)
Charges for services	456,552	415,761	(40,791)
Interest income	4,000	8,096	4,096
Contributions	-	2,591	2,591
Sale of property	-	23,680	23,680
Other	32,004	55,025	23,021
	<hr/>	<hr/>	<hr/>
Total resources	3,451,483	2,961,988	(489,495)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	194,290	276,993	82,703
Public buildings	75,809	70,176	(5,633)
Public safety	939,497	1,037,678	98,181
Senior citizens services	241,394	238,873	(2,521)
Library	253,987	253,049	(938)
Recreation	301,046	272,869	(28,177)
Community Activity Center	251,458	230,732	(20,726)
Capital outlay	1,796,414	94,190	(1,702,224)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	4,053,895	2,474,560	(1,579,335)
Resources over (under) charges to appropriations	(602,412)	487,428	1,089,840
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	255,700	44,000	(211,700)
Transfers out	(836,702)	(380,636)	456,066
Net transfers	<hr/>	<hr/>	<hr/>
	(581,002)	(336,636)	244,366
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (1,183,414)	\$ 150,792	\$ 1,334,206

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year ended September 30, 2013**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ -	\$ 1,520	\$ 1,520
Motor vehicle	-	72,508	72,508
Intergovernmental	1,324,638	440,980	(883,658)
Charges for services	2,700	2,632	(68)
Interest income	100	159	59
Bond proceeds	500,000	620,000	120,000
Sale of property	-	2,450	2,450
	<hr/>	<hr/>	<hr/>
Total resources	1,827,438	1,140,249	(687,189)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	482,964	431,971	(50,993)
Capital projects	1,852,355	734,778	(1,117,577)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,335,319	1,166,749	(1,168,570)
Resources over (under) charges to appropriations	(507,881)	(26,500)	481,381
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	430,000	266,836	(163,164)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (77,881)</u>	<u>\$ 240,336</u>	<u>\$ 318,217</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
SALES TAX FUND**

**Year ended September 30, 2013**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Interest income	\$ 1,700	\$ 730	\$ (970)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Capital outlay	<u>21,700</u>	<u>22,161</u>	<u>461</u>
Resources over (under) charges to appropriations	(20,000)	(21,431)	(1,431)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(209,554)</u>	<u>-</u>	<u>209,554</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (229,554)</u>	<u>\$ (21,431)</u>	<u>\$ 208,123</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2013**

	Budget (Original and (Final))	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 90,000	\$ 139,162	\$ 49,162
Payments in lieu of taxes	300	163	(137)
Special assessments	81,298	(3,911)	(85,209)
Interest income	<u>2,000</u>	<u>2,754</u>	<u>754</u>
Total resources	173,598	138,168	(35,430)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	894,895	115,000	(779,895)
Interest expense	<u>26,578</u>	<u>36,862</u>	<u>10,284</u>
Total charges to appropriations	<u>921,473</u>	<u>151,862</u>	<u>(769,611)</u>
Resources over (under) charges to appropriations	(747,875)	(13,694)	734,181
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	<u>99,125</u>	<u>99,125</u>	<u>-</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (648,750)</u>	<u>\$ 85,431</u>	<u>\$ 734,181</u>

**CITY OF WAYNE, NEBRASKA**

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

**Year ended September 30, 2013**

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Sales Tax Fund</u>	<u>Debt Service Fund</u>
<b>Sources/inflows of resources:</b>				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,961,988	\$ 1,140,249	\$ 730	\$ 138,168
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>46,144</u>	<u>(424)</u>	<u>(129)</u>	<u>38,008</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,008,132</u></u>	<u><u>\$ 1,139,825</u></u>	<u><u>\$ 601</u></u>	<u><u>\$ 176,176</u></u>
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 2,474,560	\$ 1,166,749	\$ 22,161	\$ 151,862
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>53,073</u>	<u>(3,254)</u>	<u>-</u>	<u>2,424</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 2,527,633</u></u>	<u><u>\$ 1,163,495</u></u>	<u><u>\$ 22,161</u></u>	<u><u>\$ 154,286</u></u>

## **SUPPLEMENTARY INFORMATION**

**CITY OF WAYNE, NEBRASKA**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2013**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Development	LB840	Wireless 911	E911	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 15,723	\$ 9,423	\$ 25,146
Investments	-	-	60,099	20,033	80,132
Notes receivable	641,964	581,990	-	-	1,223,954
Interest receivable	150	-	3	1	154
Restricted assets:					
Cash and cash equivalents	55,160	6,824	-	-	61,984
Investments	450,174	-	-	-	450,174
<b>Total assets</b>	<b>\$ 1,147,448</b>	<b>\$ 588,814</b>	<b>\$ 75,825</b>	<b>\$ 29,457</b>	<b>\$ 1,841,544</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other fund	\$ -	\$ 335,000	\$ -	\$ -	\$ 335,000
Accrued interest payable	-	2,425	-	-	2,425
<b>Total liabilities</b>	<b>-</b>	<b>337,425</b>	<b>-</b>	<b>-</b>	<b>337,425</b>
Fund balances:					
Restricted for:					
Federal programs	1,147,448	-	-	-	1,147,448
Economic development		251,389	-	-	251,389
Assigned for:					
Other purposes	-	-	75,825	29,457	105,282
<b>Total fund balances</b>	<b>1,147,448</b>	<b>251,389</b>	<b>75,825</b>	<b>29,457</b>	<b>1,504,119</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,147,448</b>	<b>\$ 588,814</b>	<b>\$ 75,825</b>	<b>\$ 29,457</b>	<b>\$ 1,841,544</b>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2013**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Development	LB840	Wireless 911	E911	
<b>REVENUES</b>					
Sales tax	\$ -	\$ 219,196	\$ -	\$ -	\$ 219,196
Intergovernmental	676	-	-	-	676
Charges for services	-	-	68,261	27,506	95,767
Interest income	14,616	2,136	150	55	16,957
Total revenues	<u>15,292</u>	<u>221,332</u>	<u>68,411</u>	<u>27,561</u>	<u>332,596</u>
<b>EXPENDITURES</b>					
General government	6,651	133,118	-	-	139,769
Public safety	-	-	8,760	3,913	12,673
Interest on long-term debt	-	10,452	-	-	10,452
Total expenditures	<u>6,651</u>	<u>143,570</u>	<u>8,760</u>	<u>3,913</u>	<u>162,894</u>
<b>Excess of revenues over expenditures</b>	8,641	77,762	59,651	23,648	169,702
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(14,000)</u>	<u>(44,000)</u>
<b>Net change in fund balance</b>	8,641	77,762	29,651	9,648	125,702
Fund balances - September 30, 2012	<u>1,138,807</u>	<u>173,627</u>	<u>46,174</u>	<u>19,809</u>	<u>1,378,417</u>
Fund balances - September 30, 2013	<u>\$ 1,147,448</u>	<u>\$ 251,389</u>	<u>\$ 75,825</u>	<u>\$ 29,457</u>	<u>\$ 1,504,119</u>

**CITY OF WAYNE, NEBRASKA**

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

**September 30, 2013**

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 101,510	\$ 179,891	\$ 281,401
County treasurer cash	5,295	-	5,295
Receivables:			
Property tax	3,247	-	3,247
Accounts receivable	1,153	-	1,153
TIF receivable-current portion	-	48,814	48,814
Due from City of Wayne	24,710	-	24,710
Fuel inventory	9,350	-	9,350
Prepaid insurance	5,882	-	5,882
<b>Total current assets</b>	<u>151,147</u>	<u>228,705</u>	<u>379,852</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	1,606,451	1,606,451
Note receivable-noncurrent portion	-	200,000	200,000
Capital assets:			
Land	287,776	174,277	462,053
Construction in progress	804,160	-	804,160
Other capital assets, net of depreciation	4,772,716	-	4,772,716
<b>Net capital assets</b>	<u>5,864,652</u>	<u>174,277</u>	<u>6,038,929</u>
<b>Total noncurrent assets</b>	<u>5,864,652</u>	<u>1,980,728</u>	<u>7,845,380</u>
<b>Total assets</b>	6,015,799	2,209,433	8,225,232
<b>LIABILITIES</b>			
Current liabilities:			
Due to the City of Wayne	1,019	572,275	573,294
Accounts payable	197,255	-	197,255
Accrued interest payable	-	86,760	86,760
Unavailable property tax	1,854	-	1,854
Current portion of long-term debt	12,284	79,706	91,990
<b>Total current liabilities</b>	<u>212,412</u>	<u>738,741</u>	<u>951,153</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	56,329	1,575,559	1,631,888
<b>Total liabilities</b>	<u>268,741</u>	<u>2,314,300</u>	<u>2,583,041</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,796,039	174,277	5,970,316
Unrestricted	(48,981)	(279,144)	(328,125)
<b>Total net position</b>	<u>\$ 5,747,058</u>	<u>\$ (104,867)</u>	<u>\$ 5,642,191</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended September 30, 2013**

<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	\$ 522,795	\$ 152,239	\$ -
<b>Community Development Agency:</b>			
Economic development	83,222	888	-
<b>Total component units</b>	<b>\$ 606,017</b>	<b>\$ 153,127</b>	<b>\$ -</b>

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
	Airport Authority	Community Development Agency	Total Component Units
\$ 478,878	\$ 108,322	\$ -	\$ 108,322
-	-	(82,334)	(82,334)
<u>\$ 478,878</u>	<u>108,322</u>	<u>(82,334)</u>	<u>25,988</u>
General revenues:			
Taxes:			
Property	74,026	-	74,026
TIF proceeds	-	21,603	21,603
Interest income	206	8	214
Gain (loss) on disposal of assets	500	(82,407)	(81,907)
Total general revenues	<u>74,732</u>	<u>(60,796)</u>	<u>13,936</u>
Change in net position	183,054	(143,130)	39,924
Net position - beginning of year	<u>5,564,004</u>	<u>38,263</u>	<u>5,602,267</u>
Net position - end of year	<u>\$ 5,747,058</u>	<u>\$ (104,867)</u>	<u>\$ 5,642,191</u>

**SINGLE AUDIT REPORTS**

**CITY OF WAYNE, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2013**

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA 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	\$ 60,294
Passed Through Nebraska Department of Aeronautics		
Airport Improvement Program	20.106	<u>458,934</u> *
Total Department of Transportation		519,228
<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	4,852
Nutrition Services Incentive Programs	93.053	11,644
Title III, Part C - Nutrition Services	93.045	<u>19,579</u>
Total Department of Health and Human Services		<u>36,075</u>
Total Federal Awards		<u><u>\$ 555,303</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

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, 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 15, 2014.

**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.

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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 2013-1 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.

Almquist, Malthahn,  
Galloway & Luth, P.C.

Grand Island, Nebraska  
January 15, 2014



**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, 2013. 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

## 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, 2013.

## 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 M. Mathias,*  
*Galloway & Luth, P.C.*

Grand Island, Nebraska  
January 15, 2014

**CITY OF WAYNE, NEBRASKA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2013**

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, 2013.
  - (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 #20.106 – Airport Improvement Program.
  - (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.

2013-1 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, 2013**

Program

Findings for the year ended September 30, 2012

None noted.