

**CITY OF WAYNE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2020**

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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, 2020, 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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A PROFESSIONAL  
CORPORATION

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, 2020, 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 86-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wayne, Nebraska's financial statements. The nonmajor fund combining statements and the component unit combining statements are presented for purposes of additional analysis and are not a required part of the 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 19, 2021, 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.

AMGL, P.C.

Grand Island, Nebraska  
January 19, 2021

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2020**

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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, 2020. 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 \$48,785,803 (*net position*). Of this amount, \$13,379,940 (*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 \$26,271,624. Approximately 6.4 percent of this total amount, \$1,675,374, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$264,292, while total fund balance was \$2,476,239.

**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, 2020**

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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, 2020**

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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 33-85 of this report.

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

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

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

**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 \$48,785,803 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	September 30, 2020			September 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 8,989,422	\$ 13,169,118	\$ 22,158,540	\$ 8,697,477	\$ 11,826,754	\$ 20,524,231
Capital Assets	22,552,418	19,852,462	42,404,880	19,180,425	18,230,423	37,410,848
Total Assets	<u>31,541,840</u>	<u>33,021,580</u>	<u>64,563,420</u>	<u>27,877,902</u>	<u>30,057,177</u>	<u>57,935,079</u>
Long-term Liabilities	4,113,545	8,997,176	13,110,721	3,487,224	6,850,367	10,337,591
Other Liabilities	1,156,671	1,510,225	2,666,896	1,012,136	2,784,586	3,796,722
Total Liabilities	<u>5,270,216</u>	<u>10,507,401</u>	<u>15,777,617</u>	<u>4,499,360</u>	<u>9,634,953</u>	<u>14,134,313</u>
Net Position:						
Net Investment in						
Capital Assets	18,027,418	10,235,077	28,262,495	15,420,425	9,557,406	24,977,831
Restricted	6,568,832	574,536	7,143,368	4,272,123	561,403	4,833,526
Unrestricted	1,675,374	11,704,566	13,379,940	3,685,994	10,303,415	13,989,409
Total Net Position	<u>\$ 26,271,624</u>	<u>\$ 22,514,179</u>	<u>\$ 48,785,803</u>	<u>\$ 23,378,542</u>	<u>\$ 20,422,224</u>	<u>\$ 43,800,766</u>

By far the largest portion of the City of Wayne's net position (57.9 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 (14.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,379,940) 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, 2020**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 558,925	\$ 333,859	\$ 444,891	\$ 550,331
Public Safety	596,967	1,428,960	357,152	1,395,588
Public Works	1,142,202	623,657	36,339	595,200
Public Buildings	31,815	92,110	30,605	130,686
Recreation	104,813	425,944	241,936	715,437
Community Activity Center	115,562	301,902	151,808	296,301
Library	11,969	265,534	14,564	254,423
Senior Citizens Services	256,154	260,982	209,009	245,175
Interest	-	152,468	-	149,828
Depreciation	-	1,140,509	-	1,163,141
Total	<u>\$ 2,818,407</u>	<u>\$ 5,025,925</u>	<u>\$ 1,486,304</u>	<u>\$ 5,496,110</u>

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

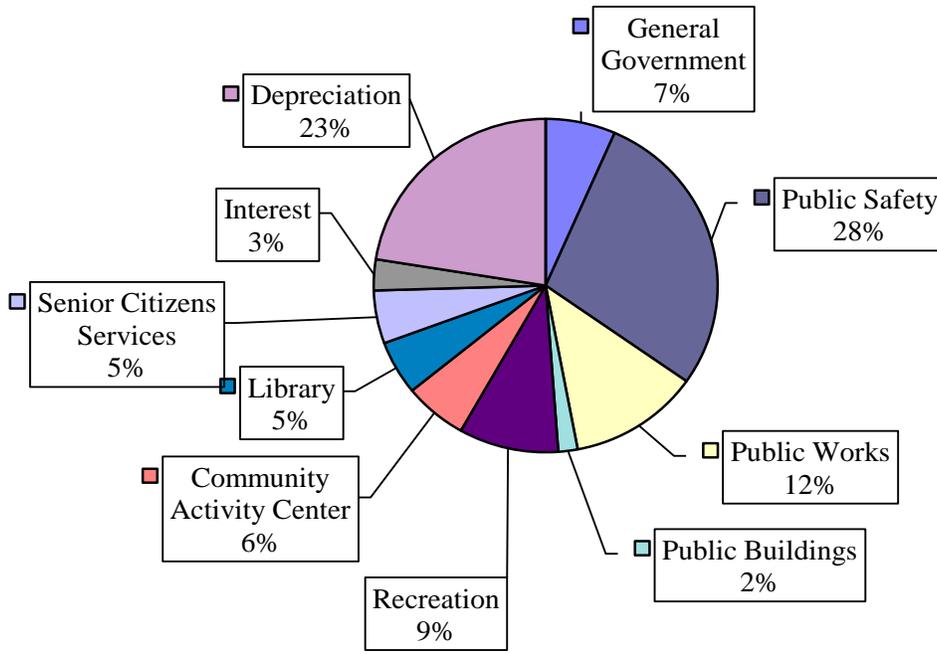
	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 598,952	7.56 %	\$ 734,973	11.54 %
Operating Grants and Contributions	1,017,171	12.85	597,808	9.38
Capital Grants and Contributions	1,202,284	15.18	153,523	2.41
Property Taxes	990,878	12.51	941,175	14.77
Motor Vehicle Taxes	98,123	1.24	90,799	1.42
Payments in Lieu of Taxes	1,044,649	13.19	990,206	15.54
Sales Tax	1,227,921	15.51	1,139,556	17.89
Franchise Taxes	181,974	2.30	186,601	2.93
State Allocation	1,226,197	15.48	1,188,133	18.65
Special Assessments	95,951	1.21	109,522	1.72
Keno Proceeds	15,513	0.20	22,402	0.35
Other	64,145	0.81	52,775	0.83
Interest	92,647	1.17	124,790	1.96
Interfund Transfers	62,602	0.79	39,078	0.61
Total	<u>\$ 7,919,007</u>	<u>100.00 %</u>	<u>\$ 6,371,341</u>	<u>100.00 %</u>

Net position increased \$2,893,082 in the governmental funds during the year ended September 30, 2020.

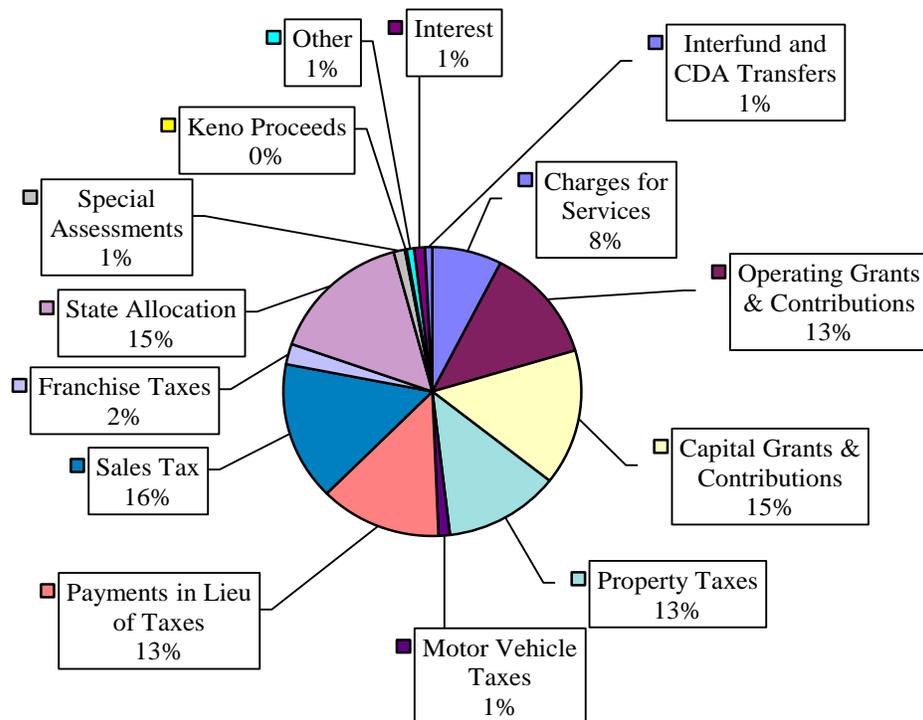
**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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Governmental Activities - 2020 Expenses



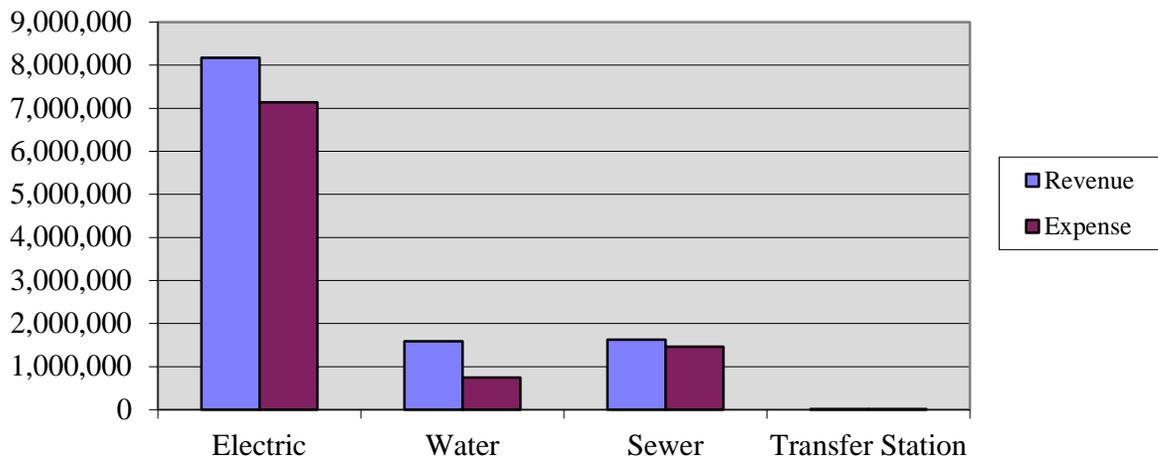
Governmental Activities - 2020 Revenue



**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

**Business-type activities.** Business-type activities increased the City of Wayne’s net position by \$2,091,955 for the year ended September 30, 2020. Key elements of this increase are as follows:

**2020 Expenses and Program Revenues - Business-type Activities**



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

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 8,172,875	\$ 7,137,054	\$ 8,006,735	\$ 7,509,388
Water	1,584,442	746,109	1,103,904	792,152
Sewer	1,623,293	1,459,837	1,632,773	1,489,464
Transfer Station	11,800	11,067	13,800	24,805
Total	11,392,410	9,354,067	10,757,212	9,815,809
Interfund & CDA Transfer	-	77,236	-	73,822
	<u>\$ 11,392,410</u>	<u>\$ 9,431,303</u>	<u>\$ 10,757,212</u>	<u>\$ 9,889,631</u>

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 11,388,817	99.50 %	\$ 10,643,433	98.48 %
Capital Grants and Contributions	3,593	0.03	113,779	1.05
Interest	130,848	1.14	124,724	1.15
Interfund Transfers	(77,236)	(0.67)	(73,822)	(0.68)
Total	<u>\$ 11,446,022</u>	<u>100.00 %</u>	<u>\$ 10,808,114</u>	<u>100.00 %</u>

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

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

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

As of the end of the current fiscal year, the City of Wayne's governmental funds reported combined ending fund balances of \$7,552,291. Of this amount, \$264,292 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$1,130,077), 2) restricted for Federal loan programs (\$162,742), 3) restricted for park expenditures (\$29,900), 4) restricted for Community Activity Center expenditures (\$102,940), 5) restricted for economic development (\$1,850,899), 6) restricted for capital projects (\$1,019,634), 7) restricted for the swimming pool (\$324,413), 8) restricted for community betterment (\$60,186), 9) restricted for street improvements (\$1,888,041), 10) committed for capital projects (\$638,000), and 11) assigned for other purposes (\$81,167).

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 \$264,292, while total fund balance reached \$2,476,239. 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 4.8 percent of total General Fund expenditures, while total fund balance represents 45.4 percent of that same amount.

The fund balance of the City of Wayne's General Fund decreased by \$974,964 during the current fiscal year.

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

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$7,626,644, Water Fund - \$1,845,091, Sewer Fund - \$2,194,915, and Transfer Station – \$37,916. The change in net position for the proprietary funds was as follows: Electric Fund – increase of \$1,049,366, Water Fund – increase of \$854,192, Sewer Fund – increase of \$187,503, and Transfer Station – increase of \$894. 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, 2020, amounts to \$42,404,880 (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 Pine Heights project - \$50,417
- Construction in progress on Nebraska Street (2<sup>nd</sup> to 7<sup>th</sup>) - \$392,180
- Construction in progress on Trail Phase II project paid by NDOT - \$1,139,834
- CAC track floor renovation - \$50,592
- Senior Center building addition - \$57,175
- 2020 Chevrolet Silverado pickup for street department - \$29,499
- Ford F-350 Super Duty truck for street department - \$40,750
- Lights at Hank Overin Field - \$321,665
- Playground equipment at Sunnyview - \$65,004
- Construction in progress on electric inner East/West conversion - \$36,020
- Electric transformer replacements/upgrades - \$51,556
- 2020 AMR equipment for electric department - \$42,690
- Final construction costs on water transmission line - \$2,290,883
- 2020 water meter replacement/upgrades - \$48,119
- SCADA system upgrade for water line at summer sports complex - \$74,638
- 2020 sewer lift station rehab - \$148,158

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</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	\$ 426,695	\$ 1,202,665	\$ 775,970	\$ 426,695	\$ 1,202,665
Construction						
in progress	4,332,196	1,347,907	5,680,103	497,676	1,614,347	2,112,023
Infrastructure	6,697,121	-	6,697,121	7,123,195	-	7,123,195
Improvements	4,258,533	-	4,258,533	4,491,094	-	4,491,094
Buildings	5,197,362	9,178,348	14,375,710	5,252,313	9,554,641	14,806,954
Equipment	1,291,236	265,995	1,557,231	1,040,177	340,238	1,380,415
Distribution						
Systems	-	8,633,517	8,633,517	-	6,294,502	6,294,502
Total	<u>\$ 22,552,418</u>	<u>\$ 19,852,462</u>	<u>\$ 42,404,880</u>	<u>\$ 19,180,425</u>	<u>\$ 18,230,423</u>	<u>\$ 37,410,848</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 \$14,142,385. Of this amount, \$2,755,000 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, 2020</u>			<u>Year Ended September 30, 2019</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	\$ 610,000	\$ -	\$ 610,000	\$ 690,000	\$ -	\$ 690,000
Sales Tax Revenue						
Bonds	1,770,000	-	1,770,000	1,895,000	-	1,895,000
Highway Allocation						
Bonds	1,740,000	-	1,740,000	720,000	-	720,000
Public Safety						
Bonds	405,000	-	405,000	455,000	-	455,000
DEQ Notes	-	7,072,385	7,072,385	-	5,453,017	5,453,017
Bond Anticipation						
Notes	-	-	-	-	1,320,000	1,320,000
Revenue Bonds	-	2,545,000	2,545,000	-	1,900,000	1,900,000
Total	<u>\$ 4,525,000</u>	<u>\$ 9,617,385</u>	<u>\$ 14,142,385</u>	<u>\$ 3,760,000</u>	<u>\$ 8,673,017</u>	<u>\$ 12,433,017</u>

The City of Wayne's total debt increased by \$1,709,368 (13.7 percent) during the current fiscal year, as the City made scheduled principal payments and issued \$1,960,000 of Series 2019 Highway Allocation Bonds and a \$1,977,993 of water DEQ note payable. The City also issued

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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\$1,785,000 of Series 2020 Electric Revenue Bonds which were primarily used to pay off the \$1,320,000 of Series 2017 Electric Bond Anticipation Notes.

Additional information on the City of Wayne’s long-term debt can be found in Note C6 on pages 63-71 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 2020-2021 continues the City’s practice of conservative financial planning.

Each year, the City Council has a retreat where they discuss short and long-term goals for the City. The budget adopted complies with the financial management policies approved by the City Council and is structured to meet the Council’s priorities. Some of the goals below were completed in the 2019-2020 fiscal year and others are in the 2020-2021 budget year.

**COUNCIL GOALS 2020**  
**ONE-YEAR GOALS**

- Community Activity Center
  - Review coaching positions and standards, etc.; refurbish track and other updates
- Continue to discuss options for City Hall/Council Chambers accessibility
  - Start renovating basement of building
- City Auditorium:
  - Continue to make improvements and encourage utilization of the facility
- Address garbage containers in right-of-way
- City Properties:
  - 4<sup>th</sup> Street (solicit proposals for development)
- Protect Right-of-Way – visibility and safety
- Terrace parking- prepare ordinance removing the same
- ADA sidewalks at public places (e.g. Bressler Park)
  - Park Improvements- focus on East Park, Bressler, Sunnyview & Ashley
- Implement a half cent sales tax initiative on the ballot for projects
- Development strategies
  - Revisit the blight and substandard designations
  - Rezoning - future land use (direct Planning Commission to review zoning map and future land use map)
- Continue discussion on old pool use
- Annexation- Conduct town hall meetings- proceed with annexation of various properties (e.g. donut holes)

**FUTURE GOALS**

- Continue plans to fully decommission lagoon and begin development
- Continue discussion on the future of electricity (2020 and beyond)
- Explore opportunities for Community Activity Center use by other entities; CAC

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2020**

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improvements/study

- Put electric substation on hold - use those monies to evaluate and make repairs to downtown alleys and install underground powerlines on both sides of Main Street

**PERSONNEL**

The Police Department hired a new officer in November 2020. We are currently advertising to fill another officer position. We have a ninth officer included in the 20-21 year budget.

The Public Works Department continues to be managed by Joel Hansen, Street & Planning Director. Lowell Heggemeyer is serving as the Parks and Recreation Director and has Amber Schwarte serving as the Recreation Services Coordinator along with Brian Hanson as Park/Recreation Supervisor. The Electric Distribution Department is managed by Tim Sutton, Electric Distribution Superintendent. The Senior Center continues to cook meals in-house and has moved the part-time cook to a full-time position. The Library and Senior Center have been successful in utilizing shared staff between their facilities.

We continue to cross train at the Electric Power Plant. This cross training is necessary as we may be required to start up the plant when the power provided to the City is interrupted. We are looking at cross training in most of our departments.

**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 homeowners 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 valuation had \$3,619,266 of growth in the last year. State Nebraska Bank and Trust has recently opened their Campus Branch building. This 14,000 square-foot facility features a walk-in lobby, ATM, drive-thru lanes, State National Insurance Company, a basketball/pickleball court for community use, and multiple Class A space for lease, including shared-space options. Following the closure of the Shopko store, a group of investors has opened Wayne Ace Hardware & Home in the former Shopko building. The store opened in April 2020 and offers far more products than a traditional hardware store. Items such as home goods, personal goods and gift items can be purchased at this store so people don't have to go out of town for these purchases.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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Wayne State College continues to be an important part of the Wayne community. Enrollment figures for the college are currently at 3,890. The City of Wayne continues to have a strong relationship with Wayne State College and their president Marysz Rames.

Concerns about the national, state and local economies due to the Covid-19 pandemic will be a concern for the City of Wayne and the possible impact it may have on our local economy.

**GRANTS**

Nebraska Department of Transportation has taken over the Trail and Underpass Grant Project and combined it into one project. The City was excited to move forward with the Trail Phase II project in the spring 2020. This will be great asset to the City of Wayne and the trail will total approximately 6.75 miles including an underpass near the Community Activity Center to allow trail users to safely bypass the highway.

The City of Wayne has received Community Development Block Grant grant funds in the amount of \$400,000 towards our Pine Heights project. The Pine Heights project will include replacement of pavement, curb and gutters, water, and sewer line, as well storm sewer improvements.

We were awarded a CCCFF planning grant not to exceed \$10,000 for the Community Activity Center. The City is working with Carlson West Pvondra to determine needs for the CAC to continue to be a key amenity of the Wayne community.

The Senior Center continues with the Department of Transportation 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 transmission line project, parallel taxiway and hangar approach construction at the airport, inner east/west conversion, Nebraska 2<sup>nd</sup>-7<sup>th</sup> Street project, new playground equipment at Sunnyview Park, repair of collapsed trail due to flooding, Hank Overin field lighting and improvements at the old pool park, including removal of the old pool.

**REVENUES**

The City has a slight decrease in the total property tax levy requested for city support at \$0.449005 per \$100 of valuation for the upcoming fiscal year. The 2020 combined tax rate for the City of Wayne is 1.890997 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.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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Rates for the utility funds are set to cover operating costs and capital needs. We have received feedback from the Nebraska Municipal Power Pool on our electric rate study, and electric rates were updated effective with the billing statement received June 1, 2019 per Resolution 2018-72. We received feedback from the Nebraska Rural Water Association and water/sewer rates were updated effective with the billing statement received February 1, 2020 per Resolutions 2018-58 and 2018-59.

**CAPITAL BUDGET 2020-2021**

- Police department
  - a. Car Replacement
  - b. Carpet and ceiling repair/replacement in basement
  - c. Digital citations equipment
- Fire Department
  - a. Primary pumper truck set aside
  - b. Hand held radios
- Parks Department
  - a. ¾ ton gas flatbed truck
  - b. Mower
  - c. Plans to purchase toolcat in FY 21-22
  - d. Park hiking trail phase II- entire budget now in Park budget
- Recreation/CAC/Pool
  - a. Annual maintenance to Hank Overin and Summer Sports Complex
  - b. Replace sprinkler system at Hank Overin field
  - c. Build 3 car shed/garage at Summer Sports Complex
  - d. Pool professionally painted/caulked
- The Country Clubhouse project is a City project that allows individuals to make tax exempt donations for the renovation/enhancements of the Clubhouse.
- Public Buildings
  - a. Improvements at City Hall- potential HVAC repairs
  - b. Auditorium window replacement
  - c. Auditorium stage curtains
  - d. Sound system in council chambers
- Senior Center
  - a. Bus/van purchase
  - b. New sound system
- Library
  - Carpet/painting in library
  - Repair/replace cupboards in staff workroom
- City sales tax capital projects
  - a. Upgrades to the Library/Senior Center (bathroom remodel in commons area)
  - b. Auditorium repairs
  - c. Police car replacement
  - d. Set aside for Fire Truck Replacement

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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- e. Playground equipment
- f. Pine Heights project
- g. Public Art
- Street Fund
  - a. Snow box
  - b. Dump box for white flatbed truck
  - c. Line striper for parking stalls
  - d. Street Projects are
    - i. Nebraska 2<sup>nd</sup>-7<sup>th</sup> Street
    - ii. Downtown alleys
    - iii. Pine Heights Road
- Electric Production
  - a. Normal capital items
  - b. Potential diesel fuel cost
  - c. Rice data recertification costs
- Electric Distribution
  - a. Normal distribution system upgrades
  - b. Continued district improvements projects (inner east/west conversion)
  - c. Replacement of 2010 ¾ ton extended cab 4x4 pickup
- Technology
  - a. Sound and video systems for the Council Chambers, servers and various computers
- Water Fund
  - a. 1 ton dually flatbed truck to be split between water/sewer
  - b. Booster pump control upgrade
  - c. Water meters
  - d. Mower ( ½ water; ½ sewer)
  - e. Hydraulic power unit ( ½ water; ½ sewer)
  - f. Valve exerciser ( ½ water; ½ sewer)
- Sewer Fund
  - a. 1 ton dually flatbed truck to be split between water/sewer
  - b. Mower ( ½ water; ½ sewer)
  - c. Hydraulic power unit ( ½ water; ½ sewer)
  - d. Valve exerciser ( ½ water; ½ sewer)
  - e. Replace old lift station pumps
  - f. Manhole rehab and cleaning of sewer lines
  - g. Sewer lagoon decommissioning

**DEBT**

We utilized the Nebraska Drinking Water State Revolving Loan Fund for our Water Transmission Line project. We received finalization and amortization schedule for repayment in FY 20-21.

We issued \$1,000,000 of the 2017 Electric BAN out for long term debt. We also combined the remaining 2012 Electric Revenue Bond with this issue for an interest savings.

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2020**

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**AIRPORT**

There are currently long term contracts in place for the Airport Manager and the Fixed Base Operator (FBO). There are annual leases on the hangars.

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 has recently purchased a jet fuel truck. They are still working out the logistics of operating this truck.

The first phase of the parallel taxiway project was completed with Knife River. The project had many delays due to weather and conflicts with the contractor. The second phase of this project has begun with A&R Construction serving as the contractor. They are progressing nicely and the airport is excited for the project to be complete.

**COMMUNITY REDEVELOPMENT AUTHORITY**

In 2013-14, the Council reorganized the Community Development Agency and appointed a Community Redevelopment Authority. The CRA sold their property in the industrial park in FY 19-20 and are excited to make plans for the future.

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 Officer, City of Wayne, 306 Pearl St., P.O. Box 8, Wayne, NE 68787.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 208,201	\$ 4,585,874	\$ 4,794,075	\$ 1,404,558
Investments	1,298,111	4,928,259	6,226,370	-
County treasurer cash	63,850	-	63,850	5,004
Receivables:				
Property tax	42,006	-	42,006	3,824
Special assessments	330,196	357,655	687,851	-
Accounts, net of allowance for doubtful accounts	6,093	1,058,691	1,064,784	1,290
Unbilled revenue	-	403,735	403,735	-
Grants	239,173	-	239,173	189,848
Interest	2,413	4,891	7,304	-
Current portion of TIF receivable	-	-	-	258,031
Current portion of notes	303,000	-	303,000	-
Due from other governments	227,825	-	227,825	-
Due (to)/from other funds	(180,000)	180,000	-	-
Due from component units	404	300,000	300,404	-
Prepaid insurance	-	-	-	7,960
Inventory	-	536,517	536,517	15,838
Total current assets	<u>2,541,272</u>	<u>12,355,622</u>	<u>14,896,894</u>	<u>1,886,353</u>
Noncurrent assets:				
Restricted cash and cash equivalents	3,778,810	333,403	4,112,213	-
Restricted investments	1,094,888	480,093	1,574,981	-
Noncurrent TIF receivable	-	-	-	2,161,652
Noncurrent notes receivable	1,574,452	-	1,574,452	125,500
Capital assets:				
Land and construction in progress	5,108,166	1,774,602	6,882,768	3,007,365
Other capital assets, net of depreciation	17,444,252	18,077,860	35,522,112	5,775,835
Net capital assets	<u>22,552,418</u>	<u>19,852,462</u>	<u>42,404,880</u>	<u>8,783,200</u>
Total noncurrent assets	<u>29,000,568</u>	<u>20,665,958</u>	<u>49,666,526</u>	<u>11,070,352</u>
<b>Total assets</b>	<u>31,541,840</u>	<u>33,021,580</u>	<u>64,563,420</u>	<u>12,956,705</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	173,945	367,044	540,989	39,303
Accrued expenses	195,578	216,230	411,808	209,411
Customer deposits	32,050	238,960	271,010	-
Due to the City of Wayne	-	-	-	300,404
Unavailable property tax	295,098	-	295,098	886
Current portion of long-term obligations	460,000	687,991	1,147,991	516,246
Total current liabilities	<u>1,156,671</u>	<u>1,510,225</u>	<u>2,666,896</u>	<u>1,066,250</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	48,545	67,782	116,327	-
Noncurrent portion of long-term obligations	4,065,000	8,929,394	12,994,394	2,132,585
Total noncurrent liabilities	<u>4,113,545</u>	<u>8,997,176</u>	<u>13,110,721</u>	<u>2,132,585</u>
<b>Total liabilities</b>	<u>5,270,216</u>	<u>10,507,401</u>	<u>15,777,617</u>	<u>3,198,835</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,027,418	10,235,077	28,262,495	8,554,052
Restricted for:				
Debt service	1,130,077	574,536	1,704,613	-
Economic development	1,850,899	-	1,850,899	-
Federal loan programs	162,742	-	162,742	-
Capital projects	1,019,634	-	1,019,634	-
Swimming pool	324,413	-	324,413	-
Community Activity Center	102,940	-	102,940	-
Community betterment	60,186	-	60,186	-
Parks and golf course	1,917,941	-	1,917,941	-
Unrestricted	1,675,374	11,704,566	13,379,940	1,203,818
<b>Total net position</b>	<u>\$ 26,271,624</u>	<u>\$ 22,514,179</u>	<u>\$ 48,785,803</u>	<u>\$ 9,757,870</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2020**

<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	\$ 333,859	\$ 115,739	\$ 443,186
Public buildings	92,110	31,815	-
Public safety	1,428,960	221,048	375,919
Public works	623,657	1,901	-
Senior citizens services	260,982	72,486	183,668
Library	265,534	5,469	6,500
Recreation	425,944	39,932	7,898
Community Activity Center	301,902	110,562	-
Interest and related expenses	152,468	-	-
Depreciation - unallocated	1,140,509	-	-
Total governmental activities	5,025,925	598,952	1,017,171
<b>Business-type activities:</b>			
Electric	7,137,054	8,172,875	-
Water	746,109	1,584,442	-
Sewer	1,459,837	1,619,700	-
Transfer Station	11,067	11,800	-
Total business-type activities	9,354,067	11,388,817	-
<b>Total primary government</b>	\$ 14,379,992	\$ 11,987,769	\$ 1,017,171
<b>Component units:</b>			
Wayne Municipal Airport	\$ 479,421	\$ 163,135	\$ 101,194
Community Development Agency	145,241	3,050	-
<b>Total component units</b>	\$ 624,662	\$ 166,185	\$ 101,194

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ 225,066		\$ 225,066	
-	(60,295)		(60,295)	
-	(831,993)		(831,993)	
1,140,301	518,545		518,545	
-	(4,828)		(4,828)	
-	(253,565)		(253,565)	
56,983	(321,131)		(321,131)	
5,000	(186,340)		(186,340)	
-	(152,468)		(152,468)	
-	(1,140,509)		(1,140,509)	
<u>1,202,284</u>	<u>(2,207,518)</u>	<u>\$ -</u>	<u>(2,207,518)</u>	
-	-	1,035,821	1,035,821	
-	-	838,333	838,333	
3,593	-	163,456	163,456	
-	-	733	733	
<u>3,593</u>	<u>-</u>	<u>2,038,343</u>	<u>2,038,343</u>	
<u>\$ 1,205,877</u>	<u>(2,207,518)</u>	<u>2,038,343</u>	<u>(169,175)</u>	
\$ 533,053				\$ 317,961
-				(142,191)
<u>\$ 533,053</u>				<u>175,770</u>
General revenues:				
Taxes:				
Property	990,878	-	990,878	89,630
Motor vehicle	98,123	-	98,123	-
Payments in lieu of taxes	1,044,649	-	1,044,649	-
Sales tax	1,227,921	-	1,227,921	-
Franchise	181,974	-	181,974	-
TIF proceeds	-	-	-	141,820
State allocation	1,226,197	-	1,226,197	-
Special assessments	95,951	-	95,951	-
Keno proceeds	15,513	-	15,513	-
Miscellaneous	64,145	-	64,145	-
Interest income	92,647	130,848	223,495	12,541
Loss on sale of assets	-	-	-	(6,353)
Transfer between City and CDA	-	(14,634)	(14,634)	14,634
Interfund transfers	62,602	(62,602)	-	-
Total general revenues	<u>5,100,600</u>	<u>53,612</u>	<u>5,154,212</u>	<u>252,272</u>
Change in net position	<u>2,893,082</u>	<u>2,091,955</u>	<u>4,985,037</u>	<u>428,042</u>
Net position - September 30, 2019	<u>23,378,542</u>	<u>20,422,224</u>	<u>43,800,766</u>	<u>9,329,828</u>
Net position - September 30, 2020	<u>\$ 26,271,624</u>	<u>\$ 22,514,179</u>	<u>\$ 48,785,803</u>	<u>\$ 9,757,870</u>

**CITY OF WAYNE, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2020**

	<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	\$ (107,158)	\$ -	\$ -	\$ -	\$ 65,421	\$ -	\$ (41,737)
Investments	725,865	-	-	-	75,389	-	801,254
County treasurer cash	49,605	8,522	-	5,723	-	-	63,850
Receivables:							
Special assessments	-	-	-	330,196	-	-	330,196
Accounts, net of allowance for doubtful accounts	6,043	50	-	-	-	-	6,093
Grants	239,173	-	-	-	-	-	239,173
Notes receivable	-	-	1,759,296	-	118,156	-	1,877,452
Interest	913	19	-	667	149	-	1,748
Property tax	37,677	-	-	4,329	-	-	42,006
Due from other governments	227,825	-	-	-	-	-	227,825
Due from other funds	59,792	-	-	-	-	(59,792)	-
Due from component units	404	-	-	-	-	-	404
Restricted assets:							
Cash	1,390,626	1,819,737	271,636	165,703	131,108	-	3,778,810
Investments	183,321	106,607	-	727,538	77,422	-	1,094,888
<b>Total assets</b>	<b>\$ 2,814,086</b>	<b>\$ 1,934,935</b>	<b>\$ 2,030,932</b>	<b>\$ 1,234,156</b>	<b>\$ 467,645</b>	<b>\$ (59,792)</b>	<b>\$ 8,421,962</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 146,018	\$ 20,109	\$ -	\$ -	\$ 818	\$ -	\$ 166,945
Accrued expenses	150,935	26,785	33	17,825	-	-	195,578
Customer deposits	32,050	-	-	-	-	-	32,050
Due to other funds	-	-	180,000	-	59,792	(59,792)	180,000
Unavailable property tax	8,844	-	-	286,254	-	-	295,098
<b>Total liabilities</b>	<b>337,847</b>	<b>46,894</b>	<b>180,033</b>	<b>304,079</b>	<b>60,610</b>	<b>(59,792)</b>	<b>869,671</b>
Fund balances:							
Restricted for:							
Debt service	200,000	-	-	930,077	-	-	1,130,077
Capital projects	1,019,634	-	-	-	-	-	1,019,634
Swimming pool	324,413	-	-	-	-	-	324,413
Community Activity Center	-	-	-	-	102,940	-	102,940
Community betterment	-	-	-	-	60,186	-	60,186
Federal programs	-	-	-	-	162,742	-	162,742
Economic development	-	-	1,850,899	-	-	-	1,850,899
Parks	29,900	-	-	-	-	-	29,900
Street expenditures	-	1,888,041	-	-	-	-	1,888,041
Committed for:							
Capital projects	638,000	-	-	-	-	-	638,000
Assigned for:							
Other purposes	-	-	-	-	81,167	-	81,167
Unassigned	264,292	-	-	-	-	-	264,292
<b>Total fund balances</b>	<b>2,476,239</b>	<b>1,888,041</b>	<b>1,850,899</b>	<b>930,077</b>	<b>407,035</b>	<b>-</b>	<b>7,552,291</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,814,086</b>	<b>\$ 1,934,935</b>	<b>\$ 2,030,932</b>	<b>\$ 1,234,156</b>	<b>\$ 467,645</b>	<b>\$ (59,792)</b>	<b>\$ 8,421,962</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, 2020**

<b>Total fund balances - governmental funds</b>		<b>\$ 7,552,291</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
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 \$43,816,088, and the accumulated depreciation is \$21,263,670.		22,552,418
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.		740,460
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:		
Noncurrent compensated absences	\$ (48,545)	
Bonds payable	<u>(4,525,000)</u>	<u>(4,573,545)</u>
<b>Total net position - governmental activities</b>		<b><u><u>\$ 26,271,624</u></u></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, 2020**

	<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	\$ 886,990	\$ 1,623	\$ -	\$ 102,265	\$ -	\$ 990,878
Motor vehicle	-	98,123	-	-	-	98,123
Payments in lieu of taxes	1,044,452	-	-	197	-	1,044,649
Sales tax	799,570	145,471	282,880	-	-	1,227,921
Franchise	181,974	-	-	-	-	181,974
Intergovernmental	860,644	703,250	-	-	447,229	2,011,123
Special assessments	-	-	-	95,951	-	95,951
Charges for services	521,996	1,691	-	-	75,021	598,708
Grant revenue	231,390	-	-	-	-	231,390
Keno proceeds	-	-	-	-	15,513	15,513
Interest income	34,059	10,771	17,097	16,542	4,024	82,493
Contributions	66,884	-	-	-	-	66,884
Bond/loan proceeds	-	1,200,000	-	760,000	-	1,960,000
Other income	64,385	467	-	-	-	64,852
Total revenues	<u>4,692,344</u>	<u>2,161,396</u>	<u>299,977</u>	<u>974,955</u>	<u>541,787</u>	<u>8,670,459</u>
<b>EXPENDITURES</b>						
General government	223,010	-	17,724	-	176,440	417,174
Public buildings	91,907	-	-	-	-	91,907
Public safety	1,410,286	-	-	-	13,429	1,423,715
Public works	-	627,785	-	-	-	627,785
Senior citizens services	260,981	-	-	-	-	260,981
Library	265,534	-	-	-	-	265,534
Recreation	422,248	-	-	-	3,697	425,945
Community Activity Center	301,902	-	-	-	-	301,902
Capital outlay	2,292,971	574,674	-	-	505,023	3,372,668
Principal payments on debt	125,000	-	-	1,070,000	-	1,195,000
Interest on long-term debt	58,157	-	5,908	57,982	-	122,047
Bond fees	-	18,919	-	11,502	-	30,421
Total expenditures	<u>5,451,996</u>	<u>1,221,378</u>	<u>23,632</u>	<u>1,139,484</u>	<u>698,589</u>	<u>8,535,079</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(759,652)	940,018	276,345	(164,529)	(156,802)	135,380
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	23,488	200,000	-	264,480	-	487,968
Transfers out	(238,800)	(163,078)	-	-	(23,488)	(425,366)
Net transfers	<u>(215,312)</u>	<u>36,922</u>	<u>-</u>	<u>264,480</u>	<u>(23,488)</u>	<u>62,602</u>
<b>Net change in fund balances</b>	(974,964)	976,940	276,345	99,951	(180,290)	197,982
Fund balances - September 30, 2019	<u>3,451,203</u>	<u>911,101</u>	<u>1,574,554</u>	<u>830,126</u>	<u>587,325</u>	<u>7,354,309</u>
Fund balances - September 30, 2020	<u>\$ 2,476,239</u>	<u>\$ 1,888,041</u>	<u>\$ 1,850,899</u>	<u>\$ 930,077</u>	<u>\$ 407,035</u>	<u>\$ 7,552,291</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, 2020**

<b>Total net change in fund balances - governmental funds</b>	\$ 197,982
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 (\$4,512,502) was exceeded by depreciation expense (\$1,140,509) during the period. Nebraska Department of Transportation funded \$1,139,834 of the capital additions.	3,371,993
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.	89,428
The change in noncurrent compensated absences is reported as an expense in the statement of net position. Noncurrent compensated absences are not reported in the governmental funds.	(1,321)
The issuance of bonds is reported as revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.	(1,960,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>1,195,000</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 2,893,082</u></u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2020**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,898,060	\$ 920,875
Investments	3,247,328	608,731
Receivables:		
Accounts, net of allowance for doubtful accounts	764,872	131,946
Unbilled revenue	273,605	56,705
Special assessments	-	85,609
Interest	3,373	479
Due from other funds	180,000	51,601
Due from Community Development Agency	300,000	-
Inventory	491,745	44,772
Total current assets	8,158,983	1,900,718
Noncurrent assets:		
Restricted cash and cash equivalents	333,403	-
Restricted investments	480,093	-
Capital assets:		
Land	176,612	143,650
Construction in progress	1,347,907	-
Distribution systems	6,299,997	9,375,331
Buildings	8,157,312	311,174
Equipment	3,775,311	578,077
Less accumulated depreciation	(13,681,052)	(5,086,075)
Net capital assets	6,076,087	5,322,157
Total noncurrent assets	6,889,583	5,322,157
Total assets	15,048,566	7,222,875
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	346,841	17,065
Customer deposits	238,960	-
Accrued interest payable	652	9,170
Other accrued expenses	129,360	25,967
Due to other funds	-	-
Current portion of long-term obligations	220,000	140,087
Total current liabilities	935,813	192,289
Noncurrent liabilities:		
Compensated absences - noncurrent	55,486	3,425
Noncurrent portion of long-term obligations	1,565,000	3,054,211
Total noncurrent liabilities	1,620,486	3,057,636
Total liabilities	2,556,299	3,249,925
<b>NET POSITION</b>		
Net investment in capital assets	4,291,087	2,127,859
Restricted for:		
Debt service	574,536	-
Unrestricted	7,626,644	1,845,091
Total net position	\$ 12,492,267	\$ 3,972,950

See notes to financial statements.

Enterprise Funds				Internal Service Fund
Sewer Fund	Transfer Station	Eliminations	Total	
\$ 729,523	\$ 37,416	\$ -	\$ 4,585,874	\$ 249,938
1,072,200	-	-	4,928,259	496,857
161,373	500	-	1,058,691	-
73,425	-	-	403,735	-
272,046	-	-	357,655	-
1,039	-	-	4,891	665
-	-	(51,601)	180,000	-
-	-	-	300,000	-
-	-	-	536,517	-
<u>2,309,606</u>	<u>37,916</u>	<u>(51,601)</u>	<u>12,355,622</u>	<u>747,460</u>
-	-	-	333,403	-
-	-	-	480,093	-
65,252	41,181	-	426,695	-
-	-	-	1,347,907	-
4,111,648	-	-	19,786,976	-
9,998,483	606,685	-	19,073,654	-
553,404	25,953	-	4,932,745	-
(6,458,360)	(490,028)	-	(25,715,515)	-
<u>8,270,427</u>	<u>183,791</u>	<u>-</u>	<u>19,852,462</u>	<u>-</u>
<u>8,270,427</u>	<u>183,791</u>	<u>-</u>	<u>20,665,958</u>	<u>-</u>
10,580,033	221,707	(51,601)	33,021,580	747,460
3,138	-	-	367,044	7,000
-	-	-	238,960	-
24,800	-	-	34,622	-
26,281	-	-	181,608	-
51,601	-	(51,601)	-	-
327,904	-	-	687,991	-
<u>433,724</u>	<u>-</u>	<u>(51,601)</u>	<u>1,510,225</u>	<u>7,000</u>
8,871	-	-	67,782	-
4,310,183	-	-	8,929,394	-
<u>4,319,054</u>	<u>-</u>	<u>-</u>	<u>8,997,176</u>	<u>-</u>
<u>4,752,778</u>	<u>-</u>	<u>(51,601)</u>	<u>10,507,401</u>	<u>7,000</u>
3,632,340	183,791	-	10,235,077	-
-	-	-	574,536	-
2,194,915	37,916	-	11,704,566	740,460
<u>\$ 5,827,255</u>	<u>\$ 221,707</u>	<u>\$ -</u>	<u>\$ 22,514,179</u>	<u>\$ 740,460</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2020**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
<b>Operating revenues:</b>						
User charges	\$ 8,109,947	\$ 1,223,249	\$ 1,618,633	\$ 800	\$ 10,952,629	\$ -
Health insurance premiums	-	-	-	-	-	671,575
Hookup fees	-	260	1,067	-	1,327	-
Other revenue	62,928	360,933	-	11,000	434,861	-
Total operating revenues	<u>8,172,875</u>	<u>1,584,442</u>	<u>1,619,700</u>	<u>11,800</u>	<u>11,388,817</u>	<u>671,575</u>
<b>Operating expenses:</b>						
Cost of power	3,578,828	-	-	-	3,578,828	-
Personnel	1,302,372	275,621	277,314	-	1,855,307	-
Contract services	256,350	114,007	385,637	-	755,994	-
Commodities	632,787	88,563	126,888	5,554	853,792	-
Payments in lieu of taxes	792,595	74,643	92,071	-	959,309	-
Insurance claims and health premiums	-	-	-	-	-	592,302
Depreciation	499,112	158,766	441,336	5,513	1,104,727	-
Total operating expenses	<u>7,062,044</u>	<u>711,600</u>	<u>1,323,246</u>	<u>11,067</u>	<u>9,107,957</u>	<u>592,302</u>
Operating income	1,110,831	872,842	296,454	733	2,280,860	79,273
<b>Nonoperating revenues (expenses):</b>						
Interest income	90,781	15,859	24,047	161	130,848	10,155
Grant revenue	-	-	3,593	-	3,593	-
Interest expense	(46,447)	(29,670)	(87,792)	-	(163,909)	-
Loan administration fees	(28,563)	(4,839)	(48,799)	-	(82,201)	-
Total nonoperating revenues (expenses)	<u>15,771</u>	<u>(18,650)</u>	<u>(108,951)</u>	<u>161</u>	<u>(111,669)</u>	<u>10,155</u>
Income before interfund transfers	1,126,602	854,192	187,503	894	2,169,191	89,428
<b>Interfund transfers:</b>						
Transfer to Community Development Agency	(14,634)	-	-	-	(14,634)	-
Transfer from (to) other funds	(62,602)	-	-	-	(62,602)	-
<b>Change in net position</b>	1,049,366	854,192	187,503	894	2,091,955	89,428
Net position - September 30, 2019	<u>11,442,901</u>	<u>3,118,758</u>	<u>5,639,752</u>	<u>220,813</u>	<u>20,422,224</u>	<u>651,032</u>
Net position - September 30, 2020	<u>\$ 12,492,267</u>	<u>\$ 3,972,950</u>	<u>\$ 5,827,255</u>	<u>\$ 221,707</u>	<u>\$ 22,514,179</u>	<u>\$ 740,460</u>

See notes to financial statements.

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

**For the year ended September 30, 2020**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 8,162,836	\$ 1,545,922
Receipts from other funds	-	-
Payments to suppliers	(5,244,562)	(294,168)
Payments to employees	(1,281,255)	(271,329)
Net cash provided by operating activities	1,637,019	980,425
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer to Community Development Agency	(14,634)	-
Transfers (to) from other funds	(62,602)	-
Net cash used by noncapital financing activities	(77,236)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(137,824)	(2,454,943)
Proceeds from sale of capital assets	-	-
Grant proceeds	-	-
Special assessments received	-	9,404
Proceeds from the issuance of long-term debt	1,785,000	1,977,993
Principal payments on capital debt	(2,400,000)	(96,761)
Interest paid on capital debt	(54,499)	(31,753)
Loan administration fees	(28,563)	(4,839)
Net cash used by capital and related financing activities	(835,886)	(600,899)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in investments	(69,515)	(11,175)
Increase in restricted investments	(4,237)	-
(Increase) decrease in due from/to other funds	177,000	-
Interest received	95,943	16,353
Net cash provided by investing activities	199,191	5,178
Increase in cash and cash equivalents	923,088	384,704
Cash and cash equivalents - beginning of the year	2,308,375	536,171
Cash and cash equivalents - end of the year	\$ 3,231,463	\$ 920,875
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 2,898,060	\$ 920,875
Restricted cash and cash equivalents	333,403	-
Total cash and cash equivalents	\$ 3,231,463	\$ 920,875

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,592,186	\$ 11,300	\$ 11,312,244	\$ -
-	-	-	671,575
(608,300)	(5,554)	(6,152,584)	(598,802)
(272,562)	-	(1,825,146)	-
<u>711,324</u>	<u>5,746</u>	<u>3,334,514</u>	<u>72,773</u>
-	-	(14,634)	-
-	-	(62,602)	-
-	-	(77,236)	-
(189,669)	-	(2,782,436)	-
-	-	-	-
3,593	-	3,593	-
63,050	-	72,454	-
-	-	3,762,993	-
(321,863)	-	(2,818,624)	-
(89,546)	-	(175,798)	-
(48,799)	-	(82,201)	-
(583,234)	-	(2,020,019)	-
(20,005)	-	(100,695)	(9,768)
-	-	(4,237)	-
-	-	177,000	-
24,893	162	137,351	10,560
<u>4,888</u>	<u>162</u>	<u>209,419</u>	<u>792</u>
132,978	5,908	1,446,678	73,565
<u>596,545</u>	<u>31,508</u>	<u>3,472,599</u>	<u>176,373</u>
<u>\$ 729,523</u>	<u>\$ 37,416</u>	<u>\$ 4,919,277</u>	<u>\$ 249,938</u>
\$ 729,523	\$ 37,416	\$ 4,585,874	\$ 249,938
-	-	333,403	-
<u>\$ 729,523</u>	<u>\$ 37,416</u>	<u>\$ 4,919,277</u>	<u>\$ 249,938</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2020**

	<u>Enterprise Funds</u>	
	<u>Electric Fund</u>	<u>Water Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 1,110,831	\$ 872,842
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	499,112	158,766
Change in assets and liabilities:		
Accounts receivable	(15,879)	(38,520)
Inventories	40,093	(4,390)
Accounts payable	(24,095)	(12,565)
Customer deposits	5,840	-
Accrued expenses	21,117	4,292
Net cash provided by operating activities	<u>\$ 1,637,019</u>	<u>\$ 980,425</u>

See notes to financial statements.

<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Transfer Station</u>		<u>Total</u>	
\$ 296,454	\$ 733		\$ 2,280,860	\$ 79,273
441,336	5,513		1,104,727	-
(27,514)	(500)		(82,413)	-
-	-		35,703	-
(3,704)	-		(40,364)	(6,500)
-	-		5,840	-
4,752	-		30,161	-
<u>\$ 711,324</u>	<u>\$ 5,746</u>		<u>\$ 3,334,514</u>	<u>\$ 72,773</u>

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUND**

**September 30, 2020**

	Custodial <u>Fund</u>
<b>ASSETS</b>	
Cash	\$ 121,437
Sales tax receivable	45,144
Total assets	<u>\$ 166,581</u>
<b>LIABILITIES</b>	
Agency liabilities	<u>\$ 166,581</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, 2020**

**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, 2020**

**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:

	<u>Brief Description of Activities and Relationship to the City:</u>
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, 2020**

**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, 2020**

**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, 2020**

**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 page 36 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 page 37 for description.
Proprietary:	
Enterprise:	
Electric, Water, Sewer, and Transfer Station	See page 37 for description.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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>227,825</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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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 tax collected on the sale of motor vehicles is restricted for street improvements as required by LB904.

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, 2020**

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

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

**Property Taxes, continued**

Property taxes levied for 2019-2020 are recorded as revenue when expected to be collected within 60 days after September 30, 2020. 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, 2020**

**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, 2020**

**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, 2020**

**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, 2020. The categories of collateral are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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	\$ 11,295,136	\$ 750,000	\$ 10,545,136	\$ -	\$ <u>10,432,283</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 4,794,075
Restricted cash and cash equivalents	4,112,213
Component Unit –	
Unrestricted cash and cash equivalents	1,404,558
Agency Fund Cash (not included in government-wide statement)	<u>121,437</u>
	<u>\$ 10,432,283</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, 2020. The categories of investments are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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	\$ 440,912	\$ -	\$ -	\$ 440,912	\$ 440,912
Time Deposits	7,360,439	-	-	<u>7,360,439</u>	<u>7,360,439</u>
				<u>\$ 7,801,351</u>	<u>\$ 7,801,351</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –

Unrestricted investments \$ 6,226,370

Restricted investments 1,574,981

\$ 7,801,351

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2020, 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	\$ 3,778,810	\$ 333,403	\$ 4,112,213	\$ -
Investments	<u>1,094,888</u>	<u>480,093</u>	<u>1,574,981</u>	<u>-</u>
	<u>\$ 4,873,698</u>	<u>\$ 813,496</u>	<u>\$ 5,687,194</u>	<u>\$ -</u>

Restricted cash and investments for governmental activities consists of \$200,000 of General Fund cash restricted for pool debt service, \$1,019,634 of General Fund cash restricted for capital projects, \$324,413 of General Fund cash and investments restricted for the swimming pool, \$1,926,344 of Street Fund cash and investments restricted for street expenditures, \$102,940 of Sales Tax cash and investments restricted for Community Activity Center, \$893,241 of Debt Service cash and investments restricted for debt service, \$44,586 of Community Development cash restricted for Federal programs, \$271,636 of LB840 cash restricted for economic development, \$61,004 of Keno cash restricted for community betterment, and \$29,900 of General Fund investments restricted to be used for parks.

Restricted business-type assets consist of debt service reserves of \$574,536 for the Electric Fund. The Electric Fund also has \$238,960 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, 2020, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 6,093	\$ 1,058,691	\$ 1,064,784	\$ 1,290
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net accounts receivable	<u>\$ 6,093</u>	<u>\$ 1,058,691</u>	<u>\$ 1,064,784</u>	<u>\$ 1,290</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020:

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2020</u>	<u>Terms</u>
Community Development Fund	6 housing loans	\$ 118,156	0%; housing loans; due when property is sold
LB840 Fund	Wayne Area Events Center	350,000	3%; annual payments of \$29,322 March 1, 2021, through March 1, 2035
LB840 Fund	RBDK, LLC	46,834	3%; annual payments of \$4,705 through November 30, 2021 when final balloon payment is due
LB840 Fund	Innovative Protectives	6,667	0%; annual payments of \$667 November 1, 2014, through November 1, 2028
LB840 Fund	Talon Capital	228,041	2.85%; annual payments of \$29,084 May 1, 2020, through May 1, 2029

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020</u>	<u>Terms</u>
LB840 Fund	OCC Builders, LLC	21,143	0%; annual payments of \$2,643 November 1, 2014, through November 1, 2028
LB840 Fund	Sand Creek Post & Beam, Inc.	116,340	0%; annual payments of \$12,927 November 1, 2014, through November 1, 2028
LB840 Fund	Wayne Hospitality Group	166,667	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	21,788	3%; annual payments of \$5,862 January 1, 2015, through January 1, 2024
LB840 Fund	Kory Leseberg	23,778	0%; monthly payments of \$222 June 1, 2014, through May 1, 2029
LB840 Fund	Kory Leseberg	21,942	3%; monthly payments of \$242 June 1, 2014, through May 1, 2029
LB840 Fund	Ken Jorgensen	77,318	3%; annual payments of \$10,471 September 1, 2015, through September 1, 2030
LB840 Fund	Pat Garvin	24,000	0%; annual payments of \$2,667 May 1, 2015, through May 1, 2029

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020</u>	<u>Terms</u>
LB840 Fund	Hefti Trucking	30,000	0%; annual payments of \$3,333 September 1, 2015, through September 1, 2029
LB840 Fund	Ken Jorgensen	72,646	3%; forgivable at \$10,471 per year September 1, 2015, through September 1, 2029
LB840 Fund	Jen Claussen	16,138	3%; monthly payments of \$164 April 1, 2015, through March 1, 2030
LB840 Fund	Rainbow World	45,622	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022
LB840 Fund	Retail Reclaimers, LLC	200,000	0%; monthly payments of \$1,190 May 1, 2021, through April 1, 2035
LB840 Fund	Wayne Country Club	182,000	0%; annual payments of \$14,000 August 15, 2019, through August 15, 2033
LB840 Fund	Julie Cull	13,289	3%; monthly payments of \$357 due over 120 months

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2020</u>	<u>Terms</u>
LB840 Fund	Crossroads-Atoll Productions, LLC	31,002	3%; annual payments of \$3,351 February 1, 2017, through February 1, 2031
LB840 Fund	Johnnie Byrd Brewing	38,973	2.625%; monthly payments of \$214 March 1, 2020, through February 1, 2040
LB840 Fund	Winning Finish Enterprises, Inc.	13,422	3%; annual payments of \$2,897 October 1, 2016, through October 1, 2025
LB840 Fund	Winning Finish Enterprises, Inc.	12,500	0%; forgivable at \$2,500 per year October 1, 2016, through October 1, 2025
LB840 Fund	Allowance for Uncollectible Note	<u>(75,000)</u>	
Total notes receivable		\$ <u>1,877,452</u>	
Current portion		\$ 303,000	
Noncurrent portion		<u>1,574,452</u>	
		\$ <u>1,877,452</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Balance at October 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at September 30, 2020</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 775,970	\$ -	\$ -	\$ -	\$ 775,970
Construction in progress	497,676	3,834,520	-	-	4,332,196
Total capital assets not being depreciated	1,273,646	3,834,520	-	-	5,108,166
Other capital assets being depreciated:					
Infrastructure	17,861,441	-	-	-	17,861,441
Improvements	5,821,513	-	-	-	5,821,513
Buildings	10,173,301	152,067	-	-	10,325,368
Machinery and equipment	4,173,685	525,915	-	-	4,699,600
Total other capital assets at historical cost	38,029,940	677,982	-	-	38,707,922
Less accumulated depreciation for:					
Infrastructure	(10,738,246)	(426,074)	-	-	(11,164,320)
Improvements	(1,330,419)	(232,561)	-	-	(1,562,980)
Buildings	(4,920,988)	(207,018)	-	-	(5,128,006)
Machinery and equipment	(3,133,508)	(274,856)	-	-	(3,408,364)
Total accumulated depreciation	(20,123,161)	(1,140,509) *	-	-	(21,263,670)
Other capital assets, net	17,906,779	(462,527)	-	-	17,444,252
Governmental activities capital assets, net	<u>\$ 19,180,425</u>	<u>\$ 3,371,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,552,418</u>

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

**4. Capital Assets, continued**

**Governmental Activities, continued:**

General government/public buildings	\$ 42,678
Public safety	207,575
Public works:	
Street	488,814
Library	4,525
Senior citizens services	13,748
Recreation	295,340
Community Activity Center:	<u>87,829</u>
Total governmental depreciation expense	\$ <u>1,140,509</u>

Construction in progress at September 30, 2020, consists of \$3,218,496 for the Hiking Trail – Phase II project, \$27,806 for the Bressler Park stage, \$908,224 for the Nebraska Street project, \$67,860 for the Pine Heights 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, 2020**

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

**4. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2020</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 426,695	\$ -	\$ -	\$ -	\$ 426,695
Construction in progress	<u>1,614,347</u>	<u>2,326,902</u>	<u>-</u>	<u>(2,593,342)</u>	<u>1,347,907</u>
Total capital assets not being depreciated	2,041,042	2,326,902	-	(2,593,342)	1,774,602
Other capital assets being depreciated:					
Buildings	18,841,905	-	-	231,749	19,073,654
Distribution systems	17,043,077	382,306	-	2,361,593	19,786,976
Equipment	<u>4,915,187</u>	<u>17,558</u>	<u>-</u>	<u>-</u>	<u>4,932,745</u>
Total other capital assets at historical cost	40,800,169	399,864	-	2,593,342	43,793,375
Less accumulated depreciation for:					
Buildings	(9,287,264)	(608,042)	-	-	(9,895,306)
Distribution systems	(10,748,575)	(404,884)	-	-	(11,153,459)
Equipment	<u>(4,574,949)</u>	<u>(91,801)</u>	<u>-</u>	<u>-</u>	<u>(4,666,750)</u>
Total accumulated depreciation	<u>(24,610,788)</u>	<u>(1,104,727)</u> *	<u>-</u>	<u>-</u>	<u>(25,715,515)</u>
Other capital assets, net	<u>16,189,381</u>	<u>(704,863)</u>	<u>-</u>	<u>2,593,342</u>	<u>18,077,860</u>
Business-type capital assets, net	<u>\$ 18,230,423</u>	<u>\$ 1,622,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,852,462</u>

\* Depreciation expense was charged to functions as follows:

Electric	\$ 499,112
Water	158,766
Sewer	441,336
Transfer Station	<u>5,513</u>
Total business-type activities depreciation expense	<u>\$ 1,104,727</u>

Construction in progress at September 30, 2020, consists of \$1,347,907 of costs on the electric inner East/West conversion project. See Note D3 for additional detail of the construction in progress at September 30, 2020.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

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

**4. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2020</u>
<b><u>Airport Authority:</u></b>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Construction in progress	2,105,884	584,900	-	(9,278)	2,681,506
	<u>2,393,660</u>	<u>584,900</u>	<u>-</u>	<u>(9,278)</u>	<u>2,969,282</u>
Other capital assets being depreciated:					
Buildings	2,601,203	-	-	-	2,601,203
Improvements	5,383,759	22,551	-	-	5,406,310
Equipment	361,946	123,630	-	9,278	494,854
Total other capital assets at historical cost	8,346,908	146,181	-	9,278	8,502,367
Less accumulated depreciation for:					
Buildings	(483,527)	(72,327)	-	-	(555,854)
Improvements	(1,709,208)	(196,830)	-	-	(1,906,038)
Equipment	(249,861)	(14,779)	-	-	(264,640)
Total accumulated depreciation	<u>(2,442,596)</u>	<u>(283,936)</u>	<u>-</u>	<u>-</u>	<u>(2,726,532)</u>
Other capital assets, net	<u>5,904,312</u>	<u>(137,755)</u>	<u>-</u>	<u>9,278</u>	<u>5,775,835</u>
Airport Authority capital assets, net	<u>\$ 8,297,972</u>	<u>\$ 447,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,745,117</u>

Construction in progress at September 30, 2020 consists of \$2,656,506 of engineering and construction contractor costs for the parallel taxiway and a \$25,000 down payment on a jet fuel truck. See Note D3 for additional details of contractual commitments on these projects.

	<u>Balance at</u> <u>September 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2020</u>
<b><u>Community Development Agency:</u></b>				
Capital assets not being depreciated:				
Land	\$ <u>192,258</u>	\$ <u>19,919</u>	\$ <u>(174,094)</u>	\$ <u>38,083</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, 2020**

**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, 2020:

<u>Type of Debt</u>	Balance October 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2020	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 3,760,000	\$ 1,960,000	\$ (1,195,000)	\$ 4,525,000	\$ 460,000
Business-type Activities:					
Bonds and notes payable	\$ 8,673,017	\$ 3,762,993	\$ (2,818,625)	\$ 9,617,385	\$ 687,991
Component Units:					
Airport Authority	\$ 215,176	\$ 30,895	\$ (16,923)	\$ 229,148	\$ 30,876
Community Develop- ment Authority	2,537,220	-	(117,537)	2,419,683	485,370
Total component units	\$ 2,752,396	\$ 30,895	\$ (134,460)	\$ 2,648,831	\$ 516,246

**Governmental Activities**

As of September 30, 2020, 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. \$ 50,000

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, 2020

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Highway allocation bonds – series 2019 with original issue amount of \$380,000 issued to refinance the Series 2013 and 2013B highway allocation bonds and provide funds for street construction. Interest ranges from 1.50 to 2.10 percent with final maturity June 15, 2028. 1,740,000

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. 1,770,000

General obligation refunding bonds - series 2019, with original issue amount of \$690,000 issued to refinance the series 2013 various purpose bonds. Interest ranges from 1.90 to 2.60 percent with final maturity June 15, 2028. 610,000

Total bonds payable \$ 4,525,000

Current portion \$ 460,000

Noncurrent portion 4,065,000

Total \$ 4,525,000

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, 2020**

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

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

**Business-type Activities**

As of September 30, 2020, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2020, with original issue amount of \$1,785,000. Interest ranges from 0.60 to 1.40 percent with final maturity June 15, 2031.	\$ 1,785,000
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Water revenue bonds - series 2019, with original issue amount of \$810,000. Interest ranges from 1.95 to 3.00 percent with final maturity June 1, 2031.	760,000
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\$4,949,020 of Sewer DEQ Notes Payable. The note will be due in semi-annual principal and interest payments of \$151,154 commencing June 15, 2012, through December 15, 2031. The note bears interest of 2.0 percent. A one percent administration fee will also be due semi-annually.	3,091,508
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\$1,838,650 of Sewer DEQ Notes Payable. The note will be due in semi-annual principal and interest payments of \$54,551 commencing June 15, 2017, through June 15, 2036. The note bears interest of 1.5 percent. A one percent administration fee will also be due semi-annually.	1,546,579
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\$1,977,993 of Water DEQ Notes Payable. The note will be due in semi-annual principal and interest payments of \$57,421 commencing June 15, 2021, through December 15, 2040. The note bears interest of 1.5 percent. A 0.50 percent administration fee will also be due semi-annually.	1,977,993
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**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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.

456,305

Total business-type activity bonds and notes payable

\$ 9,617,385

Current portion

\$ 687,991

Noncurrent portion

8,929,394

Total

\$ 9,617,385

**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.

\$ 65,010

Nebraska Department of Aeronautics series 2019 hangar approach loan, advanced \$135,982 of the \$182,000 maximum during the year ended September 30, 2019, due in 120 monthly installments of \$1,520, bearing no interest.

164,138

Total airport notes payable

229,148

Community Development Agency Bond Payable:

Tax increment revenue bond series 2018, with original amount of \$375,000. Principal and interest of 6 percent is due semi-annually commencing December 31, 2018. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds.

370,626

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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 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. 48,400

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. 47,036

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. 109,796

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. 329,180

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. 84,456

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. 200,683

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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. 36,717

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. 33,079

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. 121,410

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. 146,214

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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. 24,499

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. 31,652

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. 104,346

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. 191,927

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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. 235,000

Tax increment revenue bond series 2019, with original amount of \$120,258. Interest of 6 percent is due semi-annually commencing July 1, 2019. Semi-annual principal payments commence July 1, 2019 through December 31, 2033. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 110,714

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. 193,948

Total Community Development Agency bonds payable 2,419,683

Total component unit notes and bond payable \$ 2,648,831

Current portion \$ 516,246

Noncurrent portion 2,132,585

Total \$ 2,648,831

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

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

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

Year Ending September 30,	Governmental Activities		Business-type Activities				
	Other Debt Issues		Direct Placement Debt			Other Debt Issues	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2021	\$ 460,000	\$ 113,909	\$ 407,991	\$ 113,762	\$ 54,980	\$ 280,000	\$ 31,266
2022	460,000	102,993	458,448	114,243	55,933	280,000	32,690
2023	460,000	93,697	466,787	105,905	51,760	285,000	29,928
2024	475,000	83,975	475,280	97,411	47,510	290,000	27,022
2025	485,000	73,540	483,930	88,761	43,181	285,000	23,808
2026-2030	2,185,000	191,167	2,555,130	308,325	148,112	950,000	69,455
2031-2035	-	-	1,513,125	105,661	46,681	175,000	3,730
2036-2040	-	-	654,700	28,307	9,839	-	-
2041-2045	-	-	56,994	427	142	-	-
	<u>\$ 4,525,000</u>	<u>\$ 659,281</u>	<u>\$ 7,072,385</u>	<u>\$ 962,802</u>	<u>\$ 458,138</u>	<u>\$ 2,545,000</u>	<u>\$ 217,899</u>

Year Ending September 30,	Component Units			
	Airport Principal	Direct Placement Interest	CDA Direct Placement Principal	Interest
2021	\$ 30,876	\$ -	\$ 485,370	\$ 301,799
2022	30,876	-	207,195	110,948
2023	30,876	-	217,524	98,698
2024	30,876	-	227,241	85,778
2025	24,966	-	234,027	72,157
2026-2030	80,678	-	875,112	167,188
2031-2035	-	-	173,214	21,600
	<u>\$ 229,148</u>	<u>\$ -</u>	<u>\$ 2,419,683</u>	<u>\$ 858,168</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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
Wireless 911	17,488	-
E911	<u>6,000</u>	<u>-</u>
Total General Fund	23,488	238,800
Street Fund:		
General Fund	200,000	-
Street Fund	<u>-</u>	<u>163,078</u>
Total Street Fund	200,000	163,078
Debt Service Fund:		
Electric Fund	62,602	-
Street Fund	163,078	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	264,480	-
Nonmajor Governmental Funds:		
General Fund	-	23,488
Electric Fund:		
Debt Service Fund	<u>-</u>	<u>62,602</u>
Total Interfund Transfers	<u>\$ 487,968</u>	<u>\$ 487,968</u>

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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	\$ 100,000	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	80,000	Principal of \$40,000 is due annually, plus interest at 0.5% due semi-annually through March 1, 2022.
		<u>\$ 180,000</u>	
Airport	General	\$ 389	0%; will be repaid during year ending September 30, 2021.
CDA	General	15	0%; will be repaid during year ending September 30, 2021.
CDA	Electric	300,000	0%; on demand or upon sale of real estate.
Total		<u>\$ 300,404</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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 \$489,449 for the year ended September 30, 2020. Both the City and the covered employees' required contributions of \$34,261 were made for the year ended September 30, 2020. The employees also contributed \$7,946 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 \$2,247,847 and the covered payroll amounted to \$1,534,959 for the year ended September 30, 2020. The City and the employees contributed \$101,367 and \$109,959, respectively, for the year ended September 30, 2020.

**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, 2020**

**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 \$7,000; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$740,460 is established in an internal service fund at September 30, 2020.

**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, 2020, 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, 2020**

**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>
January 2021	\$ 115,000
February 2021	1,080,515
March 2021	349,155
April 2021	644,489
May 2021	428,974
June 2021	1,070,413
July 2021	718,807
August 2021	808,261
September 2021	<u>2,144,825</u>
	<u>\$ 7,360,439</u>

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

***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, 2020, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Elkhorn Valley Bank	\$ 5,046,238
Farmers & Merchants Bank	165,446
State Nebraska Bank & Trust	1,345,673
Bank First	<u>803,082</u>
	<u>\$ 7,360,439</u>

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

**September 30, 2020**

**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, 2020.

**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 9/30/20</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Governmental Fund Projects:				
Nebraska Street project:				
Contractor	\$ 1,211,084	\$ 791,472	\$ 419,612	November 2020
Engineering	117,430	110,528	6,902	November 2020
Pine Heights engineering	162,610	67,222	95,388	December 2021
Hiking trail engineering	67,500	60,750	6,750	October 2020
Wayne Municipal Airport:				
Parallel taxiway – phase II:				
Engineering	396,872	2,018	394,854	June 2021
Contractor	1,980,673	-	1,980,673	June 2021
Parallel taxiway – phase I:				
Contractor	1,839,562	1,829,562	10,000	November 2020

**Flying Club Loan Commitment**

In September 2020, the Airport Authority board committed to a \$100,000 loan to the Northeast Nebraska Aviators, Inc. flying club. The 30 year loan is expected to be made in October 2020 and will bear interest of 3 percent.

**Contingencies**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen worldwide. While the disruption this pandemic is causing is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the financial impact to the City that could occur as a result of this issue is unknown and cannot be reasonably estimated at this time.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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>
MailFinance, Inc.	Folding Machine	9/30/19 – 9/30/24	\$ 897/month
Quadient	Postage Machine	6/23/20 – 6/23/25	218/month
Eakes Office Plus	Copier-Recreation	6/8/20 – 6/8/25	82/month
Eakes Office Plus	Copier-Police	3/14/18 – 3/14/23	70/month
Eakes Office Plus	Copier-Administration	3/21/19 – 3/21/24	284/month
Marco Technologies	Copier-Library	1/7/20 – 1/7/25	166/month

The City paid rent of \$10,654 under these lease agreements during the year ended September 30, 2020.

Lease commitments as of September 30, 2020, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2021	\$ 20,609
2022	20,609
2023	20,118
2024	17,776
2025	<u>2,898</u>
	<u>\$ 82,010</u>

**Airport Management Contract**

On January 1, 2019, the Airport entered into a five year management contract for \$3,000 per month.

Future commitments under this contract as of September 30, 2020, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2021	\$ 36,000
2022	36,000
2023	36,000
2024	<u>9,000</u>
	<u>\$ 117,000</u>

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**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 \$374,488 for the year ended September 30, 2020.

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 \$792,595, the Water Fund made payments of \$74,643, and the Sewer Fund made payments of \$92,071, for the year ended September 30, 2020.

During the year ended September 30, 2020, the City paid \$783,939 to Robert Woehler & Sons, for construction services. This company is owned by a council member.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2020:

<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	8/19/17	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	6/18/19	Share law enforcement resources
Wayne County and Wayne County Library Association	2/18/20	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, 2020**

**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
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	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, 2020**

**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
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 County	6/20/19	Provide joint services between City of Wayne and Wayne County.
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	WSC requires serviced from NPPD for the delivery of their allocation from WAPA to the City's electrical system.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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.
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 “Participant” for the purpose of outlining the service and responsibility of the OCI.
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.
LNRD	05/17/2011	Logan Creek bank stabilization project.
NE Red Cross	04/07/2009	Local Emergency planning process.
Village of Concord	09/18/2018	Provide building inspections
Village of Carroll	12/04/2018	Provide building inspections

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**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, 2020 is as follows:

<u>TIF Project:</u>	<u>Years Remaining on TIF Agreements</u>	<u>2020 TIF Valuation</u>	<u>TIF Proceeds Received during the year 9-30-2020</u>
Angel Acres	9	\$ 1,398,195	\$ 24,224
MZRB, LLC	9	351,005	3,427
Progressive Properties – First Street	8	149,700	1,340
Western Ridge – Pick/Meyer	9	1,068,230	15,528
Sebade	9	226,035	4,181
Progressive Properties – 6 <sup>th</sup> Street	10	415,715	3,712
Wayne Rentals	9	1,264,400	23,387
Mid Plains Grain	10	693,360	12,825
Bomgaars	5	1,493,480	27,198
Benscoter Development	4	1,353,115	21,330
Wayne Hospitality	5	2,179,230	40,309
Progressive Properties – Nebraska Street	9	479,640	4,275
Windom Ridge	4	556,490	10,293
Grainland Estates	13	1,415,825	25,568
Sebade Valley Drive	13	813,535	15,048
Jorgensen – The Jug Store	11	1,380,465	<u>25,386</u>
			<u>\$ 258,031</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**7. Subsequent Events**

Management has evaluated subsequent events through January 19, 2021, the date on which the financial statements were available for issue.

On December 1, 2020, the City Council approved a \$726,080 contract with Myers Construction for the Pine Heights road and utility improvements project.

On October 6, 2020, the Airport Authority entered into a contractual agreement with OGP, LLC to provide the creation, promotion, and execution of an aviation event promoting the services of the Airport and providing for a community event and promotion of the community. Under terms of the agreement, the consultant will create and host this event for two consecutive years. Payments totaling \$114,250 are due year 1, payments totaling \$40,828 are due year 2, and payments totaling \$30,700 are due year 3.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 870,417	\$ 866,760	\$ (3,657)
Payments in lieu of taxes	1,044,240	1,044,452	212
Sales tax	1,144,000	777,919	(366,081)
Franchise	186,000	181,974	(4,026)
Intergovernmental	1,218,274	860,644	(357,630)
Charges for services	635,294	535,800	(99,494)
Grant revenue	2,660,000	7,861	(2,652,139)
Interest income	17,000	36,116	19,116
Contributions	53,000	66,884	13,884
Other	49,600	64,385	14,785
	7,877,825	4,442,795	(3,435,030)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	1,551,773	223,010	(1,328,763)
Public buildings	405,243	91,907	(313,336)
Public safety	1,638,823	1,390,300	(248,523)
Senior citizens services	327,165	260,981	(66,184)
Library	309,044	265,534	(43,510)
Recreation	894,879	422,248	(472,631)
Community Activity Center	318,516	301,902	(16,614)
Capital outlay	4,579,501	2,206,184	(2,373,317)
Principal payments on debt	125,000	125,000	-
Interest expense	68,912	58,157	(10,755)
	10,218,856	5,345,223	(4,873,633)
Resources under charges to appropriations	(2,341,031)	(902,428)	1,438,603
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	36,000	23,488	(12,512)
Transfers out	(570,000)	(238,800)	331,200
Net transfers	(534,000)	(215,312)	318,688
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) UNDER CHARGES TO APPROPRIATIONS</b>			
	\$ (2,875,031)	\$ (1,117,740)	\$ 1,757,291

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year ended September 30, 2020**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,200	\$ 1,623	\$ 423
Motor vehicle	85,000	98,123	13,123
Sales tax	110,000	145,471	35,471
Intergovernmental	720,204	703,250	(16,954)
Charges for services	2,200	1,641	(559)
Bond proceeds	1,200,000	1,200,000	-
Interest income	3,000	10,842	7,842
Other income	-	467	467
	<hr/>	<hr/>	<hr/>
Total resources	2,121,604	2,161,417	39,813
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	1,132,094	631,041	(501,053)
Capital projects	1,881,100	559,063	(1,322,037)
Bond fees	-	18,919	18,919
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,013,194	1,209,023	(1,804,171)
Resources over (under) charges to appropriations	(891,590)	952,394	1,843,984
<b>OTHER FINANCING SOURCES</b>			
Transfers in	200,000	200,000	-
Transfers out	-	(163,078)	(163,078)
	<hr/>	<hr/>	<hr/>
Net transfers	200,000	36,922	(163,078)
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (691,590)	\$ 989,316	\$ 1,680,906

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
LB840 FUND**

**Year ended September 30, 2020**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 260,000	\$ 282,880	\$ 22,880
Interest income	800	17,097	16,297
Other income	157,988	151,031	(6,957)
	<hr/>	<hr/>	<hr/>
Total resources	418,788	451,008	32,220
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government-economic development	673,853	257,926	(415,927)
Interest on long-term debt	-	5,908	5,908
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	673,853	263,834	(410,019)
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>			
	<u>\$ (255,065)</u>	<u>\$ 187,174</u>	<u>\$ 442,239</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2020**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 100,000	\$ 101,801	\$ 1,801
Payments in lieu of taxes	225	197	(28)
Special assessments	72,637	125,508	52,871
Bond proceeds	655,000	760,000	105,000
Interest income	4,150	17,190	13,040
	<hr/>	<hr/>	<hr/>
Total resources	832,012	1,004,696	172,684
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	770,000	1,070,000	300,000
Interest and fees	130,044	69,060	(60,984)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	900,044	1,139,060	239,016
Resources under charges to appropriations	(68,032)	(134,364)	(66,332)
<b>OTHER FINANCING SOURCES</b>			
Transfer in	101,403	264,480	163,077
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES OVER CHARGES TO APPROPRIATIONS</b>	<b>\$ 33,371</b>	<b>\$ 130,116</b>	<b>\$ 96,745</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF WAYNE, NEBRASKA**

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

**Year ended September 30, 2020**

**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	\$ 4,442,795	\$ 2,161,417	\$ 451,008	\$ 1,004,696
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>249,549</u>	<u>(21)</u>	<u>(151,031)</u>	<u>(29,741)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 4,692,344</u></u>	<u><u>\$ 2,161,396</u></u>	<u><u>\$ 299,977</u></u>	<u><u>\$ 974,955</u></u>
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,345,223	\$ 1,209,023	\$ 263,834	\$ 1,139,060
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>106,773</u>	<u>12,355</u>	<u>(240,202)</u>	<u>424</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 5,451,996</u></u>	<u><u>\$ 1,221,378</u></u>	<u><u>\$ 23,632</u></u>	<u><u>\$ 1,139,484</u></u>

## **SUPPLEMENTARY INFORMATION**

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

**September 30, 2020**

	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	\$ -	\$ -	\$ -	\$ 50,657	\$ 14,764	\$ 65,421
Investments	-	-	-	64,164	11,225	75,389
Grants receivable	-	-	-	-	-	-
Notes receivable	118,156	-	-	-	-	118,156
Interest receivable	-	-	-	121	28	149
Restricted assets:						
Cash and cash equivalents	44,586	25,518	61,004	-	-	131,108
Investments	-	77,422	-	-	-	77,422
<b>Total assets</b>	<b>\$ 162,742</b>	<b>\$ 102,940</b>	<b>\$ 61,004</b>	<b>\$ 114,942</b>	<b>\$ 26,017</b>	<b>\$ 467,645</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 818	\$ -	\$ -	\$ 818
Due to other funds	-	-	-	53,816	5,976	59,792
Total liabilities	-	-	818	53,816	5,976	60,610
Fund balances:						
Restricted for:						
Federal programs	162,742	-	-	-	-	162,742
Community Activity Center	-	102,940	-	-	-	102,940
Community betterment	-	-	60,186	-	-	60,186
Assigned for:						
Other purposes	-	-	-	61,126	20,041	81,167
Total fund balances	162,742	102,940	60,186	61,126	20,041	407,035
<b>Total liabilities and fund balances</b>	<b>\$ 162,742</b>	<b>\$ 102,940</b>	<b>\$ 61,004</b>	<b>\$ 114,942</b>	<b>\$ 26,017</b>	<b>\$ 467,645</b>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2020**

	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	\$ 447,229	\$ -	\$ -	\$ -	\$ -	\$ 447,229
Charges for services	-	-	-	57,084	17,937	75,021
Keno proceeds	-	-	15,513	-	-	15,513
Interest income	607	1,549	261	1,362	245	4,024
Total revenues	<u>447,836</u>	<u>1,549</u>	<u>15,774</u>	<u>58,446</u>	<u>18,182</u>	<u>541,787</u>
<b>EXPENDITURES</b>						
General government	176,440	-	-	-	-	176,440
Public safety	-	-	-	11,443	1,986	13,429
Recreation	-	-	3,697	-	-	3,697
Capital outlay	442,597	62,426	-	-	-	505,023
Total expenditures	<u>619,037</u>	<u>62,426</u>	<u>3,697</u>	<u>11,443</u>	<u>1,986</u>	<u>698,589</u>
<b>Excess (deficit) of revenues over expenditures</b>	(171,201)	(60,877)	12,077	47,003	16,196	(156,802)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	(17,488)	(6,000)	(23,488)
<b>Net change in fund balances</b>	(171,201)	(60,877)	12,077	29,515	10,196	(180,290)
Fund balances - September 30, 2019	<u>333,943</u>	<u>163,817</u>	<u>48,109</u>	<u>31,611</u>	<u>9,845</u>	<u>587,325</u>
Fund balances - September 30, 2020	<u>\$ 162,742</u>	<u>\$ 102,940</u>	<u>\$ 60,186</u>	<u>\$ 61,126</u>	<u>\$ 20,041</u>	<u>\$ 407,035</u>

**CITY OF WAYNE, NEBRASKA**

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

**September 30, 2020**

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 970,688	\$ 433,870	\$ 1,404,558
County treasurer cash	5,004	-	5,004
Receivables:			
Property tax	3,824	-	3,824
Accounts receivable	1,290	-	1,290
Grants receivable	189,848	-	189,848
TIF receivable-current portion	-	258,031	258,031
Fuel inventory	15,838	-	15,838
Prepaid insurance	7,960	-	7,960
<b>Total current assets</b>	<u>1,194,452</u>	<u>691,901</u>	<u>1,886,353</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	2,161,652	2,161,652
Note receivable-noncurrent portion	-	125,500	125,500
Capital assets:			
Land	287,776	38,083	325,859
Construction in progress	2,681,506	-	2,681,506
Other capital assets, net of depreciation	5,775,835	-	5,775,835
Net capital assets	<u>8,745,117</u>	<u>38,083</u>	<u>8,783,200</u>
<b>Total noncurrent assets</b>	<u>8,745,117</u>	<u>2,325,235</u>	<u>11,070,352</u>
<b>Total assets</b>	9,939,569	3,017,136	12,956,705
<b>LIABILITIES</b>			
Current liabilities:			
Due to the City of Wayne	389	300,015	300,404
Accounts payable	39,303	-	39,303
Accrued interest payable	-	209,411	209,411
Unavailable property tax	886	-	886
Current portion of long-term debt	30,876	485,370	516,246
<b>Total current liabilities</b>	<u>71,454</u>	<u>994,796</u>	<u>1,066,250</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	198,272	1,934,313	2,132,585
<b>Total liabilities</b>	<u>269,726</u>	<u>2,929,109</u>	<u>3,198,835</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,515,969	38,083	8,554,052
Unrestricted	1,153,874	49,944	1,203,818
<b>Total net position</b>	<u>\$ 9,669,843</u>	<u>\$ 88,027</u>	<u>\$ 9,757,870</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended September 30, 2020**

<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	\$ 479,421	\$ 163,135	\$ 101,194
<b>Community Development Agency:</b>			
Economic development	145,241	3,050	-
<b>Total component units</b>	<b>\$ 624,662</b>	<b>\$ 166,185</b>	<b>\$ 101,194</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>
\$ 533,053	\$ 317,961	\$ -	\$ 317,961
-	-	(142,191)	(142,191)
<u>\$ 533,053</u>	<u>317,961</u>	<u>(142,191)</u>	<u>175,770</u>
General revenues:			
Taxes:			
Property	89,630	-	89,630
TIF proceeds	-	141,820	141,820
Interest income	10,970	1,571	12,541
Gain (loss) on disposal of assets	4,874	(11,227)	(6,353)
Transfer from City of Wayne	-	14,634	14,634
Total general revenues	<u>105,474</u>	<u>146,798</u>	<u>252,272</u>
Change in net position	423,435	4,607	428,042
Net position - beginning of year	<u>9,246,408</u>	<u>83,420</u>	<u>9,329,828</u>
Net position - end of year	<u>\$ 9,669,843</u>	<u>\$ 88,027</u>	<u>\$ 9,757,870</u>

## **SINGLE AUDIT REPORTS**

**CITY OF WAYNE, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2020**

<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	32104M	\$ 29,344
CARES Act - Formula Grants for Other than Urbanized Areas	20.509	32104M	42,707
Total CFDA 20.509			72,051
Airport Improvement Program	20.106	3-31-0086-014	456,582
CARES Act - Airport Improvement Program	20.106	3-31-0086-014	30,000
Total CFDA 20.106			486,582
Total Department of Transportation			558,633
<b><u>Department of Environmental Quality</u></b>			
Passed Through Nebraska Department of Environment & Energy:			
Capitalization Grants for Drinking Water-State Revolving Fund	66.468	D311643	1,818,530 *
<b><u>Department of Homeland Security</u></b>			
Passed through Nebraska Emergency Management Association:			
Disaster Grants - Public Assistance	97.036	179-UV44B-00	87,725
<b><u>Department of the Treasury</u></b>			
Passed through Nebraska Emergency Management Association:			
CARES Act - Coronavirus Relief Fund	20.019	47-6006407	226,390
<b><u>Housing and Urban Development:</u></b>			
Passed Through Nebraska Department of Economic Development:			
Community Development Block Grants	14.228	47-6006407	452,890
<b><u>Department of Health and Human Services:</u></b>			
Passed Through Northeast Nebraska Area Agency on Aging:			
Aging Cluster:			
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	47-6006407	11,662
CARES Act - Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	47-6006407	11,064
Total CFDA 93.044			22,726
Special Programs for the Aging Title III, Part C - Nutrition Services	93.045	47-6006407	36,001
CARES Act - Special Programs for the Aging Title III, Part C - Nutrition Services	93.045	47-6006407	31,230
Total CFDA 93045			67,231
Nutrition Services Incentive Programs	93.053	47-6006407	10,240
Total Aging Cluster			100,197
Special Programs for the Aging, Title III - Part D - Disease Prevention and Health Promotion Services	93.043	47-6006407	852
National Family Caregiver Support, Title III, Part E	93.052	47-6006407	2,622
Total Department of Health and Human Services			103,671
Total Federal Awards			\$ 3,247,839

\* 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.

**SHAREHOLDERS:**  
Robert D. Almqvist  
Phillip D. Maltzahn  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
Joseph P. Stump  
Kyle R. Overturf  
Tracy A. Cannon

**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**

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, 2020, and the related notes to the financial statements, which collectively comprise the City’s financial statements, and have issued our report thereon dated January 19, 2021.

**Internal Control Over Financial Reporting**

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

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

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001 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.

AMGL, PC

Grand Island, Nebraska  
January 19, 2021

**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, 2020. 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:**  
Robert D. Almquist  
Phillip D. Maltzahn  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
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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, 2020.

## 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.

AMGL, INC.

Grand Island, Nebraska  
January 19, 2021

**CITY OF WAYNE, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2020**

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, 2020.
  - (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 #66.468 – Capitalization Grants for Drinking Water – State Revolving Fund.
  - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
  - (ix) The City of Wayne, Nebraska, qualified as a low-risk auditee.

**CITY OF WAYNE, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended September 30, 2020**

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2020-001

Condition: There is not adequate segregation of duties.

Criteria: Adequate segregation of duties should be in place to ensure internal control over cash receipts, disbursements, and recording of transactions.

Cause: There are a limited number of accounting personnel.

Effect: Because of the lack of segregation, the same employees may participate in multiple facets of a transaction.

Recommendation: Management should remain aware of this lack of segregation and continue diligence in oversight and review of transactions.

Views of Responsible Officials and Planned Corrective Actions: It is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review/oversight of transactions.

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, 2020**

There were no prior audit findings for the year ended September 30, 2019.