

**CITY OF WAYNE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wayne, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 auditor's 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wayne, Nebraska, as of September 30, 2018, 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 6-21 and 84-88 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost*

*Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the 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 10, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wayne’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wayne, Nebraska’s internal control over financial reporting and compliance.

*Amquist, Malthalm,  
Goldway & Luth, P.C.*

Grand Island, Nebraska  
January 10, 2019

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2018**

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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, 2018. 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 \$41,933,230 (*net position*). Of this amount, \$12,255,484 (*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 \$22,503,311. Approximately 13.9 percent of this total amount, \$3,121,121, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$1,530,515, while total fund balance was \$3,094,618.

**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, 2018**

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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 22 and 23 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 nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, the LB840 Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other five 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, 2018**

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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, LB840, and Debt Service Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24-27 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 28-31 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 32 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 33-83 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 84-88 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 89-92 of this report.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

**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 \$41,933,230 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	September 30, 2018			September 30, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 8,036,417	\$ 10,712,085	\$ 18,748,502	\$ 7,383,346	\$ 9,811,229	\$ 17,194,575
Capital Assets	19,780,811	18,903,107	38,683,918	19,810,514	19,222,610	39,033,124
Total Assets	<u>27,817,228</u>	<u>29,615,192</u>	<u>57,432,420</u>	<u>27,193,860</u>	<u>29,033,839</u>	<u>56,227,699</u>
Long-term Liabilities	4,082,842	7,929,128	12,011,970	4,385,109	7,914,659	12,299,768
Other Liabilities	1,231,075	2,256,145	3,487,220	1,441,359	1,530,262	2,971,621
Total Liabilities	<u>5,313,917</u>	<u>10,185,273</u>	<u>15,499,190</u>	<u>5,826,468</u>	<u>9,444,921</u>	<u>15,271,389</u>
Net Position:						
Net Investment in						
Capital Assets	15,430,811	9,748,118	25,178,929	15,055,514	10,892,176	25,947,690
Restricted	3,951,379	547,438	4,498,817	3,541,702	366,789	3,908,491
Unrestricted	3,121,121	9,134,363	12,255,484	2,770,176	8,329,953	11,100,129
Total Net Position	<u>\$ 22,503,311</u>	<u>\$ 19,429,919</u>	<u>\$ 41,933,230</u>	<u>\$ 21,367,392</u>	<u>\$ 19,588,918</u>	<u>\$ 40,956,310</u>

By far the largest portion of the City of Wayne's net position (60.0 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 (10.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12,255,484) 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, 2018**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 181,173	\$ 333,287	\$ 209,472	\$ 448,864
Public Safety	389,174	1,308,618	277,647	1,166,828
Public Works	48,192	525,720	23,010	585,099
Public Buildings	40,517	91,962	54,265	134,600
Recreation	571,124	654,872	155,944	389,602
Community Activity Center	168,611	288,332	161,011	285,651
Library	14,596	258,736	14,711	254,000
Senior Citizens Services	210,207	244,467	183,126	237,258
Interest	-	137,032	-	154,663
Depreciation	-	1,246,109	-	1,198,093
Total	<u>\$ 1,623,594</u>	<u>\$ 5,089,135</u>	<u>\$ 1,079,186</u>	<u>\$ 4,854,658</u>

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

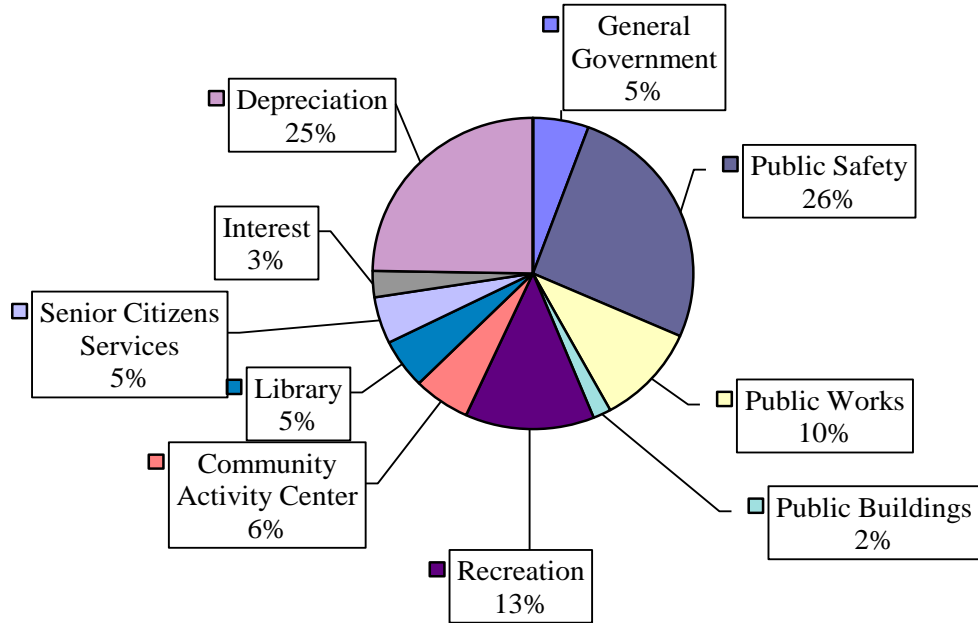
	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 771,128	12.39 %	\$ 711,529	13.24 %
Operating Grants and Contributions	361,144	5.80	271,752	5.06
Capital Grants and Contributions	491,322	7.89	95,905	1.79
Property Taxes	881,367	14.16	846,696	15.76
Motor Vehicle Taxes	86,781	1.39	84,794	1.58
Payments in Lieu of Taxes	972,244	15.62	890,345	16.57
Sales Tax	1,148,955	18.46	1,055,086	19.64
Franchise Taxes	192,196	3.09	196,737	3.66
State Allocation	1,113,811	17.89	1,072,896	19.97
Special Assessments	73,100	1.17	55,311	1.03
Keno Proceeds	23,792	0.38	24,326	0.45
Other	37,515	0.60	23,483	0.44
Interest	81,348	1.31	54,034	1.01
Gain on Sale of Assets	-	-	2,860	0.05
Interfund Transfers	(9,647)	(0.15)	(13,500)	(0.25)
Total	<u>\$ 6,225,056</u>	<u>100.00 %</u>	<u>\$ 5,372,254</u>	<u>100.00 %</u>

Net position increased \$1,135,921 in the governmental funds during the year ended September 30, 2018.

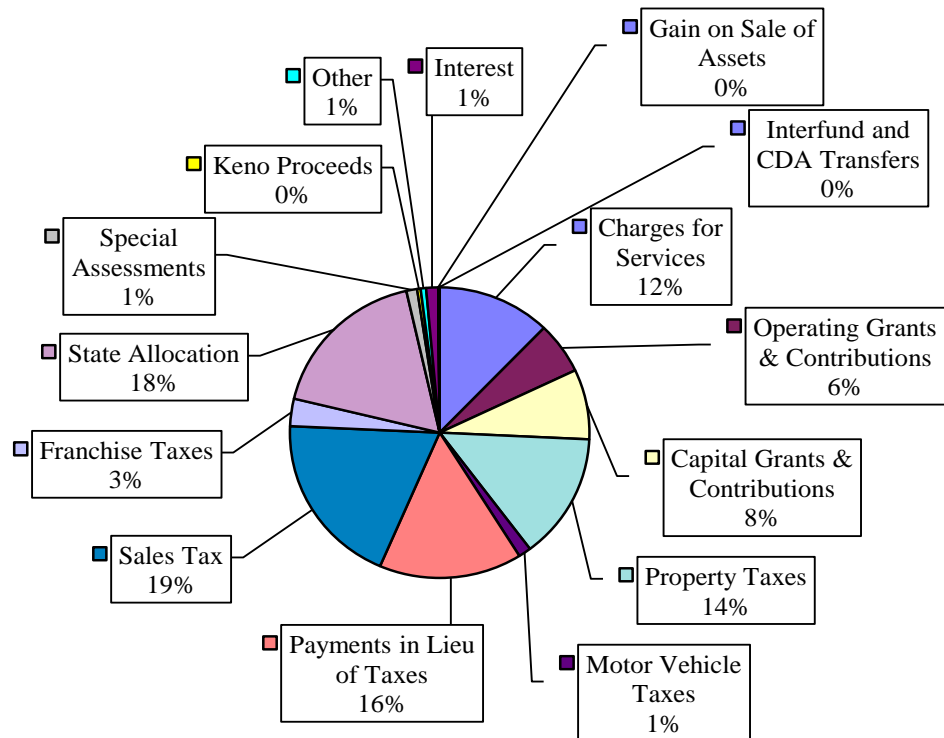
**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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Governmental Activities - 2018 Expenses



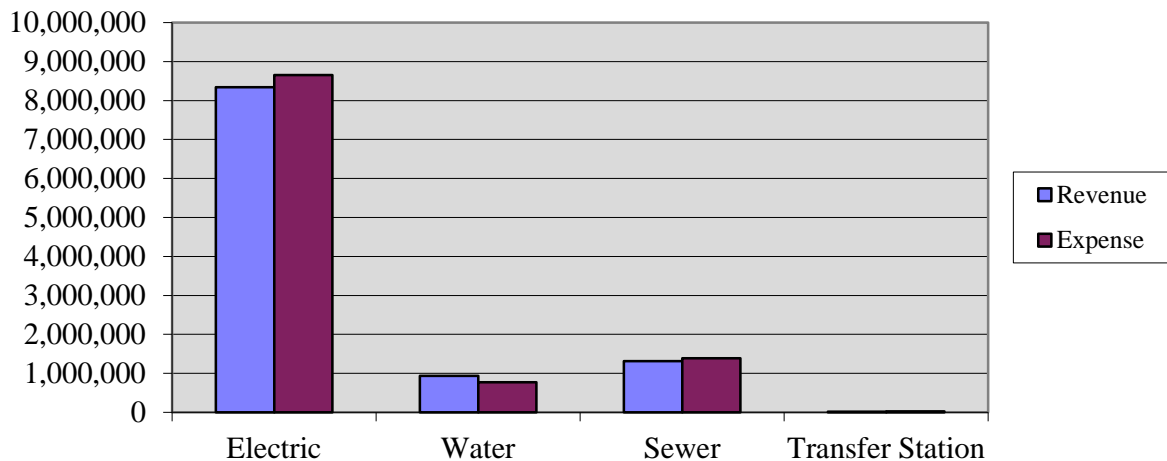
Governmental Activities - 2018 Revenue



**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

**Business-type activities.** Business-type activities decreased the City of Wayne's net position by \$158,999 for the year ended September 30, 2018. Key elements of this decrease are as follows:

**2018 Expenses and Program Revenues - Business-type Activities**



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

<u>Function</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 8,343,101	\$ 8,656,816	\$ 7,891,701	\$ 7,867,038
Water	933,041	771,181	941,061	833,820
Sewer	1,315,299	1,389,346	1,270,171	1,750,462
Transfer Station	11,800	25,640	12,800	26,410
Total	10,603,241	10,842,983	10,115,733	10,477,730
Interfund & CDA Transfer	9,647	30,031	13,500	21,276
	<u>\$ 10,612,888</u>	<u>\$ 10,873,014</u>	<u>\$ 10,129,233</u>	<u>\$ 10,499,006</u>

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2018</u>		<u>Year Ended September 30, 2017</u>	
Charges for Services	\$ 10,603,241	99.24 %	\$ 10,088,971	99.13 %
Capital Grants and Contributions	-	-	26,762	0.26
Interest	101,127	0.95	68,854	0.68
Gain on Sale of Assets	-	-	900	0.01
Interfund Transfers	(20,384)	(0.19)	(7,776)	(0.08)
Total	<u>\$ 10,683,984</u>	<u>100.00 %</u>	<u>\$ 10,177,711</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 \$6,541,196. Of this amount, \$1,530,515 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 (\$927,060), 2) restricted for Federal loan programs (\$583,909), 3) restricted for park expenditures (\$28,741), 4) restricted for golf course expenditures (\$6,055), 5) restricted for Community Activity Center expenditures (\$161,058), 6) restricted for economic development (\$1,298,252), 7) restricted for capital projects (\$610,877), 8) restricted for the swimming pool (\$304,531), 9) restricted for community betterment (\$30,896), 10) assigned for budgetary stabilization (\$313,399), 11) committed for capital projects (\$100,500), 12) assigned for street expenditures (\$618,040), or 13) assigned for other purposes (\$27,363).

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 \$1,530,515, while total fund balance reached \$3,094,618. 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 42.4 percent of total General Fund expenditures, while total fund balance represents 85.7 percent of that same amount.

The fund balance of the City of Wayne's General Fund increased by \$753,458 during the current fiscal year.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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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 - \$6,198,809, Water Fund - \$1,184,720, Sewer Fund - \$1,728,421, and Transfer Station – \$22,413. The change in net position for the proprietary funds was as follows: Electric Fund – decrease of \$(346,285), Water Fund – increase of \$27,440, Sewer Fund – increase of \$173,590, and Transfer Station – decrease of \$(13,744). 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, 2018, amounts to \$38,683,918 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Construction in progress on 2<sup>nd</sup> Street storm sewer - \$327,262
- Construction in progress on 4<sup>th</sup> Street extension - \$368,055
- Construction in progress on hiking trail phase II - \$39,935
- Riley's lot - \$84,378
- Airpacks - \$65,450
- Bobcat 5600 - \$50,049
- Police utility vehicle - \$31,121
- Versacourt at the old pool park - \$57,601
- Construction in progress on electric inner East/West conversion - \$523,701
- 2018 electric distribution system improvements - \$94,202
- Final construction costs on Event Center water lines - \$97,673
- Final construction costs on Event Center sewer system - \$78,726
- 2017 electric distribution system improvements - \$137,306
- 2018 water meters - \$39,535

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</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	\$ 775,970	\$ 401,690	\$ 1,177,660	\$ 691,592	\$ 401,690	\$ 1,093,282
Construction						
in progress	1,531,906	1,631,328	3,163,234	793,085	1,226,165	2,019,250
Infrastructure	6,890,933	-	6,890,933	7,250,350	-	7,250,350
Improvements	3,924,640	-	3,924,640	4,167,671	-	4,167,671
Buildings	5,443,017	10,021,899	15,464,916	5,640,214	10,655,505	16,295,719
Equipment	1,214,345	383,593	1,597,938	1,267,602	489,249	1,756,851
Distribution						
Systems	-	6,464,597	6,464,597	-	6,450,001	6,450,001
Total	<u>\$ 19,780,811</u>	<u>\$ 18,903,107</u>	<u>\$ 38,683,918</u>	<u>\$ 19,810,514</u>	<u>\$ 19,222,610</u>	<u>\$ 39,033,124</u>

Additional information on the City of Wayne's capital assets can be found in Note C4 on pages 59-62 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 \$13,504,989. Of this amount, \$2,035,000 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., sales tax bonds, revenue bonds and DEQ note payable).

**City of Wayne's Outstanding Debt**

	<u>Year Ended September 30, 2018</u>			<u>Year Ended September 30, 2017</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	\$ 750,000	\$ -	\$ 750,000	\$ 925,000	\$ -	\$ 925,000
Sales Tax Revenue						
Bonds	2,315,000	-	2,315,000	2,435,000	-	2,435,000
Highway Allocation						
Bonds	780,000	-	780,000	840,000	-	840,000
Public Safety						
Bonds	505,000	-	505,000	555,000	-	555,000
DEQ Note	-	5,804,989	5,804,989	-	6,150,434	6,150,434
Bond Anticipation						
Notes	-	2,120,000	2,120,000	-	800,000	800,000
Revenue Bonds	-	1,230,000	1,230,000	-	1,380,000	1,380,000
Total	<u>\$ 4,350,000</u>	<u>\$ 9,154,989</u>	<u>\$ 13,504,989</u>	<u>\$ 4,755,000</u>	<u>\$ 8,330,434</u>	<u>\$ 13,085,434</u>

The City of Wayne's total debt increased by \$419,555 (3.2 percent) during the current fiscal year, as the City made scheduled principal payments and issued a \$1,320,000 Series 2017 electric bond anticipation note.



**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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Additional information on the City of Wayne's long-term debt can be found in Note C6 on pages 63-70 of this report.

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

The City of Wayne has maintained a strong financial position again this year. The budget adopted for 2018-2019 continues the City's practice of conservative financial planning.

Each year the City Council has a retreat where they discuss short and long term goals for the City. The budget adopted complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. Some of the goals below were completed in 2017-2018 fiscal year and others are in the 2018-2019 budget year.

COUNCIL GOALS 2018  
ONE YEAR GOALS

- Consider electric rate increases
  - Winter Rates/Lower Summer Rates
  - Educate the public on Load Control Program- Green Team Promotion
- Enact fence Ordinance/Permit- \$25 fee
- Improve City Hall entrance- vestibule roof replacement/removal windows
- Improvements at City Auditorium- lighting and electrical outlets
- Protect Right-of-Way – Visibility and safety
- Adjust weed notice/ordinance for habitat areas
  - Butterfly Garden(s)
  - Native grasses, etc
- ADA sidewalks at public places (e.g. Bressler Park)
  - Park Improvements- focus on East Park, Bressler, Sunnyview & Ashley
- Improvements at Bressler Park
  - Stage upgrades (electrical and possible canopy)
- Future of some City-owned land
  - Old Armory to CRA
  - 10<sup>th</sup> & Main- dedicate a portion as right-of-way; remaining sold or developed
  - Railroad ROW; sell or utilize
  - Revisit blight and substandard designations
  - Rezoning- future land use (direct PC to review zoning map and future land use maps); properties/area zoning vs. full City zoning
- Bid Transfer Station Agreement expiring in May
- Consider Green Team idea of pay-as-you-throw for trash
- Use funds from South Sioux City for smaller Street/Sidewalk projects
- Consider sidewalk on north side of 7<sup>th</sup> Street (Haas Drive to Bomgaars); explore funding options
- Consider allocating funds for LB 518 (housing) grant application
- Continue discussion on Old Pool use

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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- Update basketball/tennis court area with new surface, hoops and lighting
- Obtain estimate for a splash pad area for the old baby pool
- Demolish concrete pool decking to begin with
- Keep bathhouse for possible trailhead
- Retain parking lot
- Determine future for Girl Scout Cabin

**FIVE YEAR GOALS**

- Continue plans to fully decommission lagoon and begin clean up
  - Activate Lagoon Committee for future uses
- Research/consider Tree Board
- Continue to discuss options for City Hall/Council Chambers accessibility
  - Renovate existing vs. add on to existing site vs. build new City Hall
- Continue discussion on the future of electricity (2019 and beyond)
  - Power Plant future including exploring options on fast start engines
  - Current substation status and discuss an additional substation
- Explore costs and revenue requirements of a Water Transmission Main (loop)
  - Consider additional water source (well)
- Discuss replacing Hank Overin Lighting
- Consider Annexation possibilities
- Explore opportunities for CAC use by other entities/possible Field House construction

**PERSONNEL**

The police department hired a new dispatcher in July 2018. We have an eighth and ninth officer included in the next year's budget. The Police Chief is optimistic to have those positions filled this year.

Our Water & Sewer departments are being managed by Wes Blecke, City Administrator. The Public Works department is now managed by Joel Hansen, Street & Planning Director. The Electric Distribution department is managed by Tim Sutton, Electric Distribution Superintendent. The Senior Center continues to cook meals in-house and has plans to move the part-time cook to a full-time position.

Future loss of institutional knowledge is a continued topic that is being addressed. The Finance Director retired in December 2017 and was replaced by Beth Porter. Other key employees that are eligible for retirement are the Power Plant Supervisor and Water/Sewer Supervisor. We continue to cross train at the Electric Power Plant when the power plant is required to run. This cross training is necessary as we may be required to start up the plant with notice from Nebraska Public Power District (NPPD), or when the power provided by NPPD to the city is interrupted. We are looking at cross training in most of our departments.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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**ECONOMY**

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

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

The Wayne City Council and Community Redevelopment Authority continue to support the housing efforts in the community. The housing down payment loan program continues to assist new home owners within the City of Wayne. We also continue with the development of houses in the city's Western Ridge subdivision. There have been many new apartment buildings within the last few years. There are also new houses going up in the subdivisions within the city.

The City of Wayne made a contribution to the Wayne Community Housing Development Corporation's (WCHDC) Rural Workforce Housing Fund (RWHF). The purpose of this fund is to provide funding opportunities for housing developers/contractors and homebuyers to entice them to build, buy and/or rehabilitate workforce housing in the community of Wayne.

The city valuation had \$4,283,225 of growth in the last year. Providence Medical Center has recently completed a two year \$13 million dollar project. The emergency rooms are now in one location and the new ER has two trauma rooms and three treatment rooms. Other improvements were expanding the OB rooms, updating the dietary area, moving the chapel and many infrastructure issues that need to be updated. The Country Club is in the process of major renovations to the club house. The Beaumont Event Center and Birch Room restaurant featuring Sand Creek Post and Beam architecture opened for business in April 2018. Another major project under way is the Center for Applied Technology that is being constructed at Wayne State College. This will be a \$15.2 million state-of-the-art facility. The goal is to continue to attract first rate students and faculty and increase the number of industrial technology teachers, diversified manufacturing administrators, construction and safety managers, drafters and computer programmers.

The Center for Applied Technology will also provide northeast Nebraska with a facility to support management training for industry, encourage ongoing employee development, foster small business entrepreneurs interested in manufacturing and engage in applied research with industry.

Concerns about the national, state and local economies will have an impact on our local revenues and rising costs. We continue to see increases in our health care premiums.

**GRANTS**

Nebraska Department of Roads has taken over the Trail and Underpass grant project and combined it into one project. We have had residents disapprove of the location of the trail in the

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2018**

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Northwest quadrant of the city, so steps are being taken to design and obtain the necessary approvals for that project. This process has added additional time to complete the projects.

The City of Wayne has received CD planning grant funds to address ADA curb ramps in the City. We also recently received notification that we have been approved for a Community Development Block Grant (16CD208) up to the amount of \$475,000 that we are planning to use towards our upcoming project of Nebraska Street 2<sup>nd</sup>-7<sup>th</sup>.

The Senior Center continues with the Department of Roads grant to operate the handi-van and the Area Agency on Aging grant to operate the meal program.

**CAPITAL PROJECTS**

Major projects completed and/or in progress in the city this year include the water/sewer extension to Beaumont Event Center, parallel taxiway and hangar approach construction at the airport, 2<sup>nd</sup> Street storm sewer project, inner east/west conversion, and improvements at the old pool park including a new Flexcourt game/basketball/volleyball/pickleball system.

**REVENUES**

The city has a slight decrease in the total property tax levy requested for city support at \$0.449049 per \$100 of valuation for the upcoming fiscal year. The 2018 combined tax rate for the City of Wayne is 1.879230 per \$100 of valuation.

Revenues from the City Sales Tax have continued to grow at a larger rate than estimated during the last year. The Citizens Advisory committee has processed several requests for the LB 840 plan projects. At this time, they have allocated the majority of the \$3.2 million dollar maximum. Council has established the Loan Committee for the initial loan repayments.

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. We have received feedback from the Nebraska Municipal Power Pool on our electric rate study. We anticipate about a 4.3% increase during the second quarter of 2019. Water and sewer rates were recently increased per Resolution 2018-59.

**CAPITAL BUDGET 2018-2019**

- Police department
  - a. Car Replacement
  - b. Carpet and ceiling repair/replacement in basement
  - c. Electronic citations equipment
- Fire Department
  - a. Primary pumper truck set aside
- Parks Department
  - a. Tractor with turf tires

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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- b. Park hiking trail phase II- entire budget now in Park budget
- Recreation & CAC
  - a. Annual upgrades to Hank Overin and Summer Sports Complex
  - b. Floor scrubber
  - c. Water fountain
- The Country Club house project is a City project that allows individuals to make tax exempt donations for the renovation/enhancements of the Club House.
- Public Buildings
  - a. Improvements at City Hall
  - b. We also budgeted to set funds aside to build an addition onto city hall
  - c. In the Senior Center and Library budgets we also have funds set aside to paint and replace the carpet.
- Senior Center
  - a. Addition to Senior Center to allow room for walk-in cooler
- From city sales tax we have budgeted the following:
  - a. Auditorium door replacement
  - b. Upgrades to the Library/Senior Center (carpet, paint, etc.)
  - c. Police car replacement
  - d. Set aside for Fire Truck Replacement
  - e. Playground equipment
- Street Fund
  - a. Snow plow and box for 2019 truck
  - b. ¾ ton diesel pickup
  - c. New expense lines have been added to aid in State reporting for Joel
  - d. Street Projects are
    - i. Nebraska Street 2<sup>nd</sup>-7th
    - ii. Downtown alleys
    - iii. South Windom to Folk
    - iv. 2<sup>nd</sup> street & storm Sewer
- Electric Production has budgeted for their normal capital items
  - a. Potential diesel fuel cost to NPPD
- Electric Distribution has budgeted their normal distribution system upgrades.
  - a. Continued district improvements projects (inner east/west conversion)
- CAD
  - a. Upgrade to the GPS equipment for surveying grade on elevations.
- Technology
  - a. Sound and video systems for the Council Chambers, servers and various computers.
- Water Fund
  - a. Fire hydrants, water meters, scada system upgrades, and valve replacements.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2018**

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- Sewer Fund
  - a. Various lift stations, manhole rehab and cleaning of sewer lines.
  - b. Power washer
  - c. UV lightbulbs
  - d. Sewer lagoon decommissioning

**DEBT**

The Water BANS Series 2016 will be refinanced to long term debt.

**AIRPORT**

There are currently long term contracts in place for the farm ground, the Airport Manager and the Fixed Base Operator (FBO). There are annual leases on the hangars and there are currently three hangars available for rent.

The current Airport Authority strives to promote general aviation so they set their avgas price at a rate to cover the equipment costs and maintenance. This rate has been lower than most of the airports in the area and has increased traffic at the airport. There seems to be a growing demand for jet fuel and the board is considering the cost and obligations of a fuel farm and how to accommodate those customers.

The parallel taxiway project continues with Knife River as the contractor. Construction has been delayed this year due to weather and conflicts with the contractor. They have been told construction will continue into spring/summer of 2019. With the parallel taxiway project the Airport Board has authorized the area between the hangars to be replaced along with replacing the approaches to the hangars as many of them have deteriorated and dropped down making it difficult for the pilots to get their planes into the hangars.

**COMMUNITY DEVELOPMENT AGENCY**

In 2013-14 the council reorganized the Community Development Agency and appointed a Community Redevelopment Authority. The authority has an offer on their property in the industrial park and are working out the details.

The Community Redevelopment Authority continues to support new housing construction with their \$10,000 down payment 10 year 0% interest assistance program.

**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, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,022,858	\$ 1,613,875	\$ 2,636,733	\$ 393,528
Investments	2,406,149	5,266,789	7,672,938	-
County treasurer cash	35,621	-	35,621	2,741
Receivables:				
Property tax	36,131	-	36,131	3,478
Special assessments	363,698	354,782	718,480	-
Accounts, net of allowance for doubtful accounts	14,799	1,060,464	1,075,263	21,954
Unbilled revenue	-	386,617	386,617	-
Grants	14,118	-	14,118	73,204
Interest	5,175	6,842	12,017	-
Current portion of TIF receivable	-	-	-	292,445
Current portion of notes	266,000	-	266,000	-
Due from other governments	206,426	-	206,426	-
Due (to)/from other funds	(547,000)	547,000	-	-
Due from component units	384	300,000	300,384	-
Prepaid insurance	-	-	-	6,133
Inventory	-	392,393	392,393	9,486
Total current assets	<u>3,824,359</u>	<u>9,928,762</u>	<u>13,753,121</u>	<u>802,969</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,545,297	310,127	1,855,424	-
Restricted investments	1,045,458	473,196	1,518,654	-
Noncurrent TIF receivable	-	-	-	1,878,274
Noncurrent notes receivable	1,621,303	-	1,621,303	139,000
Capital assets:				
Land and construction in progress	2,307,876	2,033,018	4,340,894	1,693,027
Other capital assets, net of depreciation	17,472,935	16,870,089	34,343,024	5,884,001
Net capital assets	<u>19,780,811</u>	<u>18,903,107</u>	<u>38,683,918</u>	<u>7,577,028</u>
Total noncurrent assets	<u>23,992,869</u>	<u>19,686,430</u>	<u>43,679,299</u>	<u>9,594,302</u>
<b>Total assets</b>	<u>27,817,228</u>	<u>29,615,192</u>	<u>57,432,420</u>	<u>10,397,271</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	388,130	517,221	905,351	70,473
Accrued expenses	161,542	201,067	362,609	174,838
Customer deposits	21,750	235,885	257,635	-
Due to the City of Wayne	-	-	-	300,385
Unavailable property tax	354,653	-	354,653	2,434
Current portion of long-term obligations	305,000	1,301,972	1,606,972	337,703
Total current liabilities	<u>1,231,075</u>	<u>2,256,145</u>	<u>3,487,220</u>	<u>885,833</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	37,842	76,111	113,953	-
Noncurrent portion of long-term obligations	4,045,000	7,853,017	11,898,017	1,926,394
Total noncurrent liabilities	<u>4,082,842</u>	<u>7,929,128</u>	<u>12,011,970</u>	<u>1,926,394</u>
<b>Total liabilities</b>	<u>5,313,917</u>	<u>10,185,273</u>	<u>15,499,190</u>	<u>2,812,227</u>
<b>NET POSITION</b>				
Net investment in capital assets	15,430,811	9,748,118	25,178,929	7,483,650
Restricted for:				
Debt service	927,060	547,438	1,474,498	-
Economic development	1,298,252	-	1,298,252	-
Federal loan programs	583,909	-	583,909	-
Capital projects	610,877	-	610,877	-
Swimming pool	304,531	-	304,531	-
Community Activity Center	161,058	-	161,058	-
Community betterment	30,896	-	30,896	-
Parks and golf course	34,796	-	34,796	-
Unrestricted	3,121,121	9,134,363	12,255,484	101,394
<b>Total net position</b>	<u>\$ 22,503,311</u>	<u>\$ 19,429,919</u>	<u>\$ 41,933,230</u>	<u>\$ 7,585,044</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2018**

<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	\$ 333,287	\$ 132,318	\$ 48,855
Public buildings	91,962	40,517	-
Public safety	1,308,618	227,474	161,700
Public works	525,720	5,170	-
Senior citizens services	244,467	75,483	134,724
Library	258,736	8,096	6,500
Recreation	654,872	113,459	9,365
Community Activity Center	288,332	168,611	-
Interest and related expenses	137,032	-	-
Depreciation - unallocated	1,246,109	-	-
Total governmental activities	<u>5,089,135</u>	<u>771,128</u>	<u>361,144</u>
<b>Business-type activities:</b>			
Electric	8,656,816	8,343,101	-
Water	771,181	933,041	-
Sewer	1,389,346	1,315,299	-
Transfer Station	25,640	11,800	-
Total business-type activities	<u>10,842,983</u>	<u>10,603,241</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 15,932,118</u>	<u>\$ 11,374,369</u>	<u>\$ 361,144</u>
<b>Component units:</b>			
Wayne Municipal Airport	\$ 529,900	\$ 191,715	\$ -
Community Development Agency	137,180	1,550	-
<b>Total component units</b>	<u>\$ 667,080</u>	<u>\$ 193,265</u>	<u>\$ -</u>

See notes to financial statements.



Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (152,114)		\$ (152,114)	
-	(51,445)		(51,445)	
-	(919,444)		(919,444)	
43,022	(477,528)		(477,528)	
-	(34,260)		(34,260)	
-	(244,140)		(244,140)	
448,300	(83,748)		(83,748)	
-	(119,721)		(119,721)	
-	(137,032)		(137,032)	
-	(1,246,109)		(1,246,109)	
<u>491,322</u>	<u>(3,465,541)</u>	<u>\$ -</u>	<u>(3,465,541)</u>	
-	-	(313,715)	(313,715)	
-	-	161,860	161,860	
-	-	(74,047)	(74,047)	
-	-	(13,840)	(13,840)	
<u>-</u>	<u>-</u>	<u>(239,742)</u>	<u>(239,742)</u>	
<u>\$ 491,322</u>	<u>(3,465,541)</u>	<u>(239,742)</u>	<u>(3,705,283)</u>	
\$ 861,633				\$ 523,448
-				(135,630)
<u>\$ 861,633</u>				<u>387,818</u>
General revenues:				
Taxes:				
Property	881,367	-	881,367	84,423
Motor vehicle	86,781	-	86,781	-
Payments in lieu of taxes	972,244	-	972,244	-
Sales tax	1,148,955	-	1,148,955	-
Franchise	192,196	-	192,196	-
TIF proceeds	-	-	-	117,743
State allocation	1,113,811	-	1,113,811	-
Special assessments	73,100	-	73,100	-
Keno proceeds	23,792	-	23,792	-
Miscellaneous	37,515	-	37,515	445
Interest income	81,348	101,127	182,475	1,317
Gain on sale of assets	-	-	-	7,038
Transfer between City and CDA	-	(30,031)	(30,031)	30,031
Interfund transfers	(9,647)	9,647	-	-
Total general revenues	<u>4,601,462</u>	<u>80,743</u>	<u>4,682,205</u>	<u>240,997</u>
Change in net position	<u>1,135,921</u>	<u>(158,999)</u>	<u>976,922</u>	<u>628,815</u>
Net position - September 30, 2017	<u>21,367,390</u>	<u>19,588,918</u>	<u>40,956,308</u>	<u>6,956,229</u>
Net position - September 30, 2018	<u>\$ 22,503,311</u>	<u>\$ 19,429,919</u>	<u>\$ 41,933,230</u>	<u>\$ 7,585,044</u>

**CITY OF WAYNE, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2018**

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 469,667	\$ 446,178	\$ -	\$ -	\$ 11,292	\$ -	\$ 927,137
Investments	1,431,482	411,629	-	-	82,825	-	1,925,936
County treasurer cash	25,524	6,847	-	3,250	-	-	35,621
Receivables:							
Special assessments	-	-	-	363,698	-	-	363,698
Accounts, net of allowance for doubtful accounts	14,754	45	-	-	-	-	14,799
Grants	13,536	-	-	-	582	-	14,118
Notes receivable	-	-	1,587,690	-	299,613	-	1,887,303
Interest	2,387	636	-	1,293	147	-	4,463
Property tax	32,050	-	-	4,081	-	-	36,131
Due from other governments	206,426	-	-	-	-	-	206,426
Due from other funds	66,762	-	-	-	-	(66,762)	-
Due from component units	384	-	-	-	-	-	384
Restricted assets:							
Cash	965,302	-	258,064	1,532	320,399	-	1,545,297
Investments	184,902	-	-	704,448	156,108	-	1,045,458
<b>Total assets</b>	<b>\$ 3,413,176</b>	<b>\$ 865,335</b>	<b>\$ 1,845,754</b>	<b>\$ 1,078,302</b>	<b>\$ 870,966</b>	<b>\$ (66,762)</b>	<b>\$ 8,006,771</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 154,036	\$ 225,616	\$ -	\$ -	\$ 978	\$ -	\$ 380,630
Accrued expenses	120,290	21,679	502	19,071	-	-	161,542
Customer deposits	21,750	-	-	-	-	-	21,750
Due to other funds	-	-	547,000	-	66,762	(66,762)	547,000
Unavailable property tax	22,482	-	-	332,171	-	-	354,653
<b>Total liabilities</b>	<b>318,558</b>	<b>247,295</b>	<b>547,502</b>	<b>351,242</b>	<b>67,740</b>	<b>(66,762)</b>	<b>1,465,575</b>
Fund balances:							
Restricted for:							
Debt service	200,000	-	-	727,060	-	-	927,060
Capital projects	610,877	-	-	-	-	-	610,877
Swimming pool	304,531	-	-	-	-	-	304,531
Community Activity Center	-	-	-	-	161,058	-	161,058
Community betterment	-	-	-	-	30,896	-	30,896
Federal programs	-	-	-	-	583,909	-	583,909
Economic development	-	-	1,298,252	-	-	-	1,298,252
Parks	28,741	-	-	-	-	-	28,741
Golf course	6,055	-	-	-	-	-	6,055
Committed for:							
Capital projects	100,500	-	-	-	-	-	100,500
Assigned for:							
Budgetary stabilization	313,399	-	-	-	-	-	313,399
Street expenditures	-	618,040	-	-	-	-	618,040
Other purposes	-	-	-	-	27,363	-	27,363
Unassigned	1,530,515	-	-	-	-	-	1,530,515
<b>Total fund balances</b>	<b>3,094,618</b>	<b>618,040</b>	<b>1,298,252</b>	<b>727,060</b>	<b>803,226</b>	<b>-</b>	<b>6,541,196</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,413,176</b>	<b>\$ 865,335</b>	<b>\$ 1,845,754</b>	<b>\$ 1,078,302</b>	<b>\$ 870,966</b>	<b>\$ (66,762)</b>	<b>\$ 8,006,771</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, 2018**

<b>Total fund balances - governmental funds</b>	\$	6,541,196
<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 \$38,740,831, and the accumulated depreciation is \$18,960,020.</p>		
		19,780,811
<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>		
		569,146
<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	\$	(37,842)
Bonds payable	(4,350,000)	(4,387,842)
<b>Total net position - governmental activities</b>	<b>\$</b>	<b>22,503,311</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, 2018**

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes:						
Property	\$ 780,152	\$ 1,443	\$ -	\$ 99,771	\$ -	\$ 881,366
Motor vehicle	-	86,781	-	-	-	86,781
Payments in lieu of taxes	972,051	-	-	193	-	972,244
Sales tax	764,979	108,038	275,939	-	-	1,148,956
Franchise	192,196	-	-	-	-	192,196
Intergovernmental	735,636	684,234	-	-	48,855	1,468,725
Special assessments	-	-	-	73,100	-	73,100
Charges for services	684,985	5,170	-	-	77,586	767,741
Keno proceeds	-	-	-	-	23,792	23,792
Interest income	19,871	5,913	15,830	26,635	7,883	76,132
Contributions	437,424	-	-	-	-	437,424
Other income	38,140	18,021	-	-	-	56,161
Total revenues	<u>4,625,434</u>	<u>909,600</u>	<u>291,769</u>	<u>199,699</u>	<u>158,116</u>	<u>6,184,618</u>
<b>EXPENDITURES</b>						
General government	239,816	-	17,724	-	103,618	361,158
Public buildings	91,962	-	-	-	-	91,962
Public safety	1,294,260	-	-	-	14,359	1,308,619
Public works	-	522,268	-	-	-	522,268
Senior citizens services	244,467	-	-	-	-	244,467
Library	258,736	-	-	-	-	258,736
Recreation	647,274	-	-	-	5,399	652,673
Community Activity Center	288,332	-	-	-	2,199	290,531
Capital outlay	354,718	766,694	-	-	50,100	1,171,512
Principal payments on debt	120,000	-	-	285,000	-	405,000
Interest on long-term debt	73,611	-	14,869	63,420	-	151,900
Total expenditures	<u>3,613,176</u>	<u>1,288,962</u>	<u>32,593</u>	<u>348,420</u>	<u>175,675</u>	<u>5,458,826</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	1,012,258	(379,362)	259,176	(148,721)	(17,559)	725,792
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	55,000	200,000	-	104,153	-	359,153
Transfers out	(313,800)	-	-	-	(55,000)	(368,800)
Net transfers	<u>(258,800)</u>	<u>200,000</u>	<u>-</u>	<u>104,153</u>	<u>(55,000)</u>	<u>(9,647)</u>
<b>Net change in fund balances</b>	753,458	(179,362)	259,176	(44,568)	(72,559)	716,145
Fund balances - September 30, 2017	<u>2,341,160</u>	<u>797,402</u>	<u>1,039,076</u>	<u>771,628</u>	<u>875,785</u>	<u>5,825,051</u>
Fund balances - September 30, 2018	<u>\$ 3,094,618</u>	<u>\$ 618,040</u>	<u>\$ 1,298,252</u>	<u>\$ 727,060</u>	<u>\$ 803,226</u>	<u>\$ 6,541,196</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, 2018**

<b>Total net change in fund balances - governmental funds</b>	\$ 716,145
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 (\$1,216,406) was exceeded by depreciation expense (\$1,246,109) during the period. State grants funded \$44,894 of the capital additions.	(29,703)
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.	47,210
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	(2,731)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>405,000</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 1,135,921</u></u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2018**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 946,348	\$ 308,848
Investments	3,641,825	588,182
Receivables:		
Accounts, net of allowance for doubtful accounts	833,037	95,493
Unbilled revenue	287,015	40,383
Special assessments	-	76,411
Interest	4,495	1,063
Due from other funds	547,000	51,601
Due from Community Development Agency	300,000	-
Inventory	324,564	67,829
Total current assets	6,884,284	1,229,810
Noncurrent assets:		
Restricted cash and cash equivalents	310,127	-
Restricted investments	473,196	-
Capital assets:		
Land	151,607	143,650
Construction in progress	1,239,672	159,906
Distribution systems	6,114,580	6,814,876
Buildings	8,157,312	151,269
Equipment	3,762,425	573,077
Less accumulated depreciation	(12,666,524)	(4,752,868)
Net capital assets	6,759,072	3,089,910
Total noncurrent assets	7,542,395	3,089,910
Total assets	14,426,679	4,319,720
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	507,552	5,783
Customer deposits	235,885	-
Accrued interest payable	9,404	6,153
Other accrued expenses	109,730	24,167
Due to other funds	-	-
Current portion of long-term obligations	150,000	836,037
Total current liabilities	1,012,571	872,140
Noncurrent liabilities:		
Compensated absences - noncurrent	58,789	8,987
Noncurrent portion of long-term obligations	2,400,000	493,066
Total noncurrent liabilities	2,458,789	502,053
Total liabilities	3,471,360	1,374,193
<b>NET POSITION</b>		
Net investment in capital assets	4,209,072	1,760,807
Restricted for:		
Debt service	547,438	-
Unrestricted	6,198,809	1,184,720
Total net position	\$ 10,955,319	\$ 2,945,527

See notes to financial statements.

Enterprise Funds				Internal Service Fund
Sewer Fund	Transfer Station	Eliminations	Total	
\$ 336,766	\$ 21,913	\$ -	\$ 1,613,875	\$ 95,721
1,036,782	-	-	5,266,789	480,213
131,434	500	-	1,060,464	-
59,219	-	-	386,617	-
278,371	-	-	354,782	-
1,284	-	-	6,842	712
-	-	(51,601)	547,000	-
-	-	-	300,000	-
-	-	-	392,393	-
<u>1,843,856</u>	<u>22,413</u>	<u>(51,601)</u>	<u>9,928,762</u>	<u>576,646</u>
-	-	-	310,127	-
-	-	-	473,196	-
65,252	41,181	-	401,690	-
231,750	-	-	1,631,328	-
3,887,860	-	-	16,817,316	-
9,766,733	606,685	-	18,681,999	-
486,368	25,953	-	4,847,823	-
(5,592,991)	(464,666)	-	(23,477,049)	-
<u>8,844,972</u>	<u>209,153</u>	<u>-</u>	<u>18,903,107</u>	<u>-</u>
<u>8,844,972</u>	<u>209,153</u>	<u>-</u>	<u>19,686,430</u>	<u>-</u>
10,688,828	231,566	(51,601)	29,615,192	576,646
3,886	-	-	517,221	7,500
-	-	-	235,885	-
28,275	-	-	43,832	-
23,338	-	-	157,235	-
51,601	-	(51,601)	-	-
315,935	-	-	1,301,972	-
<u>423,035</u>	<u>-</u>	<u>(51,601)</u>	<u>2,256,145</u>	<u>7,500</u>
8,335	-	-	76,111	-
4,959,951	-	-	7,853,017	-
<u>4,968,286</u>	<u>-</u>	<u>-</u>	<u>7,929,128</u>	<u>-</u>
<u>5,391,321</u>	<u>-</u>	<u>(51,601)</u>	<u>10,185,273</u>	<u>7,500</u>
3,569,086	209,153	-	9,748,118	-
-	-	-	547,438	-
1,728,421	22,413	-	9,134,363	569,146
<u>\$ 5,297,507</u>	<u>\$ 231,566</u>	<u>\$ -</u>	<u>\$ 19,429,919</u>	<u>\$ 569,146</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2018**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
<b>Operating revenues:</b>						
User charges	\$ 8,256,921	\$ 926,277	\$ 1,314,453	\$ 800	\$ 10,498,451	\$ -
Health insurance premiums	-	-	-	-	-	517,212
Hookup fees	-	464	846	-	1,310	-
Other revenue	86,180	6,300	-	11,000	103,480	-
Total operating revenues	<u>8,343,101</u>	<u>933,041</u>	<u>1,315,299</u>	<u>11,800</u>	<u>10,603,241</u>	<u>517,212</u>
<b>Operating expenses:</b>						
Cost of power	4,552,288	-	-	-	4,552,288	-
Personnel	1,302,837	246,268	243,787	-	1,792,892	-
Contract services	60,404	90,911	265,473	-	416,788	-
Commodities	1,409,403	144,667	188,099	4,533	1,746,702	-
Payments in lieu of taxes	732,432	75,918	85,086	-	893,436	-
Insurance claims and health premiums	-	-	-	-	-	475,218
Depreciation	532,372	187,754	452,211	21,107	1,193,444	-
Total operating expenses	<u>8,589,736</u>	<u>745,518</u>	<u>1,234,656</u>	<u>25,640</u>	<u>10,595,550</u>	<u>475,218</u>
Operating income (loss)	(246,635)	187,523	80,643	(13,840)	7,691	41,994
<b>Nonoperating revenues (expenses):</b>						
Interest income	62,814	15,580	22,637	96	101,127	5,216
Interest expense	(49,622)	(20,107)	(99,602)	-	(169,331)	-
Loan administration fees	(17,458)	(5,556)	(55,088)	-	(78,102)	-
Total nonoperating revenues (expenses)	<u>(4,266)</u>	<u>(10,083)</u>	<u>(132,053)</u>	<u>96</u>	<u>(146,306)</u>	<u>5,216</u>
Income (loss) before interfund transfers	(250,901)	177,440	(51,410)	(13,744)	(138,615)	47,210
<b>Interfund transfers:</b>						
Transfer to Community Development Agency	(30,031)	-	-	-	(30,031)	-
Transfer from (to) other funds	<u>(65,353)</u>	<u>(150,000)</u>	<u>225,000</u>	<u>-</u>	<u>9,647</u>	<u>-</u>
<b>Change in net position</b>	<u>(346,285)</u>	<u>27,440</u>	<u>173,590</u>	<u>(13,744)</u>	<u>(158,999)</u>	<u>47,210</u>
Net position - September 30, 2017	<u>11,301,604</u>	<u>2,918,087</u>	<u>5,123,917</u>	<u>245,310</u>	<u>19,588,918</u>	<u>521,936</u>
Net position - September 30, 2018	<u>\$ 10,955,319</u>	<u>\$ 2,945,527</u>	<u>\$ 5,297,507</u>	<u>\$ 231,566</u>	<u>\$ 19,429,919</u>	<u>\$ 569,146</u>

See notes to financial statements.



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

**For the year ended September 30, 2018**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 8,325,055	\$ 924,820
Receipts from other funds	-	-
Payments to suppliers	(6,749,615)	(340,858)
Payments to employees	(1,323,150)	(242,983)
Net cash provided by operating activities	252,290	340,979
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer to Community Development Agency	(30,031)	-
Transfers (to) from other funds	(65,353)	(150,000)
Net cash provided (used) by noncapital financing activities	(95,384)	(150,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(595,021)	(168,327)
Proceeds from sale of capital assets	-	-
Grant proceeds	12,180	-
Special assessments received	-	40,730
Proceeds from the issuance of long-term debt	1,320,000	-
Principal payments on capital debt	(150,000)	(35,327)
Interest paid on capital debt	(49,305)	(20,313)
Loan administration fees	(17,458)	(5,556)
Net cash provided (used) by capital and related financing activities	520,396	(188,793)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in investments	(145,953)	(5,157)
(Increase) decrease in due from/to other funds	165,000	-
Interest received	61,241	15,133
Net cash provided by investing activities	80,288	9,976
Increase in cash and cash equivalents	757,590	12,162
Cash and cash equivalents - beginning of the year	498,885	296,686
Cash and cash equivalents - end of the year	\$ 1,256,475	\$ 308,848
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 946,348	\$ 308,848
Restricted cash and cash equivalents	310,127	-
Total cash and cash equivalents	\$ 1,256,475	\$ 308,848

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,299,736	\$ 11,300	\$ 10,560,911	\$ -
-	-	-	517,212
(565,789)	(4,533)	(7,660,795)	(475,318)
(239,418)	-	(1,805,551)	-
<u>494,529</u>	<u>6,767</u>	<u>1,094,565</u>	<u>41,894</u>
-	-	(30,031)	-
225,000	-	9,647	-
<u>225,000</u>	<u>-</u>	<u>(20,384)</u>	<u>-</u>
(191,832)	-	(955,180)	-
-	-	-	-
-	-	12,180	-
55,754	-	96,484	-
-	-	1,320,000	-
(310,118)	-	(495,445)	-
(101,290)	-	(170,908)	-
(55,088)	-	(78,102)	-
<u>(602,574)</u>	<u>-</u>	<u>(270,971)</u>	<u>-</u>
(9,753)	-	(160,863)	(4,726)
-	-	165,000	-
22,239	96	98,709	4,995
<u>12,486</u>	<u>96</u>	<u>102,846</u>	<u>269</u>
129,441	6,863	906,056	42,163
<u>207,325</u>	<u>15,050</u>	<u>1,017,946</u>	<u>53,558</u>
<u>\$ 336,766</u>	<u>\$ 21,913</u>	<u>\$ 1,924,002</u>	<u>\$ 95,721</u>
\$ 336,766	\$ 21,913	\$ 1,613,875	\$ 95,721
-	-	310,127	-
<u>\$ 336,766</u>	<u>\$ 21,913</u>	<u>\$ 1,924,002</u>	<u>\$ 95,721</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2018**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (246,635)	\$ 187,523
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	532,372	187,754
Change in assets and liabilities:		
Accounts receivable	(51,756)	(8,221)
Inventories	(3,150)	(25,993)
Accounts payable	8,062	(3,369)
Customer deposits	33,710	-
Accrued expenses	(20,313)	3,285
Net cash provided by operating activities	\$ 252,290	\$ 340,979

See notes to financial statements.

<u>Enterprise Funds</u>			<u>Total</u>	<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Transfer Station</u>			
\$ 80,643	\$ (13,840)	\$ 7,691	\$ 41,994	
452,211	21,107	1,193,444	-	
(15,563)	(500)	(76,040)	-	
-	-	(29,143)	-	
(27,131)	-	(22,438)	(100)	
-	-	33,710	-	
4,369	-	(12,659)	-	
<u>\$ 494,529</u>	<u>\$ 6,767</u>	<u>\$ 1,094,565</u>	<u>\$ 41,894</u>	

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUND**

**September 30, 2018**

	Agency <u>Fund</u>
<b>ASSETS</b>	
Cash	\$ 110,668
Investments	4,876
Sales tax receivable	41,377
Other receivables	821
Total assets	<u>\$ 157,742</u>
<b>LIABILITIES</b>	
Agency liabilities	<u>\$ 157,742</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, 2018**

**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, 2018**

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

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

Brief Description of Activities and Relationship  
to the City:

Wayne Municipal Airport

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

Community Development Agency

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

**2. Basis of Presentation**

**Government-wide Financial Statements**

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



**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**2. Basis of Presentation, continued**

**Fund Financial Statements**

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018**

**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 Nonmajor Funds**

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

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

**2. Basis of Presentation, continued**

**Major and Nonmajor Funds, continued**

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<i>Nonmajor:</i>	
Special Revenue:	
Community Development	Accounts for Federal Block Grant and Housing Loans.
Enhanced 911	Accounts for the per-line telephone surcharge for the Emergency Communications System.
Wireless 911	Accounts for the wireless telephone surcharge for the Emergency Communications System.
Sales Tax	Accounts for reserve funds raised for CAC Construction.
Keno	Accounts for keno funds held for community betterment.
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, 2018**

**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, 2018**

**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, 2018**

**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>206,426</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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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 24). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

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

**Sales and Use Tax**

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

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

**Property Taxes**

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

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

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

**Property Taxes, continued**

Property taxes levied for 2017-2018 are recorded as revenue when expected to be collected within 60 days after September 30, 2018. 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 (10.5 percent of gross revenues for electric, 9 percent of gross revenues for water, and 7 percent of gross revenues for 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, 2018**

**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, 2018**

**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, 2018**

**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, 2018. The categories of collateral are defined as follows:



**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**1. Cash and Investments, continued**

**Deposits, continued**

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and money market accounts	\$ 5,194,082	\$ 750,000	\$ 4,444,082	\$ -	<u>\$ 4,996,353</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 2,636,733
Restricted cash and cash equivalents	1,855,424
Component Unit –	
Unrestricted cash and cash equivalents	393,528
Agency Fund Cash (not included in government-wide statement)	<u>110,668</u>
	<u>\$ 4,996,353</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, 2018. The categories of investments are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 the 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	\$ 721,982	\$ -	\$ -	\$ 721,982	\$ 721,982
TIF Bond	16,910	-	-	16,910	16,910
Time Deposits	8,457,576	-	-	<u>8,457,576</u>	<u>8,457,576</u>
				<u>\$ 9,196,468</u>	<u>\$ 9,196,468</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 7,672,938
Restricted investments	1,518,654
Agency Funds (not included in government-wide statement)	<u>4,876</u>
	<u>\$ 9,196,468</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2018, 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	\$ 1,545,297	\$ 310,127	\$ 1,855,424	\$ -
Investments	<u>1,045,458</u>	<u>473,196</u>	<u>1,518,654</u>	<u>-</u>
	<u>\$ 2,590,755</u>	<u>\$ 783,323</u>	<u>\$ 3,374,078</u>	<u>\$ -</u>

Restricted cash and investments for governmental activities consists of \$200,000 of General Fund cash restricted for pool debt service, \$610,877 of General Fund cash restricted for capital projects, \$304,531 of General Fund cash and investments restricted for the swimming pool, \$160,919 of Sales Tax cash and investments restricted for Community Activity Center, \$705,980 of Debt Service cash and investments restricted for debt service, \$283,714 of Community Development cash restricted for Federal programs, \$258,064 of LB840 cash restricted for economic development, \$31,874 of Keno cash restricted for community betterment, \$28,741 of General Fund investments restricted to be used for parks, and \$6,055 of General Fund investments restricted to be used for the golf course.

Restricted business-type assets consist of debt service reserves of \$547,438 for the Electric Fund. The Electric Fund also has \$235,885 restricted for customer deposits.

**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 memberships and other minor receivables. Accounts receivable for the component units consist of minor receivables. Receivables detail at September 30, 2018, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 16,221	\$ 1,073,645	\$ 1,089,866	\$ 21,954
Allowance for doubtful accounts	( 1,422)	( 13,181)	( 14,603)	<u>-</u>
Net accounts receivable	<u>\$ 14,799</u>	<u>\$ 1,060,464</u>	<u>\$ 1,075,263</u>	<u>\$ 21,954</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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, 2018:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2018</u>	<u>Terms</u>
Community Development Fund	Sand Creek Post and Beam	\$ 30,000	0%; monthly payments due over 120 months; final balloon payment due 1/02/20
Community Development Fund	Wayne Hospitality Group	81,788	3.125%; annual payments due over 15 years; final payment due 12/1/26
Community Development Fund	Udder Delights	6,516	4.5%; monthly payments over 96 months; matures 8/25/22
Community Development Fund	Miss Molly's	36,009	2.75%; monthly payments due over 84 months; final balloon payment due May 1, 2019
Community Development Fund	8 housing loans	145,300	0%; housing loans; due when property is sold
LB840 Fund	Wayne Area Events Center	350,000	3%; annual payments of \$40,004 March 1, 2018, through March 1, 2027
LB840 Fund	RBDK, LLC	53,149	3%; annual payments of \$4,705 through November 30, 2021 when final balloon payment is due
LB840 Fund	Innovative Protectives	7,333	0%; annual payments of \$667 November 1, 2014, through November 1, 2028

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

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

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2018</u>	<u>Terms</u>
LB840 Fund	OCC Builders, LLC	26,429	0%; annual payments of \$2,643 November 1, 2014, through November 1, 2028
LB840 Fund	Sand Creek Post & Beam, Inc.	142,193	0%; annual payments of \$12,927 November 1, 2014, through November 1, 2028
LB840 Fund	Wayne Hospitality Group	200,000	0%; annual payments of \$16,667 due for 15 years through 2030
LB840 Fund	DRJ LLC/INET Library	74,186	3%; annual payments of \$10,568 plus interest May 10, 2013, through May 10, 2021
LB840 Fund	Lutt Oil	31,753	3%; annual payments of \$5,862 January 1, 2015, through January 1, 2024
LB840 Fund	Kory Leseberg	28,444	0%; monthly payments of \$222 June 1, 2014, through May 1, 2029
LB840 Fund	Kory Leseberg	25,830	3%; monthly payments of \$242 June 1, 2014, through May 1, 2029
LB840 Fund	Ken Jorgensen	104,227	3%; annual payments of \$10,471 September 1, 2015, through September 1, 2029
LB840 Fund	Pat Garvin	29,333	0%; annual payments of \$2,667 May 1, 2015, through May 1, 2029

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

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

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2018</u>	<u>Terms</u>
LB840 Fund	Hefti Trucking	36,667	0%; annual payments of \$3,333 September 1, 2015, through September 1, 2029
LB840 Fund	Ken Jorgensen	93,588	3%; forgivable at \$10,471 per year September 1, 2015, through September 1, 2029
LB840 Fund	Jen Claussen	19,134	3%; monthly payments of \$164 April 1, 2015, through March 1, 2030
LB840 Fund	Rainbow World	53,122	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022
LB840 Fund	Jen Claussen	9,506	0%; forgivable at \$4,753 per year April 1, 2016, through April 1, 2020
LB840 Fund	Wayne Country Club	210,000	0%; annual payments of \$14,000 August 15, 2019, through August 15, 2033
LB840 Fund	Julie Cull	18,596	3%; monthly payments of \$357 due over 120 months
LB840 Fund	Paulson Construction	22,356	3%; monthly payments due over 120 months

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

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

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2018</u>	<u>Terms</u>
LB840 Fund	Beck Ag, Inc	17,162	3%; annual payments of \$17,677 March 1, 2017 through March 1, 2019
LB840 Fund	Crossroads-Atoll Productions, LLC	35,634	3%; annual payments of \$3,351 February 1, 2017, through February 1, 2031
LB840 Fund	Rustic Treasures, LLC	27,000	0%; monthly payments of \$917 October 1, 2016, through September 1, 2021
LB840 Fund	Winning Finish Enterprises, Inc.	18,260	3%; annual payments of \$2,897 October 1, 2016, through October 1, 2025
LB840 Fund	Winning Finish Enterprises, Inc.	17,500	0%; forgivable at \$2,500 per year October 1, 2016, through October 1, 2025
LB840 Fund	Joshua Hopkins	11,288	0% for the first 2 years, and 3% for the 3rd year; monthly payments of \$972 October 1, 2016, through September 1, 2019
LB840 Fund	Allowance for Uncollectible Note	<u>(75,000)</u>	
Total notes receivable		\$ <u>1,887,303</u>	
Current portion		\$ 266,000	
Noncurrent portion		<u>1,621,303</u>	
		\$ <u>1,887,303</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2018, was as follows:

	<u>Balance at</u> <u>October 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2018</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 691,592	\$ 84,378	\$ -	\$ -	\$ 775,970
Construction in progress	793,085	738,821	-	-	1,531,906
Total capital assets not being depreciated	1,484,677	823,199	-	-	2,307,876
Other capital assets being depreciated:					
Infrastructure	17,138,513	71,427	-	-	17,209,940
Improvements	5,020,671	10,040	-	-	5,030,711
Buildings	10,118,542	39,704	-	-	10,158,246
Machinery and equipment	3,762,022	272,036	-	-	4,034,058
Total other capital assets at historical cost	36,039,748	393,207	-	-	36,432,955
Less accumulated depreciation for:					
Infrastructure	(9,888,163)	(430,844)	-	-	(10,319,007)
Improvements	(853,000)	(253,071)	-	-	(1,106,071)
Buildings	(4,478,328)	(236,901)	-	-	(4,715,229)
Machinery and equipment	(2,494,420)	(325,293)	-	-	(2,819,713)
Total accumulated depreciation	(17,713,911)	(1,246,109) *	-	-	(18,960,020)
Other capital assets, net	18,325,837	(852,902)	-	-	17,472,935
Governmental activities capital assets, net	<u>\$ 19,810,514</u>	<u>\$ (29,703)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,780,811</u>

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



CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2018

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

4. Capital Assets, continued

Governmental Activities, continued:

General government/public buildings	\$ 73,792
Public safety	218,257
Public works:	
Street	528,191
Library	4,460
Senior citizens services	15,358
Recreation	303,058
Community Activity Center:	<u>102,993</u>
Total governmental depreciation expense	<u>\$ 1,246,109</u>

Construction in progress at September 30, 2018, consists of \$287,535 for the Hiking Trail – Phase II project, \$339,348 for the Second Street storm sewer project, \$9,418 for the Fifth Street to Community Activity Center project; \$785,795 for the Fourth Street extension project, and \$109,810 for the trail slope stabilization project. See Note D3 for additional details on these projects.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**4. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2018</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 401,690	\$ -	\$ -	\$ -	\$ 401,690
Construction in progress	<u>1,226,165</u>	<u>626,062</u>	<u>-</u>	<u>(220,899)</u>	<u>1,631,328</u>
Total capital assets not being depreciated	1,627,855	626,062	-	(220,899)	2,033,018
Other capital assets being depreciated:					
Buildings	18,681,999	-	-	-	18,681,999
Distribution systems	16,365,007	231,410	-	220,899	16,817,316
Equipment	<u>4,831,354</u>	<u>16,469</u>	<u>-</u>	<u>-</u>	<u>4,847,823</u>
Total other capital assets at historical cost	39,878,360	247,879	-	220,899	40,347,138
Less accumulated depreciation for:					
Buildings	(8,026,494)	(633,606)	-	-	(8,660,100)
Distribution systems	(9,915,006)	(437,713)	-	-	(10,352,719)
Equipment	<u>(4,342,105)</u>	<u>(122,125)</u>	<u>-</u>	<u>-</u>	<u>(4,464,230)</u>
Total accumulated depreciation	<u>(22,283,605)</u>	<u>(1,193,444) *</u>	<u>-</u>	<u>-</u>	<u>(23,477,049)</u>
Other capital assets, net	<u>17,594,755</u>	<u>(945,565)</u>	<u>-</u>	<u>220,899</u>	<u>16,870,089</u>
Business-type capital assets, net	<u>\$ 19,222,610</u>	<u>\$ (319,503)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,903,107</u>

\* Depreciation expense was charged to functions as follows:

Electric	\$ 532,372
Water	187,754
Sewer	452,211
Transfer Station	<u>21,107</u>
Total business-type activities depreciation expense	<u>\$ 1,193,444</u>

Construction in progress at September 30, 2018, consists of \$1,213,328 of costs on the electric inner East/West conversion project, \$26,344 of costs on the electric distribution system for the Events Center; \$159,906 of costs on the water building, and \$231,750 of costs on the sewer building. See Note D3 for additional detail of the construction in progress at September 30, 2018.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

**4. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2018</u>
<b><u>Airport Authority:</u></b>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Construction in progress	252,029	957,438	-	-	1,209,467
	<u>539,805</u>	<u>957,438</u>	<u>-</u>	<u>-</u>	<u>1,497,243</u>
Other capital assets being depreciated:					
Buildings	2,561,545	-	-	-	2,561,545
Improvements	5,167,914	-	-	-	5,167,914
Equipment	245,635	39,000	-	-	284,635
Total other capital assets at historical cost	7,975,094	39,000	-	-	8,014,094
Less accumulated depreciation for:					
Buildings	(340,773)	(71,335)	-	-	(412,108)
Improvements	(1,322,242)	(195,196)	-	-	(1,517,438)
Equipment	(151,360)	(49,187)	-	-	(200,547)
Total accumulated depreciation	<u>(1,814,375)</u>	<u>(315,718)</u>	<u>-</u>	<u>-</u>	<u>(2,130,093)</u>
Other capital assets, net	<u>6,160,719</u>	<u>(276,718)</u>	<u>-</u>	<u>-</u>	<u>5,884,001</u>
Airport Authority capital assets, net	<u>\$ 6,700,524</u>	<u>\$ 680,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,381,244</u>

Construction in progress at September 30, 2018 consists of \$1,209,467 of engineering and construction contractor costs for the parallel taxiway. See Note D3 for additional details of contractual commitments on this project.

	<u>Balance at</u> <u>September 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2018</u>
<b><u>Community Development Agency:</u></b>				
Capital assets not being depreciated:				
Land	\$ <u>197,547</u>	\$ <u>-</u>	\$ <u>(1,763)</u>	\$ <u>195,784</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, 2018**

**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, 2018:

<u>Type of Debt</u>	Balance October 1, 2017	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2018	Amounts Due Within One Year
Governmental Activities:					
Bonds payable	\$ 4,755,000	\$ -	\$ (405,000)	\$ 4,350,000	\$ 305,000
Business-type Activities:					
Bonds payable	\$ 8,330,434	\$ 1,320,000	\$ (495,445)	\$ 9,154,989	\$ 1,301,972
Component Units:					
Airport Authority	\$ 107,562	\$ -	\$ (14,184)	\$ 93,378	\$ 14,184
Community Develop- ment Authority	2,345,422	-	(174,703)	2,170,719	323,519
Total component units	\$ 2,452,984	\$ -	\$ (188,887)	\$ 2,264,097	\$ 337,703

**Governmental Activities**

As of September 30, 2018, 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. \$ 150,000

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, 2018**

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

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

**Governmental Activities, continued**

Bonds payable, continued:

Highway allocation bonds – series 2013B, with original issue amount of \$380,000 issued to provide funds for street construction. Interest ranges from 2.25 to 3.65 percent with final maturity June 15, 2026. 320,000

Highway allocation bonds – series 2013, with original issue amount of \$620,000 issued to provide funds for street construction. Interest ranges from 0.65 to 3.00 percent with final maturity June 15, 2028. 460,000

Various purpose refunding bonds - series 2013, with original issue amount of \$1,005,000 issued to refinance the series 2010 bond anticipation notes. Interest ranges from 0.85 to 4.00 percent with final maturity June 15, 2028. 750,000

Sales tax revenue bonds - series 2015, with original issue amount of \$2,900,000 issued to finance the swimming pool construction costs. Interest ranges from 2.00 to 3.55 percent with final maturity September 15, 2030. 2,315,000

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. \_\_\_\_\_ -

Total bonds payable \$ 4,350,000

Current portion \$ 305,000

Noncurrent portion 4,045,000

Total \$ 4,350,000

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

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

**Business-type Activities**

As of September 30, 2018, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2012, with original issue amount of \$1,680,000. Interest ranges from 0.85 to 3.00 percent with final maturity June 15, 2026. \$ 1,230,000

Electric revenue bond anticipation notes – series 2017, with original issue amount of \$1,320,000. Interest of 1.65 percent due semi-annually with final maturity September 15, 2020. 1,320,000

Water revenue bond anticipation notes - series 2016, with original issue amount of \$800,000. Interest of 1.15 percent due semi-annually with final maturity June 1, 2019. 800,000

\$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. 3,560,675

\$1,838,650 of Sewer DEQ Notes Payable. This note is not finalized, as \$1,651,749 was advanced during the year ended September 30, 2016. The note will be due in semi-annual principal and interest payments of \$53,376 commencing June 15, 2017, through December 15, 2036. The note bears interest of 1.5 percent. A one percent administration fee will also be due semi-annually. 1,715,211

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

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

**Business-type Activities, continued**

Bonds and notes payable, continued:

\$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.

529,103

Total business-type activity bonds and notes payable

\$ 9,154,989

Current portion

\$ 1,301,972

Noncurrent portion

7,853,017

Total

\$ 9,154,989

**Component Unit**

Airport notes payable:

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

\$ 93,378

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.

16,910

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

60,500

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 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. 52,339

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. 113,042

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. 367,699

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. 124,860

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. 208,596



**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 \$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. 41,850

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. 35,150

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. 128,561

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 \$93,000. Interest of 5 percent is due semi-annually commencing June 30, 2015. Semi-annual principal payments commence June 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 57,343

Tax increment revenue bond series 2013, with original amount of \$40,000. Principal and interest of 5 percent is due annually commencing June 30, 2015. Semi-annual principal payments commence December 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 36,134

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

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

Tax increment revenue bond series 2016, with original amount of \$50,000. Interest of 6 percent is due semi-annually commencing June 30, 2017. Semi-annual principal payments commence December 31, 2017 through December 31, 2029. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 219,089

Total Community Development Agency bonds payable 2,170,719

Total component unit notes and bond payable \$ 2,264,097

Current portion \$ 337,703

Noncurrent portion 1,926,394

Total \$ 2,264,097

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2018, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities			Component Unit	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2019	\$ 305,000	\$ 130,664	\$ 1,301,972	\$ 165,986	\$ 57,174	\$ 337,703	\$ 249,117
2020	315,000	124,111	1,828,625	147,734	53,638	194,798	101,309
2021	315,000	117,346	515,404	116,399	50,035	198,650	91,288
2022	340,000	109,080	522,314	106,414	46,363	200,262	80,829
2023	345,000	100,243	529,356	96,072	42,623	208,618	70,052
2024-2028	1,770,000	341,270	2,487,226	309,775	154,480	990,188	177,559
2029-2033	960,000	62,400	1,651,506	90,560	52,743	133,878	5,697
2034-2038	-	-	318,586	8,409	5,606	-	-
	<u>\$4,350,000</u>	<u>\$ 985,114</u>	<u>\$ 9,154,989</u>	<u>\$1,041,349</u>	<u>\$462,662</u>	<u>\$ 2,264,097</u>	<u>\$ 775,851</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

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

**7. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Street Fund	\$ -	\$ 200,000
Debt Service Fund	-	38,800
Sewer Fund	-	75,000
Wireless 911	25,000	-
E911	<u>30,000</u>	<u>-</u>
Total General Fund	55,000	313,800
Street Fund:		
General Fund	200,000	-
Debt Service Fund:		
Electric Fund	65,353	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	104,153	-
Nonmajor Governmental Funds:		
General Fund	-	55,000
Electric Fund:		
Debt Service Fund	-	65,353
Water Fund:		
Sewer Fund	-	150,000
Sewer Fund:		
General Fund	75,000	-
Water Fund	<u>150,000</u>	<u>-</u>
Total Sewer Fund	<u>225,000</u>	<u>-</u>
Total Interfund Transfers	\$ <u>584,153</u>	\$ <u>584,153</u>

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

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

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

Interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
LB840-Tornado Relief	Electric	\$ 300,000	Principal of \$50,000 to \$100,000 is due annually, plus interest at 3% due semi-annually through March 30, 2021.
LB840-Tornado Relief	Electric	87,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through July 31, 2020.
LB840-Tornado Relief	Electric	160,000	Principal of \$40,000 is due annually, plus interest at 0.5% due semi-annually through March 1, 2022.
		<u>\$ 547,000</u>	
Airport	General	\$ 288	0%; will be repaid during year ending September 30, 2018.
CDA	General	96	0%; will be repaid during year ending September 30, 2018.
CDA	Electric	300,000	0%; on demand or upon sale of real estate.
Total		<u>\$ 300,384</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 seven percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. The eligible and covered payroll amounted to \$491,361 for the year ended September 30, 2018. Both the City and the covered employees' required contributions of \$34,395 were made for the year ended September 30, 2018. The employees also contributed \$6,219 to a deferred compensation plan in accordance with Internal Revenue Code Section 457. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested.

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with the ICMA. This plan requires that covered employees contribute at least one percent to the deferred compensation savings plan and that the City contribute six percent of the employee's salary to the plan until such employee becomes eligible for regular retirement, at which time contributions shall cease. The total payroll amounted to \$2,466,098 and the covered payroll amounted to \$1,678,025 for the year ended September 30, 2018. The City and the employees contributed \$103,218 and \$149,293, respectively, for the year ended September 30, 2018.

**2. Risk Management**

**Insurance**

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Insurance, continued**

claims up to \$4,280 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 \$6,350 per individual or \$12,700 per family. The maximum out-of-pocket costs would be \$2,470 for the employee and \$3,880 for the City (based on individual coverage). The maximum out of pocket costs would be double the maximums shown above for 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 \$7,500; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$569,146 is established in an internal service fund at September 30, 2018.

**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, 2018, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2018	\$ 622,195
November 2018	80,358
December 2018	6,055
January 2019	110,542
February 2019	1,041,865
March 2019	180,875
April 2019	622,488
May 2019	2,693,251
June 2019	82,825
August 2019	782,246
September 2019	2,074,318
March 2021	<u>160,558</u>
	<b>\$ <u>8,457,576</u></b>

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

***Concentration of Credit Risk.*** The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2018, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Elkhorn Valley Bank	\$ 1,181,585
Farmers & Merchants Bank	3,047,395
State Nebraska Bank	<u>4,228,596</u>
	<b>\$ <u>8,457,576</u></b>



**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2018.

**3. Commitments and Contingencies**

**Construction/Contractual Commitments**

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

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/18</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
<b>Governmental Fund Projects:</b>				
Second Street storm sewer	\$ 404,526	\$ 307,292	\$ 97,234	December 2018
Wayne Country Club project	535,590	250,167	285,423	April 2019
<b>Business-type Funds Projects:</b>				
Inner East/West electric conversion	91,220	86,659	4,561	December 2018
<b>Wayne Municipal Airport:</b>				
Parallel taxiway- Engineering	475,319	314,580	160,739	April 2019
Construction	1,973,964	789,287	1,184,677	April 2019

**Tradewind Energy Agreement**

On November 14, 2016, the Wayne Municipal Airport entered into an agreement with Rattlesnake Creek Wind Project, LLC to remove certain ground-based non-directional beacon equipment. The Airport received a \$300,000 initial payment from Rattlesnake Creek Wind Project, LLC during the year ended September 30, 2017 to provide training and equipment to various third parties in preparation of the removal of the equipment. When the Project begins commercially generating power, the Project will owe the Airport an additional payment of \$1,200,000 within 30 days of beginning commercial operation.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Lease Commitments**

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Pitney Bowes	Envelope Stuffer	7/23/15 – 7/23/20	\$ 254/month
Eakes Office Plus	Copier	5/06/14 – 5/06/19	260/month
Eakes Office Plus	Copier-Recreation	6/8/15 – 6/8/20	79/month
Eakes Office Plus	Copier-Police	3/14/18 – 3/14/23	70/month
Marco	Copier-Library	2/5/14 – 2/5/19	136/month

The City paid rent of \$9,761 under these lease agreements during the year ended September 30, 2018.

Lease commitments as of September 30, 2018, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2019	\$ 7,961
2020	4,820
2021	842
2022	842
2023	<u>140</u>
	\$ <u>14,605</u>

**Airport Management Contract**

On January 1, 2013, the Airport entered into a five year management contract for \$1,900 per month.

Future commitments under this contract as of September 30, 2018, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2019	\$ <u>5,700</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**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 \$4,006,034 for the year ended September 30, 2018.

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

In December 2013, the City gave NPPD the required five year notice of 90 percent reduction of its contract power purchases to begin on January 1, 2019. The City then entered into an eight year full requirements wholesale power contract with Big Rivers Electric Coop in Henderson, Kentucky. That contract will allow the City to continue to purchase 10 percent of the monthly average of its last three years energy and capacity from NPPD until December 31, 2022. After that date, the City will purchase about 17 percent of its wholesale energy and capacity from the federal Western Area Power Administration and the remainder through the Big Rivers contract until December 31, 2026. The City is considering the purchase of renewable power during that time, but no decisions have been made at this time. Big Rivers is offering \$1.50 per kW per month to the City for 19 MW of generation capacity at the City's power plant during the contract period. Starting in November 2017, the City has a 25 year contract with Nextera to purchase 2.38 MW of electricity generated with wind energy for \$15.60 per MWh.

**4. Related-Party Transactions**

The Electric Fund remits 10.5 percent of gross revenues, the Water Fund remits nine percent of gross revenues, 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 \$732,432, the Water Fund made payments of \$75,918, and the Sewer Fund made payments of \$85,086, for the year ended September 30, 2018.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2018:

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Village of Carroll and Village of Winside	12/15/98	Dispatch services/911 Service Center
Wayne County Agricultural Society	3/13/01	Agreement to waive water/sewer and electrical charges incurred during the fair
Wayne Community Schools	7/09/02	Use of softball fields, associated parking and restroom facilities, and program equipment
Northeast Nebraska Public Power District	11/9/04	Commitment to provide assistance to restore power after storm damage
Wayne County	8/19/14	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	5/16/17	Share law enforcement resources
Wayne County and Wayne County Library Association	8/3/10	Provide all library services and materials currently available through the public libraries to all residents of the county
Providence Medical Center	6/20/17	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	10/04/16	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, 2018**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Elkhorn Valley Mutual Aid Association	9/19/14	Insuring the safety of the lives and property of our citizens from fire loss, medical emergencies, and natural disasters
Nebraska Public Power District	9/27/05	A firm power contract for 20 years for purchase of wholesale power from NPPD
Lower Elkhorn Natural Resource District	5/10/05	Wayne Pedestrian Trail – Phase II
Northeast Nebraska Economic Development District	10/10/06	Services for planning, grant writing, grant management, etc.
Wayne State College	5/08/07	Contribution to Wayne Volunteer Fire Department in lieu of fine assessment for false alarms
Northeast Nebraska Public Power District	10/26/04	Service area extensions
Wayne County and Golf Club of Wayne	11/1/94	Golf courses maintenance agreement
Rural Fire Board	9/12/50	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
Wayne State College	6/20/17	Advance payment for classroom use/facility & field use, tuition waivers, athletic events, real estate, athletic staff assistance, and internet services
Wayne Community Housing	5/8/08	Establish the energy saver program & provide for cost sharing set aside
LNRD and multiple jurisdictions	6/16/15	Hazard mitigation planning

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
City of Norfolk	2/17/09	Interlocal agreement with City of Norfolk for building inspection services 2009
Northeast Nebraska Red Cross	6/18/13	Red Cross to provide physical facilities to support personnel who are providing services to individuals affected by disasters
Village of Carroll	5/05/09	Interlocal agreement for municipal water system for Carroll, NE
Wayne Public Schools, Wayne County, Wayne Area Economic Development	5/16/09	Collaboration for the creation of a joint web site
City of Wisner, Village of Winside, City of Ponca, Ponca Rural Fire District, and City of West Point	6/15/10	Mutual Fire Organization
Wayne Community Schools	3/15/11	Share Facilities & Equipment Hank Overin Field
Electric Transportation Partners - Nebraska	8/20/13	Participation in advancement of compressed natural gas and electric vehicle infrastructure
Wayne Area Economic Development	3/18/14	Fulfill mission of enhancing the economic wellbeing and quality of life in the Wayne area.
Nebraska Community Energy Alliance	6/17/14	Advancement of Compressed Natural Gas and Electric Vehicle Infrastructure.
Wayne Community Housing	5/08/08	Establish the energy saver program and provide for cost sharing set aside.
Northeast NE Economic Development District	1/06/15	Administration of the City's Revolving Loan Program.
NE Game & Parks	1/20/15	Agreement to maintain signs for 10 years from start date of Project 5/17/11.
Western Area Power Admin	3/03/15	Assign specific rights, duties and obligations of City to NPPD for delivery of City's Federal Power and Energy.
Western Area Power Admin	3/03/15	Making full transmission service arrangements directly with NPPD.

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

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Western Area Power Admin	3/03/15	Update City’s transmission arrangements and the transmission path and delivery measurement conditions.
Wayne State College and Nebraska Public Power District	3/03/15	WCS requires services from NPPD for the delivery of their allocation from WAPA to the City’s electrical system.
LNRD and multiple jurisdictions	6/16/15	Hazard mitigation planning.
Northeast NE Public Power District	7/07/15	Potential litigation partnership with wholesale customers of NPPD.
Nebraska Regional Interoperability Network	12/15/2015	Enable separate political subdivision of NE to cooperate on the basis of mutual advantage to provide for joint undertakings, services & facilities.
Office of the Chief Information Officer, State of Nebraska	06/07/2016	Network Nebraska – Education and Network Nebraska-Education “Participants for the purpose of outlining the service and responsibility of the participants.
Nebraska Department of Roads	09/20/2016	LPA supplemental Program Agreement – Federal-Aid Funds which will out the various duties and funding responsibilities for the Federal Aid projects.
Wayne State College	06/20/2017	Advance payment for classroom use/facility & field use, tuition waivers, athletic events, real estate, athletic staff assistance & internet services.
LNRD & City	05/17/2011	Logan Creek bank stabilization project.
NE Red Cross	04/07/2009	Local Emergency planning process.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2018**

**NOTE D – OTHER NOTES, continued**

**6. Tax Abatements**

The Community Development Agency (CDA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers. The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CDA to finance the project for a period of up to 15 years.

Information relevant to the abatements granted by the CDA for the year ended September 30, 2018 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2018 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2018</u>
Angel Acres	11	\$ 1,093,320	\$ 21,841
MZRB, LLC	11	311,040	5,729
Progressive Properties –			
First Street	10	133,620	2,698
Western Ridge –			
Pick/Meyer	11	1,013,855	19,422
Sebade	11	663,520	3,943
Progressive Properties –			
6 <sup>th</sup> Street	12	370,005	7,502
Wayne Rentals	11	1,156,340	16,364
Wayne Rentals	12	693,360	12,771
Bomgaars	7	1,421,620	26,902
Western Ridge	5	3,678,255	77,736
Benscoter Development	6	1,298,255	20,199
Wayne Hospitality	7	2,179,230	40,140
Progressive Properties –			
Nebraska Street	11	426,045	8,155
Windom Ridge	6	524,680	9,664
Grainland Estates	15	469,035	-
Jorgensen – The Jug Store	13	1,341,860	<u>19,378</u>
			<u>\$ 292,444</u>

**7. Subsequent Events**

Management has evaluated subsequent events through January 10, 2019, the date on which the financial statements were available for issue.



**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Year ended September 30, 2018**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 733,500	\$ 783,164	\$ 49,664
Payments in lieu of taxes	890,032	972,051	82,019
Sales tax	1,030,000	764,979	(265,021)
Franchise	214,000	192,196	(21,804)
Intergovernmental	973,069	738,209	(234,860)
Charges for services	631,483	678,675	47,192
Interest income	6,000	18,985	12,985
Contributions	2,300	437,424	435,124
Other	48,900	38,140	(10,760)
	<u>4,529,284</u>	<u>4,623,823</u>	<u>94,539</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	1,616,913	239,816	(1,377,097)
Public buildings	88,849	91,962	3,113
Public safety	1,301,176	1,293,755	(7,421)
Senior citizens services	269,133	244,467	(24,666)
Library	278,464	258,736	(19,728)
Recreation	1,046,794	647,274	(399,520)
Community Activity Center	295,879	288,332	(7,547)
Capital outlay	665,198	316,072	(349,126)
Principal payments on debt	-	120,000	120,000
Interest expense	-	73,611	73,611
	<u>5,562,406</u>	<u>3,574,025</u>	<u>(1,988,381)</u>
Resources over (under) charges to appropriations	(1,033,122)	1,049,798	2,082,920
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	65,785	55,000	(10,785)
Transfers out	(670,800)	(313,800)	357,000
Net transfers	<u>(605,015)</u>	<u>(258,800)</u>	<u>346,215</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (1,638,137)</u>	<u>\$ 790,998</u>	<u>\$ 2,429,135</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year ended September 30, 2018**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,400	\$ 1,443	\$ 43
Motor vehicle	79,000	86,781	7,781
Sales tax	107,000	108,038	1,038
Intergovernmental	2,217,206	684,234	(1,532,972)
Charges for services	1,300	6,233	4,933
Interest income	2,000	5,658	3,658
Sale of property	500	-	(500)
Other income	-	18,021	18,021
	<hr/>	<hr/>	<hr/>
Total resources	2,408,406	910,408	(1,497,998)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	1,751,156	591,569	(1,159,587)
Capital projects	2,180,000	766,694	(1,413,306)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,931,156	1,358,263	(2,572,893)
Resources over (under) charges to appropriations	(1,522,750)	(447,855)	1,074,895
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	995,000	200,000	(795,000)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (527,750)</u>	<u>\$ (247,855)</u>	<u>\$ 279,895</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
LB840 FUND**

**Year ended September 30, 2018**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 250,000	\$ 275,939	\$ 25,939
Interest income	125	15,830	15,705
Other income	<u>147,677</u>	<u>160,009</u>	<u>12,332</u>
Total resources	397,802	451,778	53,976
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	620,635	17,990	(602,645)
Recreation	-	210,000	210,000
Interest on long-term debt	<u>-</u>	<u>14,869</u>	<u>14,869</u>
Total charges to appropriations	<u>620,635</u>	<u>242,859</u>	<u>(377,776)</u>
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (222,833)</u>	<u>\$ 208,919</u>	<u>\$ 431,752</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2018**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 100,000	\$ 99,395	\$ (605)
Payments in lieu of taxes	150	193	43
Special assessments	37,754	120,570	82,816
Interest income	<u>38,407</u>	<u>26,126</u>	<u>(12,281)</u>
Total resources	176,311	246,284	69,973
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	280,000	285,000	5,000
Interest and fees	<u>65,893</u>	<u>64,667</u>	<u>(1,226)</u>
Total charges to appropriations	<u>345,893</u>	<u>349,667</u>	<u>3,774</u>
Resources over (under) charges to appropriations	(169,582)	(103,383)	66,199
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	<u>104,461</u>	<u>104,153</u>	<u>(308)</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (65,121)</u>	<u>\$ 770</u>	<u>\$ 65,891</u>

**CITY OF WAYNE, NEBRASKA**

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

**Year ended September 30, 2018**

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>LB840 Fund</u>	<u>Debt Service Fund</u>
<b>Sources/inflows of resources:</b>				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 4,623,823	\$ 910,408	\$ 451,778	\$ 246,284
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>1,611</u>	<u>(808)</u>	<u>(160,009)</u>	<u>(46,585)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 4,625,434</u></u>	<u><u>\$ 909,600</u></u>	<u><u>\$ 291,769</u></u>	<u><u>\$ 199,699</u></u>
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,574,025	\$ 1,358,263	\$ 242,859	\$ 349,667
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>39,151</u>	<u>(69,301)</u>	<u>(210,266)</u>	<u>(1,247)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,613,176</u></u>	<u><u>\$ 1,288,962</u></u>	<u><u>\$ 32,593</u></u>	<u><u>\$ 348,420</u></u>

**SUPPLEMENTARY INFORMATION**

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

**September 30, 2018**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	<u>Community Development</u>	<u>Sales Tax</u>	<u>Keno</u>	<u>Wireless 911</u>	<u>E911</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 19,832	\$ (8,540)	\$ 11,292
Investments	-	-	-	62,119	20,706	82,825
Grants receivable	582	-	-	-	-	582
Notes receivable	299,613	-	-	-	-	299,613
Interest receivable	-	139	-	6	2	147
Restricted assets:						
Cash and cash equivalents	283,714	4,811	31,874	-	-	320,399
Investments	-	156,108	-	-	-	156,108
<b>Total assets</b>	<b>\$ 583,909</b>	<b>\$ 161,058</b>	<b>\$ 31,874</b>	<b>\$ 81,957</b>	<b>\$ 12,168</b>	<b>\$ 870,966</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 978	\$ -	\$ -	\$ 978
Due to other funds	-	-	-	60,019	6,743	66,762
Total liabilities	-	-	978	60,019	6,743	67,740
Fund balances:						
Restricted for:						
Federal programs	583,909	-	-	-	-	583,909
Community Activity Center	-	161,058	-	-	-	161,058
Community betterment	-	-	30,896	-	-	30,896
Assigned for:						
Other purposes	-	-	-	21,938	5,425	27,363
Total fund balances	583,909	161,058	30,896	21,938	5,425	803,226
<b>Total liabilities and fund balances</b>	<b>\$ 583,909</b>	<b>\$ 161,058</b>	<b>\$ 31,874</b>	<b>\$ 81,957</b>	<b>\$ 12,168</b>	<b>\$ 870,966</b>



**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2018**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community <u>Development</u>	Sales <u>Tax</u>	<u>Keno</u>	Wireless <u>911</u>	<u>E911</u>	
<b>REVENUES</b>						
Intergovernmental	\$ 48,855	\$ -	\$ -	\$ -	\$ -	\$ 48,855
Charges for services	720	-	-	56,673	20,193	77,586
Keno proceeds	-	-	23,792	-	-	23,792
Interest income	5,589	1,379	125	608	182	7,883
Total revenues	<u>55,164</u>	<u>1,379</u>	<u>23,917</u>	<u>57,281</u>	<u>20,375</u>	<u>158,116</u>
<b>EXPENDITURES</b>						
General government	103,618	-	-	-	-	103,618
Public safety	-	-	-	11,688	2,671	14,359
Recreation	-	-	5,399	-	-	5,399
Community Activity Center	-	2,199	-	-	-	2,199
Capital outlay	40,100	-	10,000	-	-	50,100
Total expenditures	<u>143,718</u>	<u>2,199</u>	<u>15,399</u>	<u>11,688</u>	<u>2,671</u>	<u>175,675</u>
<b>Excess (deficit) of revenues over expenditures</b>	(88,554)	(820)	8,518	45,593	17,704	(17,559)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	(25,000)	(30,000)	(55,000)
<b>Net change in fund balances</b>	(88,554)	(820)	8,518	20,593	(12,296)	(72,559)
Fund balances - September 30, 2017	<u>672,463</u>	<u>161,878</u>	<u>22,378</u>	<u>1,345</u>	<u>17,721</u>	<u>875,785</u>
Fund balances - September 30, 2018	<u>\$ 583,909</u>	<u>\$ 161,058</u>	<u>\$ 30,896</u>	<u>\$ 21,938</u>	<u>\$ 5,425</u>	<u>\$ 803,226</u>

**CITY OF WAYNE, NEBRASKA**

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

**September 30, 2018**

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 203,380	\$ 190,148	\$ 393,528
County treasurer cash	2,741	-	2,741
Receivables:			
Property tax	3,478	-	3,478
Accounts receivable	2,034	19,920	21,954
Grants receivable	73,204	-	73,204
TIF receivable-current portion	-	292,445	292,445
Fuel inventory	9,486	-	9,486
Prepaid insurance	6,133	-	6,133
<b>Total current assets</b>	<u>300,456</u>	<u>502,513</u>	<u>802,969</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	1,878,274	1,878,274
Note receivable-noncurrent portion	-	139,000	139,000
Capital assets:			
Land	287,776	195,784	483,560
Construction in progress	1,209,467	-	1,209,467
Other capital assets, net of depreciation	5,884,001	-	5,884,001
Net capital assets	<u>7,381,244</u>	<u>195,784</u>	<u>7,577,028</u>
<b>Total noncurrent assets</b>	<u>7,381,244</u>	<u>2,213,058</u>	<u>9,594,302</u>
<b>Total assets</b>	7,681,700	2,715,571	10,397,271
<b>LIABILITIES</b>			
Current liabilities:			
Due to the City of Wayne	288	300,097	300,385
Accounts payable	70,473	-	70,473
Accrued interest payable	-	174,838	174,838
Unavailable property tax	2,434	-	2,434
Current portion of long-term debt	14,184	323,519	337,703
<b>Total current liabilities</b>	<u>87,379</u>	<u>798,454</u>	<u>885,833</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	79,194	1,847,200	1,926,394
<b>Total liabilities</b>	<u>166,573</u>	<u>2,645,654</u>	<u>2,812,227</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,287,866	195,784	7,483,650
Unrestricted	227,261	(125,867)	101,394
<b>Total net position</b>	<u>\$ 7,515,127</u>	<u>\$ 69,917</u>	<u>\$ 7,585,044</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended September 30, 2018**

<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	\$ 529,900	\$ 191,715	\$ -
<b>Community Development Agency:</b>			
Economic development	137,180	1,550	-
<b>Total component units</b>	<b>\$ 667,080</b>	<b>\$ 193,265</b>	<b>\$ -</b>

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Airport Authority</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
\$ 861,633	\$ 523,448	\$ -	\$ 523,448
-	-	(135,630)	(135,630)
<u>\$ 861,633</u>	<u>523,448</u>	<u>(135,630)</u>	<u>387,818</u>
General revenues:			
Taxes:			
Property	84,423	-	84,423
TIF proceeds	-	117,743	117,743
Interest income	1,312	5	1,317
Gain on disposal of assets	-	7,038	7,038
Other income	445	-	445
Transfer from City of Wayne	-	30,031	30,031
Total general revenues	<u>86,180</u>	<u>154,817</u>	<u>240,997</u>
Change in net position	609,628	19,187	628,815
Net position - beginning of year	<u>6,905,499</u>	<u>50,730</u>	<u>6,956,229</u>
Net position - end of year	<u>\$ 7,515,127</u>	<u>\$ 69,917</u>	<u>\$ 7,585,044</u>

## **SINGLE AUDIT REPORTS**

**CITY OF WAYNE, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2018**

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-thru Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Transportation:</u></b>			
Passed Through Nebraska Department of Transportation:			
Formula Grants for Other than Urbanized Areas	20.509	W0450	\$ 82,079
Airport Improvement Program	20.106	3-31-0086-014	<u>862,228</u> *
Total Department of Transportation			944,307
<b><u>Housing and Urban Development:</u></b>			
Passed Through Nebraska Department of Economic Development:			
Community Development Block Grants	14.228	47-6006407	48,517
<b><u>Department of Health and Human Services:</u></b>			
Passed Through Northeast Nebraska Area Agency on Aging:			
Programs for the Aging Cluster:			
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	47-6006407	4,526
Special Programs for the Aging Title III, Part C - Nutrition Services	93.045	47-6006407	27,248
Nutrition Services Incentive Programs	93.053	47-6006407	<u>8,337</u>
Total Programs for the Aging Cluster			40,111
National Family Caregiver Support, Title III, Part E Department of Health and Human Services	93.052	47-6006407	<u>4,252</u> <u>44,363</u>
Total Federal Awards			<u><u>\$ 1,037,187</u></u>

\* Major Program

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant and loan 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 the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

The City has not elected to use the 10 percent de minimis cost rate.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

SHAREHOLDERS

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

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, and the aggregate remaining fund information of the City of Wayne, Nebraska, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 10, 2019.

**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.

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 2018-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

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

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

Grand Island, Nebraska  
January 10, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2018. The City of Wayne, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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

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## 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, 2018.

## 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grand Island, Nebraska  
January 10, 2019

**CITY OF WAYNE, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2018**

1. A summary of auditor's results:
  - (i) Unmodified opinions were issued on all opinion units of the City of Wayne, Nebraska, as of September 30, 2018.
  - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's 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 deficiency is not reported as a material weakness.
  - (iii) The audit disclosed no instances of noncompliance which are 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 are required to be reported under 2 CFR section 200.516(a).
  - (vii) Major Program: CFDA #20.106 – Airport Improvement Program.
  - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
  - (ix) The City of Wayne, Nebraska, did not qualify as a low-risk auditee.
2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2018-001 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Management's Response – It is impractical to further segregate duties due to the limited number of accounting personnel.
3. Findings and questioned costs for Federal awards which shall include audit findings as defined in 2 CFR section 200.516(a).

None

**CITY OF WAYNE, NEBRASKA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year ended September 30, 2018**

There were no prior audit findings for the year ended September 30, 2017.