

CITY OF WAYNE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2014

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-23 and 84-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2014**

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, 2014. 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 \$37,447,367 (*net position*). Of this amount, \$11,506,855 (*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 \$17,948,027. Approximately 10.1 percent of this total amount, \$1,820,758, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund did not have any unassigned fund balance.

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, 2014

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

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

The government-wide financial statements can be found on pages 24 and 25 of this report.

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

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

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

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

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

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 26-29 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 30-33 of this report.

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

The basic fiduciary fund financial statement can be found on page 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-83 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Wayne's budgetary comparison schedules. Required supplementary information can be found on pages 84-88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and the component units are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 89-92 of this report.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

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 \$37,447,367 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2014			September 30, 2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 5,701,929	\$ 10,968,401	\$ 16,670,330	\$ 4,851,501	\$ 11,319,324	\$ 16,170,825
Capital Assets	16,131,810	16,423,786	32,555,596	15,425,773	16,531,266	31,957,039
Total Assets	<u>21,833,739</u>	<u>27,392,187</u>	<u>49,225,926</u>	<u>20,277,274</u>	<u>27,850,590</u>	<u>48,127,864</u>
Long-term Liabilities	2,868,001	6,613,391	9,481,392	2,624,751	7,138,092	9,762,843
Other Liabilities	1,017,711	1,279,456	2,297,167	705,242	1,347,881	2,053,123
Total Liabilities	<u>3,885,712</u>	<u>7,892,847</u>	<u>11,778,559</u>	<u>3,329,993</u>	<u>8,485,973</u>	<u>11,815,966</u>
Net Position:						
Net Investment in						
Capital Assets	13,081,810	9,362,697	22,444,507	12,705,773	8,962,300	21,668,073
Restricted	3,045,459	450,546	3,496,005	2,720,764	573,954	3,294,718
Unrestricted	1,820,758	9,686,097	11,506,855	1,520,744	9,828,363	11,349,107
Total Net Position	<u>\$ 17,948,027</u>	<u>\$ 19,499,340</u>	<u>\$ 37,447,367</u>	<u>\$ 16,947,281</u>	<u>\$ 19,364,617</u>	<u>\$ 36,311,898</u>

By far the largest portion of the City of Wayne's net position (59.9 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 (9.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,506,855) 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, 2014

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 198,325	\$ 186,944	\$ 122,403	\$ 403,937
Public Safety	295,294	1,109,365	203,473	1,087,757
Public Works	18,911	427,708	75,346	428,864
Public Buildings	31,520	77,382	28,434	70,176
Recreation	513,755	439,289	80,943	272,869
Community Activity Center	95,455	246,139	100,733	231,109
Library	13,931	272,315	14,746	253,049
Senior Citizens Services	271,496	277,794	168,351	238,873
Interest	-	105,605	-	49,738
Depreciation	-	895,442	-	836,183
Total	<u>\$ 1,438,687</u>	<u>\$ 4,037,983</u>	<u>\$ 794,429</u>	<u>\$ 3,872,555</u>

Revenues by Source - Governmental Activities

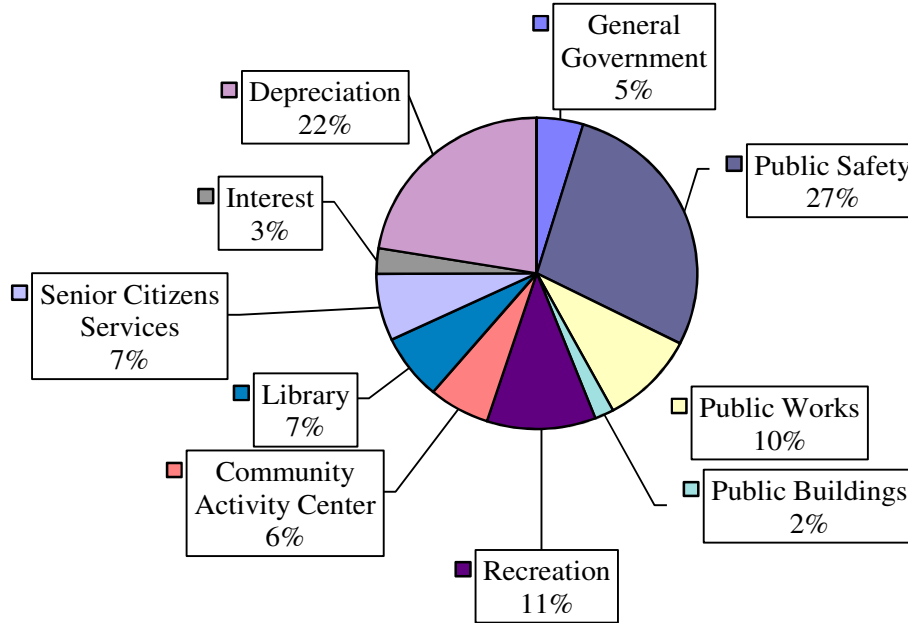
SOURCES OF REVENUE

	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
Charges for Services	\$ 555,834	11.03 %	\$ 567,527	13.81 %
Operating Grants and Contributions	331,784	6.59	130,887	3.19
Capital Grants and Contributions	551,069	10.94	96,015	2.34
Property Taxes	740,107	14.69	741,688	18.05
Motor Vehicle Taxes	74,232	1.47	72,508	1.76
Payments in Lieu of Taxes	724,947	14.39	680,942	16.57
Sales Tax	682,383	13.54	604,083	14.70
Franchise Taxes	188,809	3.75	185,546	4.52
State Allocation	917,766	18.21	852,925	20.76
Special Assessments	109,891	2.18	81,549	1.99
Other	16,355	0.32	57,475	1.40
Interest	34,174	0.68	28,404	0.69
Gain on Sale of Assets	14,684	0.29	23,680	0.58
Interfund and CDA Transfers	96,694	1.92	(14,675)	(0.36)
Total	<u>\$ 5,038,729</u>	<u>100.00 %</u>	<u>\$ 4,108,554</u>	<u>100.00 %</u>

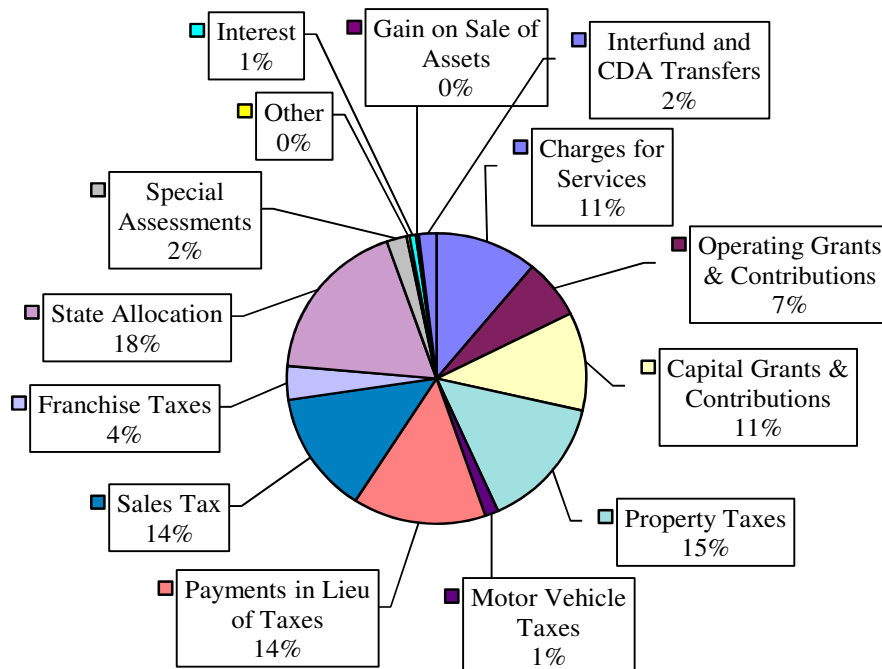
Net position increased \$1,000,746 in the governmental funds during the year ended September 30, 2014.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Governmental Activities - 2014 Expenses



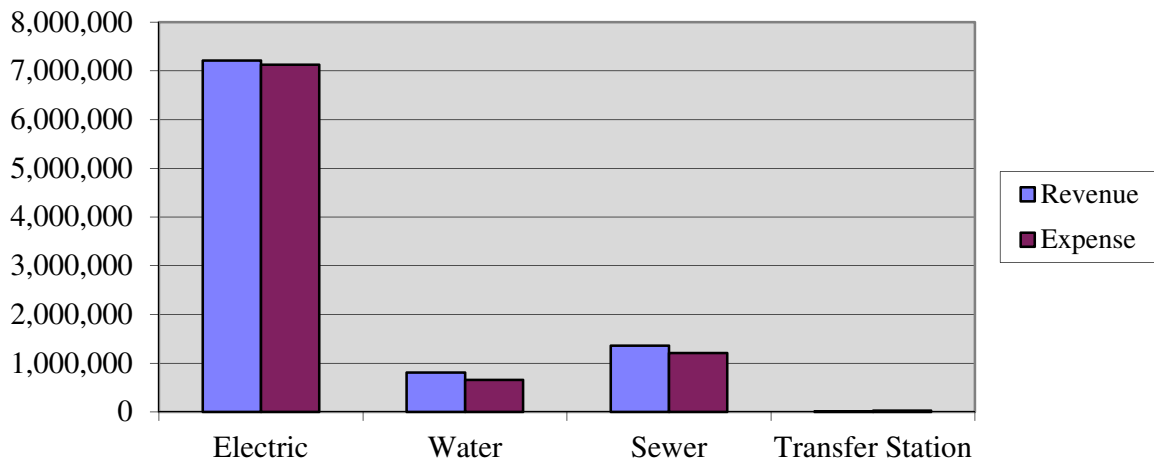
Governmental Activities - 2014 Revenue



**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Business-type activities. Business-type activities increased the City of Wayne's net position by \$134,723, accounting for 11.9 percent of the total growth in the government's net position for the year ended September 30, 2014. Key elements of this increase are as follows:

2014 Expenses and Program Revenues - Business-type Activities



Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 7,210,801	\$ 7,126,262	\$ 6,681,467	\$ 6,832,862
Water	799,339	651,739	679,019	653,331
Sewer	1,359,208	1,205,522	1,099,312	858,955
Transfer Station	12,800	23,678	13,800	52,938
Total	<u>9,382,148</u>	<u>9,007,201</u>	<u>8,473,598</u>	<u>8,398,086</u>
Interfund & CDA Transfer	-	308,397	32,775	-
	<u>\$ 9,382,148</u>	<u>\$ 9,315,598</u>	<u>\$ 8,506,373</u>	<u>\$ 8,398,086</u>

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Revenues by Source - Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2014</u>		<u>Year Ended September 30, 2013</u>	
Charges for Services	\$ 8,961,336	98.02 %	\$ 8,365,375	97.82 %
Capital grants and Contributions	420,812	4.60	108,223	1.27
Interest	68,173	0.75	62,338	0.73
Gain on Sale of Assets	-	-	925	0.01
Interfund Transfers	(308,397)	(3.37)	14,675	0.17
Total	<u>\$ 9,141,924</u>	<u>100.00 %</u>	<u>\$ 8,551,536</u>	<u>100.00 %</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Wayne's governmental funds reported combined ending fund balances of \$4,610,438. None of this total amount 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 (\$956,350), 2) restricted for Federal loan programs (\$1,161,024), 3) restricted for park expenditures (\$27,494), 4) restricted for golf course expenditures (\$36,278), 5) restricted for Community Activity Center expenditures (\$209,088), 6) restricted for economic development (\$406,619), 7) restricted for capital projects (\$248,606), 8) assigned for budgetary stabilization (\$916,061), 9) committed for capital projects (\$128,500), 10) assigned for street expenditures (\$388,511), or 11) assigned for other purposes (\$131,907).

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 \$0, while total fund balance reached \$1,356,939. 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 0 percent of total General Fund expenditures, while total fund balance represents 39.0 percent of that same amount.

The fund balance of the City of Wayne's General Fund increased by \$31,620 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, 2014

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$6,310,261, Water Fund - \$1,555,447, Sewer Fund - \$1,818,435, and Transfer Station \$1,954. The growth in net position for the proprietary funds was as follows: Electric Fund – decrease of \$(163,943), Water Fund – decrease of \$(55,265), Sewer Fund - \$364,802, and Transfer Station – decrease of \$(10,871). 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, 2014, amounts to \$32,555,596 (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 10th Street turn lane project - \$259,543
- Land purchase for 10th Street project - \$111,300
- Milo Drive infrastructure - \$190,631
- Two 2014 police cars - \$52,400
- Siren system - \$110,655
- Elgin street sweeper - \$147,848
- Fencing at softball complex - \$172,529
- Softball complex field lighting - \$298,275
- Softball complex irrigation system - \$25,950
- Scoreboards at softball complex - \$30,959
- North softball field relocation - \$78,935
- Updating electric plant cooling tower - \$26,563
- Ford 350 service truck - \$27,413
- Electric distribution system at Industrial Park - \$345,191
- 2014 Electric improvements - \$85,685
- Chief's Way sewer line - \$250,626
- Chief's Way waterline - \$61,014

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

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

	<u>Year Ended September 30, 2014</u>			<u>Year Ended September 30, 2013</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	\$ 691,592	\$ 369,751	\$ 1,061,343	\$ 617,650	\$ 369,751	\$ 987,401
Construction						
in progress	562,340	12,362	574,702	288,137	39,150	327,287
Infrastructure	6,650,964	-	6,650,964	6,825,126	-	6,825,126
Improvements	1,244,698	-	1,244,698	685,433	-	685,433
Buildings	5,752,823	10,270,693	16,023,516	5,957,422	10,830,183	16,787,605
Equipment	1,229,393	277,131	1,506,524	1,052,005	211,202	1,263,207
Distribution						
Systems	-	5,493,849	5,493,849	-	5,080,980	5,080,980
Total	<u>\$ 16,131,810</u>	<u>\$ 16,423,786</u>	<u>\$ 32,555,596</u>	<u>\$ 15,425,773</u>	<u>\$ 16,531,266</u>	<u>\$ 31,957,039</u>

Additional information on the City of Wayne's capital assets can be found in Note C4 on pages 61-64 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wayne had total long-term debt outstanding of \$10,111,089. Of this amount, \$3,050,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wayne's debt represents bonds and notes secured solely by specified revenue sources (i.e., revenue bonds and DEQ note payable).

City of Wayne's Outstanding Debt

	<u>Year Ended September 30, 2014</u>			<u>Year Ended September 30, 2013</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	\$ 1,360,000	\$ -	\$ 1,360,000	\$ 435,000	\$ -	\$ 435,000
Bond Anticipation						
Notes	-	-	-	935,000	-	935,000
Highway Allocation						
Bonds	1,000,000	-	1,000,000	620,000	-	620,000
Public Safety						
Bonds	690,000	-	690,000	730,000	-	730,000
DEQ Note	-	5,111,089	5,111,089	-	5,353,966	5,353,966
Revenue Bonds	-	1,950,000	1,950,000	-	2,215,000	2,215,000
Total	<u>\$ 3,050,000</u>	<u>\$ 7,061,089</u>	<u>\$ 10,111,089</u>	<u>\$ 2,720,000</u>	<u>\$ 7,568,966</u>	<u>\$ 10,288,966</u>

The City of Wayne's total debt decreased by \$177,877 (1.7 percent) during the current fiscal year, as the City made scheduled principal payments and issued \$380,000 of highway allocation bonds and \$1,005,000 of various purpose bonds to refinance \$935,000 of Series 2010 bond anticipation notes.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Additional information on the City of Wayne's long-term debt can be found in Note C6 on pages 65-71 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 2014-2015 continues the City's practice of conservative financial planning. The budget adopted complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. For 2014-2015, those priorities included:

- Hold a "State of the City Address" before the election and include an opportunity for Mayor and Council candidates to tell about themselves and why they are running for election to the Council.
- Establish a City of Wayne/WSC Night Lights Pilot Program one Friday night per month at the Community Activity Center with student athletes to offer babysitting for parents to go out.
- Select a swimming pool option to rebuild or replace. (Outdoor pool by the Community Activity Center sales tax financing.)
- Rebuild the Summer Sports Complex with improvements. (Majority of work is completed.)
- Annex the Williams Farm, Woehler, Wayne Airport and other city parcels, but not the Pacific Coast property.
- Complete the Phase II Trail Project.
- Build new park equipment in one more park.
- Promote available properties around Wayne for future business development.
- Work closely with the newly reorganized Community Redevelopment Authority to incent private business development on available properties.
- Review the City Employee Group Health Plan.
- Review the City Investment Policy for cash reserves.
- Consider options for emergency back-up power for radio station as a part of our civil defense notification. (No action taken.)
- Review compensation for future Mayor and Council members after the election.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

- Cooperate with Wayne State College in future campus expansion projects for potential student housing.
- Review of tax increment financing projects.

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

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

One of the Wayne City Council's goals has been to increase the affordable housing stock in Wayne. The housing down payment loan program has assisted three new homeowners within the City of Wayne. The developer that is working on building houses in the City's Western Ridge subdivision has completed or is in the process of completing several houses. There are now 32 homes in the subdivision.

Benscoter has constructed a duplex and has completed or is constructing three houses in his Angel Acres subdivision.

The City continues working on Tax Increment Financing (TIF) projects. During the current year we completed the paperwork on the following projects:

- Angel Acres infrastructure project
- Progressing Properties 25 unit apartment complex's
- Western Ridge III infrastructure project
- Wayne Rentals multi-unit apartments
- Progressive Properties 10 unit apartment complex
- Chad Sebade 3 unit apartment complex
- Mid Plains Grain - elevator expansion and the demolition dilapidated structures
- Ken Jorgensen - construction of a new sports bar restaurant and related infrastructure to the facility

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

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

**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

additional time to complete the projects. The Windom Street project has been bid and the contract has been awarded to the contractor. The other grants we are waiting on are the phase II trail and the underpass that has been incorporated into the trail project.

The police department has hired two new Patrolmen and will be hiring another Sergeant. At the present time we also need two dispatchers to have a fully staffed dispatch center.

We did transfer one employee from the street department to the water & sewer departments and hired two new employees in the street department. Our Superintendent of Public Works & Utilities resigned and currently staff employees and the City Administrator are operating the departments. Our Community Activity Center director also resigned this year. Interviews have taken place but we have not yet hired a new director. Future loss of institutional knowledge is a concern that council needs to look at. In the next five years we have 15 percent of our full time employees eligible for retirement. In 10 years we have another 15 percent of our employees eligible for retirement.

Our larger construction projects last year were rebuilding the electrical system, Airport and the Summer Sports Complex that were damaged in the tornado on October 4, 2013. We also increased the size of the industrial park, water and sewer project to install water and sewer to the south side of Highway 35. Several of the businesses asked to have the sewer and water extended to them rather than install new wells and upgrade septic systems. The project of paving and installing water and sewer lines on 10th Street was completed. Council also approved the installation of a turn lane which has been completed at the end of 2014. Hillside drive south of Highway 35 is under at this time. The replacement of our tornado sirens was completed earlier in 2014. There were several pieces of equipment purchased in the 2013-2014 fiscal year for the public works department, electric and water & sewer departments too.

In November, the voters approved an additional 1/2 cent sales tax to be used for the construction of a new swimming pool at the Community Activity Center location. This sales tax will sunset when the bonds are paid off.

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

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

**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014**

Capital items for 2014-2015 include:

- Radios for the police department and upgrading the radio consoles.
- Mower replacement.
- The rescue truck #20 is a 1980 and is in need of update. The truck responds to all vehicle accidents in town and rural. A new truck is about \$300,000 and if the City and Rural Board would split the cost, maybe it can be replaced sooner. The fire department was able to find a good used rescue truck in Pennsylvania for \$56,000 and purchased it.
- In June we had a windstorm that caused a tree to fall on the grandstand at Hank Overin Baseball Field. The building is totaled so the Mayor has appointed a group to rebuild the facility. We will be using insurance money and fundraising to rebuild the building, upgrade the public restrooms to new accessibility standards, and replace the ball field lighting.
- We have arranged for \$1.9 million in NDEQ Revolving Loan Funds to construct a belt press sledge handling system to be constructed in 2015. The 26 acre sludge lagoon will be decommissioned after the sewer sludge is diverted to the belt press. The lagoon site land will be repurposed.
- The storage shed at the Summer Sports Complex is being moved to a different location. The cost is more than the insurance funds we will receive so there will need to be fundraising efforts to complete the facility the advisory group wants built.
- Phase II of the City's biking/hiking trail system. In the current design there is a portion of the trail that is designed as crushed rock. City Council requested that the 2,200' be concrete and allocated \$16,500 from the city sales tax capital project dollars. This project has received a grant of \$45,000 from the Game & Parks. It also has been awarded \$342,056 in Transportation Enhancement Grants and \$27,000 from the Lower Elkhorn Natural Resource District. The Department of Roads has made some adjustments to Phase II of the trail and will take out a portion of the at-grade crossing and connect with the Highway 35 underpass when it is constructed. Nebraska Department of Roads has also changed the original requirements for potential trail hazard and has required us to relocate 1,100 of trail farther away from two propane storage tanks and a center pivot tower. Potential delay time to mitigate this is one year.
- Thru a Comprehensive Investment & Stabilization (CIS) grant from the Department of Economic Development we plan to put a storm shelter/bathroom in East Park.
- The activity center has budgeted for replacing fitness equipment.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

- The Library and Senior Center have both budgeted for carpet and painting of the facility.
- Park improvements to meet ADA standards for the restrooms. We anticipate using sales tax dollars for this project (\$50,000). We are also beginning to set aside dollars for the restrooms at Hank Overin Baseball Field (\$3,000).
- Fourth year of setting aside (\$75,000) per year for swimming pool replacement.
- Playground equipment for Summer Sports Complex and/or Sunnyview Park.
- Membrane roof replacement for Library/Senior Center.
- Rugby/Soccer field improvements.
- Replace Loader, truck and mower in Public Works Department.
- Renovation of Windom Street has been taken over by the Department of Roads and we hope construction will be in 2015. (\$965,654 bid awarded by Department of Roads) Windom Street water main. (\$105,441 city cost for water mains included in the bid.)
- Extension of Hillside Drive south to a new development (\$244,468).
- The Department of Roads has moved the underpass into the trail project and we are hopeful that it will be finished in 2015-2016 (\$538,946).
- Renovations to the Clerk/Treasurer and Administrative Assistance offices including wall reconfiguration, carpet, paint, plaster repair and furniture (\$25,000).
- Upgrade the Incode software to Version X.
- Painting & Windows at the power plant (\$15,000).
- Annual equipment purchases for the distribution system (\$150,000).
- Electric Distribution Improvement Project will continue directional boring and trenching in areas where system reliability will be improved by replacing overhead lines with underground or replacing aged underground lines with new cable and equipment (\$150,000).
- Electric distribution is looking to replace the 1986 basket truck (\$155,000).
- Also need to replace the 2000 pickup.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

- We will continue exploring Automated Meter Reading (AMR) systems to determine the best system for the City. The City has collected and has in reserve \$597,094 in the Electric Fund and \$582,058 in the Water Fund for this project.
- Replacement of the wood chipper used for trimming trees. (Cost for a used wood chipper is \$15,000.)
- Replacing technology in various departments (\$46,000).
- The City will continue updating our lift stations (\$15,000).
- The City will continue rehabbing manholes in the City sewer system (\$25,000).
- Sewer main cleaning and vacuuming, annual project (\$20,000).
- Updating the Scada system for the sewer and water systems (\$20,000 from each department).
- Replace various pieces of equipment including the one ton flat-bed truck, split between water & sewer.
- Paint the water tower (\$140,000).
- Begin replacing 4" water mains in various sections of the City with 8" water lines to provide better water flow and fire protection. (The first lines will be between Dearborn & Walnut \$100,000. This is the City's match for the CIS grant.)
- Replacing water main valves as some of the old valves will no longer operate, making it difficult to isolate an area of shut off water if there is a main break (\$20,000).
- Variable Frequency Drives (VFD) were replaced in the wells, this will improve power consumption as well as the life of the pumps and motors (\$20,000).
- The airport authority has nearly completed the restoration of the entire facility after the October 2013 tornado.
- A sewer pump station from the airport to hookup to the City's sewer system is in the budget (\$180,000). Since the airport is within city limits it is necessary to hook up the sewer system to the City's sewer.
- The 911 system needs to be replaced due to end of its life and the company will not be making any software upgrades to the system (\$146,000).

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

The City has a slight decrease in the total property tax levy requested for City support at \$0.450816 per \$100 of valuation for the upcoming fiscal year. Due to the increased land values, the total tax levy has decreased from \$2.097068 to \$1.873155 per \$100 of valuation.

We will be filing the FEMA paperwork in the next fiscal year requesting the funds approved by FEMA for seven projects. Some of the smaller projects have already been paid out, but we need to document the work done on the electrical system and identify what the insurance did not pay for to put the airport and summer sports complex back into the condition on October 4, 2013.

At the airport, all structures that were destroyed have been rebuilt with some improvements that were not covered by insurance or FEMA. This resulted in a cash flow shortage of \$70,000. The authority requested a loan from the City of Wayne and will schedule semiannual repayment over two years.

The summer sports complex has been repaired with many improvements. These improvements included moving two fields and installing sidewalks between the north and south fields. All four fields had new lighting installed too. The improvements over the insurance proceeds at this time amount to \$300,000. The lighting was paid for from the Electric Fund and there were donations to the facilities from companies and individuals in the amount of \$96,000. The fund to finance the shortfall of these improvements has come out of General Fund revenues. Still to be completed is the storage building. The insurance funds for that project are \$16,770 but the estimate of the project the committee would like have built is \$250,000 (this would include an indoor batting cage, storage areas for baseball, softball, soccer and rugby, bathrooms and a storm shelter. The committee has been told that they need to fundraise to build the facility they want.

In 2013-2014 the Council reorganized the Community Development Agency and appointed a Community Redevelopment Authority. The authority has had a busy year learning what their purpose is and how they work with the City Council. There have been some trial but they have purchased the Pacific Coast Feather (PFC) property (this company decided not to rebuild after the tornado on 10/4/13). They asked that it be annexed into city limits so the blight study could be accepted and any future business could potentially use TIF if they requested. The original request was turned down. At this time they also have a purchase agreement on the S&M Liquid Tire property which is in front of the PFC property. There is a proposal by the building inspector to combine city owned properties into three lots in this area. Due to airport zoning, not all of the area can be built on; however, it could be used for parking. There is an offer to purchase one of these proposed lots and they have requested TIF financing.

In the current budget, the airport does not have any major projects. They intend to start rebuilding their cash reserves.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2014

Request for Information

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

CITY OF WAYNE, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 982,863	\$ 1,114,933	\$ 2,097,796	\$ 327,507
Investments	1,167,504	5,648,914	6,816,418	-
County treasurer cash	30,712	-	30,712	3,431
Receivables:				
Property tax	32,235	-	32,235	4,457
Special assessments	440,475	469,591	910,066	-
Accounts, net of allowance for doubtful accounts	12,435	855,909	868,344	1,876
Unbilled revenue	-	301,925	301,925	-
Grants	19,844	318,076	337,920	76,969
Interest	1,242	8,737	9,979	-
Current portion of TIF receivable	-	-	-	143,262
Current portion of notes	182,169	-	182,169	-
Due from other governments	120,286	-	120,286	-
Due (to)/from other funds	(1,077,000)	1,077,000	-	-
Due from component units	1,582	300,000	301,582	-
Prepaid insurance	32,760	-	32,760	4,048
Inventory	-	275,966	275,966	22,123
Total current assets	<u>1,947,107</u>	<u>10,371,051</u>	<u>12,318,158</u>	<u>583,673</u>
Noncurrent assets:				
Restricted cash and cash equivalents	659,992	129,047	789,039	-
Restricted investments	1,299,774	468,303	1,768,077	-
Noncurrent TIF receivable	-	-	-	2,119,898
Noncurrent notes receivable	1,795,056	-	1,795,056	180,000
Capital assets:				
Land and construction in progress	1,253,932	382,113	1,636,045	498,893
Other capital assets, net of depreciation	14,877,878	16,041,673	30,919,551	7,058,856
Net capital assets	<u>16,131,810</u>	<u>16,423,786</u>	<u>32,555,596</u>	<u>7,557,749</u>
Total noncurrent assets	<u>19,886,632</u>	<u>17,021,136</u>	<u>36,907,768</u>	<u>9,857,647</u>
Total assets	<u>21,833,739</u>	<u>27,392,187</u>	<u>49,225,926</u>	<u>10,441,320</u>
LIABILITIES				
Current liabilities:				
Accounts payable	204,901	404,261	609,162	240,979
Accrued expenses	183,541	199,758	383,299	95,211
Customer deposits	13,700	157,680	171,380	-
Due to the City of Wayne	-	-	-	301,582
Unavailable property tax	400,569	-	400,569	3,031
Current portion of long-term obligations	215,000	517,757	732,757	169,222
Total current liabilities	<u>1,017,711</u>	<u>1,279,456</u>	<u>2,297,167</u>	<u>810,025</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	33,001	70,059	103,060	-
Noncurrent portion of long-term obligations	2,835,000	6,543,332	9,378,332	2,245,974
Total noncurrent liabilities	<u>2,868,001</u>	<u>6,613,391</u>	<u>9,481,392</u>	<u>2,245,974</u>
Total liabilities	<u>3,885,712</u>	<u>7,892,847</u>	<u>11,778,559</u>	<u>3,055,999</u>
NET POSITION				
Net investment in capital assets	13,081,810	9,362,697	22,444,507	7,405,713
Restricted for:				
Debt service	956,350	430,546	1,386,896	-
Economic development	406,619	20,000	426,619	-
Federal loan programs	1,161,024	-	1,161,024	-
Capital projects	248,606	-	248,606	-
Community Activity Center	209,088	-	209,088	-
Parks and golf course	63,772	-	63,772	-
Unrestricted	1,820,758	9,686,097	11,506,855	(20,392)
Total net position	<u>\$ 17,948,027</u>	<u>\$ 19,499,340</u>	<u>\$ 37,447,367</u>	<u>\$ 7,385,321</u>

See notes to financial statements.

CITY OF WAYNE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 186,944	\$ 121,240	\$ 77,085
Public buildings	77,382	31,520	-
Public safety	1,109,365	163,735	48,568
Public works	427,708	6,492	-
Senior citizens services	277,794	70,365	201,131
Library	272,315	8,931	5,000
Recreation	439,289	58,758	-
Community Activity Center	246,139	94,793	-
Interest and related expenses	105,605	-	-
Depreciation - unallocated	895,442	-	-
Total governmental activities	4,037,983	555,834	331,784
Business-type activities:			
Electric	7,126,262	6,893,531	-
Water	651,739	754,368	-
Sewer	1,205,522	1,300,637	-
Transfer Station	23,678	12,800	-
Total business-type activities	9,007,201	8,961,336	-
Total primary government	\$ 13,045,184	\$ 9,517,170	\$ 331,784
Component units:			
Wayne Municipal Airport	\$ 513,670	\$ 131,938	\$ -
Community Development Agency	128,943	-	-
Total component units	\$ 642,613	\$ 131,938	\$ -

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Governmental Activities	Primary Government Business-type Activities	Total	
\$ -	\$ 11,381		\$ 11,381	
-	(45,862)		(45,862)	
82,991	(814,071)		(814,071)	
12,419	(408,797)		(408,797)	
-	(6,298)		(6,298)	
-	(258,384)		(258,384)	
454,997	74,466		74,466	
662	(150,684)		(150,684)	
-	(105,605)		(105,605)	
-	(895,442)		(895,442)	
<u>551,069</u>	<u>(2,599,296)</u>	<u>\$ -</u>	<u>(2,599,296)</u>	
317,270	-	84,539	84,539	
44,971	-	147,600	147,600	
58,571	-	153,686	153,686	
-	-	(10,878)	(10,878)	
<u>420,812</u>	<u>-</u>	<u>374,947</u>	<u>374,947</u>	
<u>\$ 971,881</u>	<u>(2,599,296)</u>	<u>374,947</u>	<u>(2,224,349)</u>	
\$ 1,939,110				\$ 1,557,378
-				(128,943)
<u>\$ 1,939,110</u>				<u>1,428,435</u>
General revenues:				
Taxes:				
Property	740,107	-	740,107	101,020
Motor vehicle	74,232	-	74,232	-
Payments in lieu of taxes	724,947	-	724,947	-
Sales tax	682,383	-	682,383	-
Franchise	188,809	-	188,809	-
TIF proceeds	-	-	-	105,341
State allocation	917,766	-	917,766	-
Special assessments	109,891	-	109,891	-
Miscellaneous	16,355	-	16,355	-
Interest income	34,174	68,173	102,347	369
Gain on sale of assets	14,684	-	14,684	(103,738)
Transfer between City and CDA	30,000	(241,703)	(211,703)	211,703
Interfund transfers	66,694	(66,694)	-	-
Total general revenues	<u>3,600,042</u>	<u>(240,224)</u>	<u>3,359,818</u>	<u>314,695</u>
Change in net position	1,000,746	134,723	1,135,469	1,743,130
Net position - September 30, 2013	<u>16,947,281</u>	<u>19,364,617</u>	<u>36,311,898</u>	<u>5,642,191</u>
Net position - September 30, 2014	<u>\$ 17,948,027</u>	<u>\$ 19,499,340</u>	<u>\$ 37,447,367</u>	<u>\$ 7,385,321</u>

CITY OF WAYNE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 559,083	\$ 111,701	\$ -	\$ -	\$ 51,228	\$ 722,012
Investments	786,369	300,461	-	-	80,674	1,167,504
County treasurer cash	22,247	5,718	-	2,747	-	30,712
Receivables:						
Special assessments	-	-	-	440,475	-	440,475
Accounts, net of allowance for doubtful accounts	5,306	7,129	-	-	-	12,435
Grants	19,844	-	-	-	-	19,844
Notes receivable	-	-	1,473,125	-	503,931	1,977,056
Interest	232	276	-	529	205	1,242
Property tax	28,688	-	-	3,547	-	32,235
Due from other governments	120,286	-	-	-	-	120,286
Due from component units	1,582	-	-	-	-	1,582
Restricted assets:						
Cash	103,254	-	13,410	208,963	334,365	659,992
Investments	63,772	-	-	704,386	531,616	1,299,774
Total assets	\$ 1,710,663	\$ 425,285	\$ 1,486,535	\$ 1,360,647	\$ 1,502,019	\$ 6,485,149
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 191,875	\$ 8,026	\$ -	\$ -	\$ -	\$ 199,901
Accrued expenses	129,094	28,748	2,916	22,783	-	183,541
Customer deposits	13,700	-	-	-	-	13,700
Due to other funds	-	-	1,077,000	-	-	1,077,000
Unavailable property tax	19,055	-	-	381,514	-	400,569
Total liabilities	353,724	36,774	1,079,916	404,297	-	1,874,711
Fund balances:						
Restricted for:						
Debt service	-	-	-	956,350	-	956,350
Capital projects	248,606	-	-	-	-	248,606
Community Activity Center	-	-	-	-	209,088	209,088
Federal programs	-	-	-	-	1,161,024	1,161,024
Economic development	-	-	406,619	-	-	406,619
Parks	27,494	-	-	-	-	27,494
Golf course	36,278	-	-	-	-	36,278
Committed for:						
Capital projects	128,500	-	-	-	-	128,500
Assigned for:						
Budgetary stabilization	916,061	-	-	-	-	916,061
Street expenditures	-	388,511	-	-	-	388,511
Other purposes	-	-	-	-	131,907	131,907
Unassigned	-	-	-	-	-	-
Total fund balances	1,356,939	388,511	406,619	956,350	1,502,019	4,610,438
Total liabilities and fund balances	\$ 1,710,663	\$ 425,285	\$ 1,486,535	\$ 1,360,647	\$ 1,502,019	\$ 6,485,149

See notes to financial statements.

CITY OF WAYNE, NEBRASKA

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

September 30, 2014

Total fund balances - governmental funds		\$ 4,610,438
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 \$30,942,279, and the accumulated depreciation is \$14,810,469.		16,131,810
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.		288,780
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	\$ (33,001)	
Bonds payable	<u>(3,050,000)</u>	<u>(3,083,001)</u>
Total net position - governmental activities		<u><u>\$ 17,948,027</u></u>

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, 2014

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 657,018	\$ 1,427	\$ -	\$ 81,662	\$ -	\$ 740,107
Motor vehicle	-	74,232	-	-	-	74,232
Payments in lieu of taxes	724,813	-	-	134	-	724,947
Sales tax	445,735	-	236,648	-	-	682,383
Franchise	188,809	-	-	-	-	188,809
Intergovernmental	717,041	512,223	-	-	8,957	1,238,221
Special assessments	-	-	-	109,891	-	109,891
Charges for services	468,499	6,492	-	-	80,686	555,677
Interest income	5,998	1,092	7,675	4,136	14,606	33,507
Contributions	127,827	-	-	-	-	127,827
Bond/loan proceeds	-	380,000	-	1,005,000	-	1,385,000
Sale of property	53,011	608	-	-	-	53,619
Insurance proceeds	452,151	-	-	-	-	452,151
Other income	16,355	-	-	-	-	16,355
Total revenues	<u>3,857,257</u>	<u>976,074</u>	<u>244,323</u>	<u>1,200,823</u>	<u>104,249</u>	<u>6,382,726</u>
EXPENDITURES						
General government	204,268	-	71,877	-	11,859	288,004
Public buildings	77,382	-	-	-	-	77,382
Public safety	1,091,722	-	-	-	17,643	1,109,365
Public works	-	425,466	-	-	-	425,466
Senior citizens services	277,794	-	-	-	-	277,794
Library	272,315	-	-	-	-	272,315
Recreation	439,288	-	-	-	-	439,288
Community Activity Center	245,983	-	-	-	-	245,983
Capital outlay	867,462	760,533	-	-	-	1,627,995
Principal payments on debt	-	-	-	1,055,000	-	1,055,000
Interest on long-term debt	-	-	17,216	74,319	-	91,535
Bond fees	-	-	-	14,070	-	14,070
Total expenditures	<u>3,476,214</u>	<u>1,185,999</u>	<u>89,093</u>	<u>1,143,389</u>	<u>29,502</u>	<u>5,924,197</u>
Excess (deficiency) of revenues over expenditures	381,043	(209,925)	155,230	57,434	74,747	458,529
OTHER FINANCING SOURCES (USES)						
Transfers in	34,000	352,456	-	97,661	-	484,117
Transfers out	(383,423)	-	-	-	(34,000)	(417,423)
Net transfers	<u>(349,423)</u>	<u>352,456</u>	<u>-</u>	<u>97,661</u>	<u>(34,000)</u>	<u>66,694</u>
Net change in fund balances	31,620	142,531	155,230	155,095	40,747	525,223
Fund balances - September 30, 2013	<u>1,325,319</u>	<u>245,980</u>	<u>251,389</u>	<u>801,255</u>	<u>1,461,272</u>	<u>4,085,215</u>
Fund balances - September 30, 2014	<u>\$ 1,356,939</u>	<u>\$ 388,511</u>	<u>\$ 406,619</u>	<u>\$ 956,350</u>	<u>\$ 1,502,019</u>	<u>\$ 4,610,438</u>

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, 2014

Total net change in fund balances - governmental funds	\$ 525,223
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$1,640,414) exceeded depreciation expense (\$895,442) during the period. State grants funded \$12,419 of the capital additions.	744,972
Basis remaining of capital asset disposals does not impact the governmental funds, but the remaining basis reduces the gain on sale of capital assets in the statement of activities.	(38,935)
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.	107,736
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.	(8,250)
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.	(1,385,000)
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>1,055,000</u>
Change in net position of governmental activities	<u><u>\$ 1,000,746</u></u>

See notes to financial statements.

CITY OF WAYNE, NEBRASKA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

September 30, 2014

	Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 469,684	\$ 224,796
Investments	3,564,655	1,093,875
Receivables:		
Accounts, net of allowance for doubtful accounts	683,886	71,470
Unbilled revenue	225,107	30,829
Grants receivable	317,270	806
Special assessments	-	147,490
Interest	7,268	866
Current portion of notes	-	-
Due from other funds	1,077,000	-
Due from Community Development Agency	300,000	-
Prepaid expenses	-	-
Inventory	247,997	27,969
Total current assets	6,892,867	1,598,101
Noncurrent assets:		
Restricted cash and cash equivalents	129,047	-
Restricted investments	468,303	-
Capital assets:		
Land	129,517	143,875
Construction in progress	-	-
Distribution systems	5,544,246	5,216,112
Buildings	8,096,508	141,152
Equipment	3,483,620	504,362
Less accumulated depreciation	(10,696,163)	(3,992,593)
Net capital assets	6,557,728	2,012,908
Total noncurrent assets	7,155,078	2,012,908
Total assets	14,047,945	3,611,009
LIABILITIES		
Current liabilities:		
Accounts payable	389,702	9,349
Customer deposits	157,680	-
Accrued interest payable	12,320	3,887
Other accrued expenses	115,882	21,527
Current portion of long-term obligations	270,000	33,279
Total current liabilities	945,584	68,042
Noncurrent liabilities:		
Compensated absences - noncurrent	53,826	7,891
Noncurrent portion of long-term obligations	1,680,000	633,008
Total noncurrent liabilities	1,733,826	640,899
Total liabilities	2,679,410	708,941
NET POSITION		
Net investment in capital assets	4,607,728	1,346,621
Restricted for:		
Debt service	430,546	-
Economic development	20,000	-
Unrestricted	6,310,261	1,555,447
Total net position	\$ 11,368,535	\$ 2,902,068

See notes to financial statements.

Enterprise Funds			Internal
Sewer Fund	Transfer Station	Total	Service Fund
\$ 418,499	\$ 1,954	\$ 1,114,933	\$ 260,851
990,384	-	5,648,914	-
100,553	-	855,909	-
45,989	-	301,925	-
-	-	318,076	-
322,101	-	469,591	-
603	-	8,737	-
-	-	-	169
-	-	1,077,000	-
-	-	300,000	-
-	-	-	32,760
-	-	275,966	-
<u>1,878,129</u>	<u>1,954</u>	<u>10,371,051</u>	<u>293,780</u>
-	-	129,047	-
-	-	468,303	-
55,178	41,181	369,751	-
12,362	-	12,362	-
3,317,870	-	14,078,228	-
7,719,595	606,685	16,563,940	-
897,001	19,541	4,904,524	-
(4,428,102)	(388,161)	(19,505,019)	-
<u>7,573,904</u>	<u>279,246</u>	<u>16,423,786</u>	<u>-</u>
<u>7,573,904</u>	<u>279,246</u>	<u>17,021,136</u>	<u>-</u>
<u>9,452,033</u>	<u>281,200</u>	<u>27,392,187</u>	<u>293,780</u>
5,210	-	404,261	5,000
-	-	157,680	-
25,928	-	42,135	-
20,214	-	157,623	-
214,478	-	517,757	-
<u>265,830</u>	<u>-</u>	<u>1,279,456</u>	<u>5,000</u>
8,342	-	70,059	-
4,230,324	-	6,543,332	-
<u>4,238,666</u>	<u>-</u>	<u>6,613,391</u>	<u>-</u>
<u>4,504,496</u>	<u>-</u>	<u>7,892,847</u>	<u>5,000</u>
3,129,102	279,246	9,362,697	-
-	-	430,546	-
-	-	20,000	-
1,818,435	1,954	9,686,097	288,780
<u>\$ 4,947,537</u>	<u>\$ 281,200</u>	<u>\$ 19,499,340</u>	<u>\$ 288,780</u>

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

For the year ended September 30, 2014

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
Operating revenues:						
User charges	\$ 6,837,085	\$ 723,292	\$ 1,059,355	\$ 800	\$ 8,620,532	\$ -
Health insurance premiums	-	-	-	-	-	487,377
Hookup fees	-	24,729	238,166	-	262,895	-
Other revenue	56,446	6,347	3,116	12,000	77,909	-
Total operating revenues	<u>6,893,531</u>	<u>754,368</u>	<u>1,300,637</u>	<u>12,800</u>	<u>8,961,336</u>	<u>487,377</u>
Operating expenses:						
Cost of power	4,141,119	-	-	-	4,141,119	-
Personnel	1,108,691	197,712	190,598	(16)	1,496,985	-
Contract services	60,259	93,538	274,677	-	428,474	-
Commodities	748,456	109,721	132,672	4,490	995,339	-
Payments in lieu of taxes	539,745	45,399	75,083	-	660,227	-
Insurance claims and health premiums	-	-	-	-	-	380,308
Depreciation	480,684	184,835	395,635	19,204	1,080,358	-
Total operating expenses	<u>7,078,954</u>	<u>631,205</u>	<u>1,068,665</u>	<u>23,678</u>	<u>8,802,502</u>	<u>380,308</u>
Operating income (loss)	(185,423)	123,163	231,972	(10,878)	158,834	107,069
Nonoperating revenues (expenses):						
Interest income	52,082	8,251	7,833	7	68,173	667
Grant revenue	317,270	5,639	-	-	322,909	-
Special assessments	-	39,332	58,571	-	97,903	-
Interest expense	(47,308)	(13,626)	(90,829)	-	(151,763)	-
Loan administration fees	-	(6,908)	(46,028)	-	(52,936)	-
Total nonoperating revenues (expenses)	<u>322,044</u>	<u>32,688</u>	<u>(70,453)</u>	<u>7</u>	<u>284,286</u>	<u>667</u>
Income (loss) before interfund transfers	136,621	155,851	161,519	(10,871)	443,120	107,736
Interfund transfers:						
Transfer to CDA	(241,703)	-	-	-	(241,703)	-
Transfer from (to) other funds	(58,861)	(211,116)	203,283	-	(66,694)	-
Total transfers	<u>(300,564)</u>	<u>(211,116)</u>	<u>203,283</u>	<u>-</u>	<u>(308,397)</u>	<u>-</u>
Change in net position	(163,943)	(55,265)	364,802	(10,871)	134,723	107,736
Net position - September 30, 2013	<u>11,532,478</u>	<u>2,957,333</u>	<u>4,582,735</u>	<u>292,071</u>	<u>19,364,617</u>	<u>181,044</u>
Net position - September 30, 2014	<u>\$ 11,368,535</u>	<u>\$ 2,902,068</u>	<u>\$ 4,947,537</u>	<u>\$ 281,200</u>	<u>\$ 19,499,340</u>	<u>\$ 288,780</u>

See notes to financial statements.

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

For the year ended September 30, 2014

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 7,016,446	\$ 722,675
Receipts from other funds	-	-
Payments to suppliers	(5,562,028)	(244,684)
Payments to employees	(1,098,103)	(195,400)
Net cash provided by operating activities	356,315	282,591
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer to CDA	(241,703)	-
Transfers (to) from other funds	(58,861)	(211,116)
Net cash provided (used) by noncapital financing activities	(300,564)	(211,116)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(540,644)	(113,419)
Grant proceeds	-	4,833
Special assessments received	-	39,332
Increase in due to Wayne Municipal Airport	-	-
Principal payments on capital debt	(265,000)	(32,624)
Interest paid on capital debt	(49,395)	(13,816)
Loan administration fees	-	(6,908)
Net cash used by capital and related financing activities	(855,039)	(122,602)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments	1,525,072	146,489
Increase in due from Community Development Agency	272,275	-
Decrease in notes receivable	-	-
Decrease in due from other funds	(742,000)	-
Interest received	53,092	8,224
Net cash provided by investing activities	1,108,439	154,713
Increase (decrease) in cash and cash equivalents	309,151	103,586
Cash and cash equivalents - beginning of the year	289,580	121,210
Cash and cash equivalents - end of the year	\$ 598,731	\$ 224,796
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 469,684	\$ 224,796
Restricted cash and cash equivalents	129,047	-
Total cash and cash equivalents	\$ 598,731	\$ 224,796

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,028,251	\$ 12,800	\$ 8,780,172	\$ -
-	-	-	487,377
(481,600)	(5,319)	(6,293,631)	(398,317)
(186,781)	16	(1,480,268)	-
<u>359,870</u>	<u>7,497</u>	<u>1,006,273</u>	<u>89,060</u>
-	-	(241,703)	-
203,283	-	(66,694)	-
<u>203,283</u>	<u>-</u>	<u>(308,397)</u>	<u>-</u>
(318,816)	-	(972,879)	-
-	-	4,833	-
43,657	-	82,989	-
-	(24,710)	(24,710)	-
(210,252)	-	(507,876)	-
(92,055)	-	(155,266)	-
(46,028)	-	(52,936)	-
<u>(623,494)</u>	<u>(24,710)</u>	<u>(1,625,845)</u>	<u>-</u>
203,397	-	1,874,958	91,971
-	-	272,275	-
-	-	-	5,310
-	-	(742,000)	-
7,837	7	69,160	714
<u>211,234</u>	<u>7</u>	<u>1,474,393</u>	<u>97,995</u>
150,893	(17,206)	546,424	187,055
267,606	19,160	697,556	73,796
<u>\$ 418,499</u>	<u>\$ 1,954</u>	<u>\$ 1,243,980</u>	<u>\$ 260,851</u>
\$ 418,499	\$ 1,954	\$ 1,114,933	\$ 260,851
-	-	129,047	-
<u>\$ 418,499</u>	<u>\$ 1,954</u>	<u>\$ 1,243,980</u>	<u>\$ 260,851</u>

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2014

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (185,423)	\$ 123,163
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	480,684	184,835
Change in assets and liabilities:		
Accounts receivable	119,770	(31,693)
Prepaid expenses	-	-
Inventories	5,637	2,789
Accounts payable	(78,086)	1,185
Customer deposits	3,145	-
Accrued expenses	10,588	2,312
Net cash provided by operating activities	\$ 356,315	\$ 282,591

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>	
\$ 231,972	\$ (10,878)		\$ 158,834	\$ 107,069
395,635	19,204		1,080,358	-
(272,386)	-		(184,309)	-
-	-		-	(8,009)
-	-		8,426	-
832	(829)		(76,898)	(10,000)
-	-		3,145	-
3,817	-		16,717	-
<u>\$ 359,870</u>	<u>\$ 7,497</u>		<u>\$ 1,006,273</u>	<u>\$ 89,060</u>

CITY OF WAYNE, NEBRASKA

STATEMENT OF NET POSITION - FIDUCIARY FUND

September 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 58,159
Investments	109,788
Sales tax receivable	29,661
Interest receivable	279
Other receivables	675
Total assets	<u>\$ 198,562</u>
LIABILITIES	
Agency liabilities	<u>\$ 198,562</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, 2014

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, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

1. Financial Reporting Entity, continued

Blended Component Units

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

Discretely Presented Component Units

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

Brief Description of Activities and Relationship
To The City:

Wayne Municipal Airport

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

Community Development Agency

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

2. Basis of Presentation

Government-wide Financial Statements

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014

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, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Fiduciary Funds (not included in government-wide statements)

Agency Funds

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

Major and Non-major Funds

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

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

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

Major and Non-major Funds, continued

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

3. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014

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, 2014

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>120,286</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, 2014

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, 2014

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, 2014

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, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Assets, Liabilities, and Equity, continued

Equity Classifications, continued

Fund Financial Statements, continued

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

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

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

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

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

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 26). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses

Sales and Use Tax

The City presently levies a one-cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Prior to July 1, 2009, the sales tax was recorded in the Sales Tax Fund and used for the Community Activity Center bond principal and interest. Effective July 1, 2009, 60 percent of the sales tax is recorded in the General Fund to be used for capital projects and 40 percent is recorded in the LB840 Fund to be used for economic development.

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

Property Taxes

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

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

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

Property taxes levied for 2013-2014 are recorded as revenue when expected to be collected within 60 days after September 30, 2014. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014

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, 2014

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, 2014. The categories of collateral are defined as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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	\$ 3,383,450	\$ 658,366	\$ 2,725,084	\$ -	\$ <u>3,272,501</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 2,097,796
Restricted cash and cash equivalents	789,039
Component Unit –	
Unrestricted cash and cash equivalents	327,507
Agency Fund Cash (not included in government-wide statement)	<u>58,159</u>
	<u>\$ 3,272,501</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, 2014. The categories of investments are defined as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

1. Cash and Investments, continued

Investments, continued

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

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

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

<u>Type of Investment</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Money Market	\$ 768,966	\$ -	\$ -	\$ 768,966	\$ 768,966
Time Deposits	7,925,317	-	-	<u>7,925,317</u>	<u>7,925,317</u>
				<u>\$ 8,694,283</u>	<u>\$ 8,694,283</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 6,816,418
Restricted investments	1,768,077
Agency Funds (not included in government-wide statement)	<u>109,788</u>
	<u>\$ 8,694,283</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

2. Restricted Assets

The restricted assets as of September 30, 2014, 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	\$ 659,992	\$ 129,047	\$ 789,039	\$ -
Investments	<u>1,299,774</u>	<u>468,303</u>	<u>1,768,077</u>	<u>-</u>
	<u>\$ 1,959,766</u>	<u>\$ 597,350</u>	<u>\$ 2,557,116</u>	<u>\$ -</u>

Restricted cash for governmental activities consists of \$103,254 of General Fund cash restricted for capital projects, \$130,423 of Sales Tax cash restricted for Community Activity Center, \$208,963 of Debt Service cash restricted for debt service, \$203,942 of Community Development cash restricted for Federal programs, and \$13,410 of LB840 cash restricted for economic development. Restricted investments for governmental activities consist of \$27,494 of General Fund investments restricted to be used for parks, \$36,278 of General Fund investments restricted to be used for the golf course, \$78,600 of Sales Tax investments restricted for Community Activity Center, \$704,386 of Debt Service investments restricted for debt service, and \$453,016 of Community Development investments restricted for Federal programs.

Restricted business-type assets consist of debt service reserves of \$430,546 for the Electric Fund. The Electric Fund also has \$146,803 restricted for customer deposits and \$20,001 restricted for economic development.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of Community Activity Center utilities and other minor receivables. Accounts receivable for the component units consist of minor receivables. Receivables detail at September 30, 2014, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 13,009	\$ 869,090	\$ 882,099	\$ 1,876
Allowance for doubtful accounts	(574)	(13,181)	(13,755)	-
Net accounts receivable	<u>\$ 12,435</u>	<u>\$ 855,909</u>	<u>\$ 868,344</u>	<u>\$ 1,876</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014:

<u>Note Held By</u>	<u>Due From</u>	Note Balance at September 30, <u>2014</u>	<u>Terms</u>
Community Development Fund	Snakey Jakes	\$ 820	4.375%; monthly payments due over 84 months; matures 3/01/15
Community Development Fund	Wayne Child Care	16,809	4%; monthly payments due over 84 months; final balloon payment due 5/10/15
Community Development Fund	Sand Creek Post and Beam	110,000	0%; monthly payments due over 120 months; final balloon payment due 1/02/20
Community Development Fund	Wayne Hospitality Group	111,473	3.125%; annual payments due over 15 years; final payment due 12/1/26
Community Development Fund	Udder Delights	13,921	4.5%; monthly payments over 96 months; matures 8/25/22
Community Development Fund	Miss Molly's	45,579	2.75%; monthly payments due over 84 months; final balloon payment due May 1, 2019
Community Development Fund	10 housing loans	205,329	0%; housing loans; due when property is sold

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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, 2014</u>	<u>Terms</u>
LB840 Fund	Miss Molly's	18,000	0%; forgivable at \$6,000 per year July 12, 2013, through July 12, 2017
LB840 Fund	RBDK, LLC	64,712	0%; forgivable at \$14,000 per year December 11, 2012, through December 11, 2016
LB840 Fund	Innovative Protectives	10,000	0%; annual payments of \$667 November 1, 2014, through November 1, 2028
LB840 Fund	OCC Builders, LLC	37,000	0%; annual payments of \$2,643 November 1, 2014, through November 1, 2028
LB840 Fund	Sand Creek Post & Beam, Inc.	193,900	0%; annual payments of \$12,927 November 1, 2014, through November 1, 2028
LB840 Fund	Wayne Hospitality Group	250,000	0%; forgivable when construction of a 44-room hotel is complete
LB840 Fund	DRJ LLC/INET Library	74,186	3%; annual payments of \$10,568 plus interest May 10, 2013, through May 10, 2021
LB840 Fund	Lutt Oil	50,000	3%; annual payments of \$5,862 January 1, 2015, through January 1, 2024
LB840 Fund	NAPA	50,000	0%; annual payments of \$3,333 May 1, 2015, through May 1, 2029

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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>2014</u>	<u>Terms</u>
LB840 Fund	Kory Leseberg	39,333	0%; monthly payments of \$222 June 1, 2014, through May 1, 2029
LB840 Fund	Kory Leseberg	34,536	3%; monthly payments of \$242 June 1, 2014, through May 1, 2029
LB840 Fund	Ken Jorgensen	125,000	3%; annual payments of \$10,471 September 1, 2015, through September 1, 2029
LB840 Fund	Pat Garvin	40,000	0%; annual payments of \$2,667 May 1, 2015, through May 1, 2029
LB840 Fund	Gurkan Ozenci	125,000	0%; annual payments of \$25,000 June 1, 2015, through June 1, 2019
LB840 Fund	Hefti Trucking	50,000	0%; annual payments of \$3,333 September 1, 2015, through September 1, 2029
LB840 Fund	NAPA	25,000	0%; forgivable at \$1,667 per year May 1, 2015, through May 1, 2029
LB840 Fund	Ken Jorgensen	125,000	3%; forgivable at \$10,471 per year September 1, 2015, through September 1, 2029
LB840 Fund	Brendon Pick	50,000	0%; annual payments of \$3,333 March 1, 2015, through March 1, 2029
LB840 Fund	Rainbow World	68,122	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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>2014</u>	<u>Terms</u>
LB840 Fund	Mandy Bencoter	21,458	0%; monthly payments of \$208 April 1, 2013, through March 1, 2023
LB840 Fund	Mandy Bencoter	25,000	0%; monthly payments of \$208 February 1, 2017, through January 1, 2027
LB840 Fund	Julie Cull	33,925	3%; monthly payments of \$357 due over 120 months
LB840 Fund	Paulson Construction	37,953	3%; monthly payments due over 120 months
LB840 Fund	Allowance for Uncollectible Note	(75,000)	
Internal Service Fund	Employees of the City of Wayne	169	0%; payroll deduction for computer/electronic purchases
Total notes receivable		<u>\$ 1,977,225</u>	
Current portion		\$ 182,169	
Noncurrent portion		<u>1,795,056</u>	
		<u>\$ 1,977,225</u>	

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Balance at October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at September 30, 2014</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 617,650	\$ 111,300	\$ (37,358)	\$ -	\$ 691,592
Construction in progress	288,137	316,651	-	(42,448)	562,340
Total capital assets not being depreciated	<u>905,787</u>	<u>427,951</u>	<u>(37,358)</u>	<u>(42,448)</u>	<u>1,253,932</u>
Other capital assets being depreciated:					
Infrastructure	14,980,352	223,599	-	42,448	15,246,399
Improvements	1,136,602	606,648	(607)	-	1,742,643
Buildings	9,528,648	19,460	(11,367)	-	9,536,741
Machinery and equipment	3,191,738	362,756	(391,929)	-	3,162,565
Total other capital assets at historical cost	<u>28,837,340</u>	<u>1,212,463</u>	<u>(403,903)</u>	<u>42,448</u>	<u>29,688,348</u>
Less accumulated depreciation for:					
Infrastructure	(8,155,226)	(440,209)	-	-	(8,595,435)
Improvements	(451,169)	(47,383)	607	-	(497,945)
Buildings	(3,571,226)	(222,482)	9,790	-	(3,783,918)
Machinery and equipment	(2,139,733)	(185,368)	391,929	-	(1,933,172)
Total accumulated depreciation	<u>(14,317,354)</u>	<u>(895,442) *</u>	<u>402,326</u>	<u>-</u>	<u>(14,810,470)</u>
Other capital assets, net	<u>14,519,986</u>	<u>317,021</u>	<u>(1,577)</u>	<u>42,448</u>	<u>14,877,878</u>
Governmental activities capital assets, net	<u>\$ 15,425,773</u>	<u>\$ 744,972</u>	<u>\$ (38,935)</u>	<u>\$ -</u>	<u>\$ 16,131,810</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government/public buildings	\$ 81,914
Public safety	129,560
Public works:	
Street	505,911
Library	2,745
Senior citizens services	10,470
Recreation	70,318
Community Activity Center:	<u>94,524</u>
Total General Fund depreciation expense	\$ <u>895,442</u>

Construction in progress at September 30, 2014, consists of \$165,756 for the Hiking Trail – Phase II project, \$259,543 for the 10th Street project, \$10,038 for the Hillside Drive project, \$116,014 for the Windom Street project, and \$10,989 for the pool replacement project. See Note D3 for additional details on these projects.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

4. Capital Assets, continued

	<u>October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>September 30, 2014</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 369,751	\$ -	\$ -	\$ -	\$ 369,751
Construction in progress	<u>39,150</u>	<u>262,987</u>	<u>-</u>	<u>(289,775)</u>	<u>12,362</u>
Total capital assets not being depreciated	408,901	262,987	-	(289,775)	382,113
Other capital assets being depreciated:					
Buildings	16,514,813	49,127	-	-	16,563,940
Distribution systems	13,433,630	536,810	(181,987)	289,775	14,078,228
Equipment	<u>4,905,187</u>	<u>123,954</u>	<u>(124,617)</u>	<u>-</u>	<u>4,904,524</u>
Total other capital assets at historical cost	34,853,630	709,891	(306,604)	289,775	35,546,692
Less accumulated depreciation for:					
Buildings	(5,684,630)	(608,617)	-	-	(6,293,247)
Distribution systems	(8,352,650)	(413,716)	181,987	-	(8,584,379)
Equipment	<u>(4,693,985)</u>	<u>(58,025)</u>	<u>124,617</u>	<u>-</u>	<u>(4,627,393)</u>
Total accumulated depreciation	<u>(18,731,265)</u>	<u>(1,080,358)</u> *	<u>306,604</u>	<u>-</u>	<u>(19,505,019)</u>
Other capital assets, net	<u>16,122,365</u>	<u>(370,467)</u>	<u>-</u>	<u>289,775</u>	<u>16,041,673</u>
Business-type capital assets, net	<u>\$ 16,531,266</u>	<u>\$ (107,480)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,423,786</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 480,684
Water	184,835
Sewer	395,635
Transfer Station	<u>19,204</u>
Total business-type activities depreciation expense	<u>\$ 1,080,358</u>

Construction in progress at September 30, 2014, consists of \$11,137 of costs incurred on the force main to the airport project and \$1,225 of costs incurred on the sludge system project. See Note D3 for additional detail of the construction in progress at September 30, 2014.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

4. Capital Assets, continued

	<u>October 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>September 30, 2014</u>
<u>Airport Authority:</u>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Construction in progress	804,160	-	-	(804,160)	-
	<u>1,091,936</u>	<u>-</u>	<u>-</u>	<u>(804,160)</u>	<u>287,776</u>
Other capital assets being depreciated:					
Buildings	542,912	1,454,156	(315,786)	804,160	2,485,442
Improvements	4,992,403	248,599	(113,340)	-	5,127,662
Equipment	207,061	241,835	(203,260)	-	245,636
Total other capital assets at historical cost	5,742,376	1,944,590	(632,386)	804,160	7,858,740
Less accumulated depreciation for:					
Buildings	(251,892)	(12,150)	161,711	-	(102,331)
Improvements	(583,864)	(195,443)	84,073	-	(695,234)
Equipment	(133,904)	(16,073)	147,658	-	(2,319)
Total accumulated depreciation	<u>(969,660)</u>	<u>(223,666)</u>	<u>393,442</u>	<u>-</u>	<u>(799,884)</u>
Other capital assets, net	<u>4,772,716</u>	<u>1,720,924</u>	<u>(238,944)</u>	<u>804,160</u>	<u>7,058,856</u>
Airport Authority capital assets, net	<u>\$ 5,864,652</u>	<u>\$ 1,720,924</u>	<u>\$ (238,944)</u>	<u>\$ -</u>	<u>\$ 7,346,632</u>

	<u>Balance at September 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at September 30, 2014</u>
<u>Community Development Agency:</u>				
Capital assets not being depreciated:				
Land	\$ <u>174,277</u>	\$ <u>170,568</u>	\$ <u>(133,728)</u>	\$ <u>211,117</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, 2014

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, 2014:

<u>Type of Debt</u>	Balance October 1, 2013	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2014	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 2,720,000	\$ 1,385,000	\$ (1,055,000)	\$ 3,050,000	\$ 215,000
Business-type Activities:					
Bonds payable	\$ 7,568,966	\$ -	\$ (507,877)	\$ 7,061,089	\$ 517,757
Component Units:					
Airport Authority	\$ 68,613	\$ 95,747	\$ (12,324)	\$ 152,036	\$ 25,960
Community Develop- ment Authority	1,655,265	641,646	(33,751)	2,263,160	143,262
Total component unit	<u>\$ 1,723,878</u>	<u>\$ 737,393</u>	<u>\$ (46,075)</u>	<u>\$ 2,415,196</u>	<u>\$ 169,222</u>

Governmental Activities

As of September 30, 2014, 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. \$ 335,000

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, 2014

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Highway allocation bonds – series 2013B, with original issue amount of \$380,000 issued to provide funds for street construction. Interest ranges from 2.25 to 3.65 percent with final maturity June 15, 2026.	380,000
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Highway allocation bonds – series 2013, with original issue amount of \$620,000 issued to provide funds for street construction. Interest ranges from 0.65 to 3.00 percent with final maturity June 15, 2028.	620,000
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Various purpose refunding bonds - series 2013, with original issue amount of \$1,005,000 issued to refinance the series 2010 bond anticipation notes. Interest ranges from 0.85 to 4.00 percent with final maturity June 15, 2028.	1,005,000
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Various purpose refunding bonds - series 2011, with original issue amount of \$585,000 issued to refinance the series 2006 various purpose bonds. Interest ranges from 0.50 to 1.85 percent with final maturity September 15, 2018.	<u>355,000</u>
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Total bonds payable	\$ <u>3,050,000</u>
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Current portion	\$ 215,000
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Noncurrent portion	<u>2,835,000</u>
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Total	\$ <u>3,050,000</u>
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The Debt Service Fund is making the bond payments on all outstanding governmental activities debt.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2014, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2009, with original issue amount of \$1,535,000. Interest ranges from 1.55 to 3.05 percent with final maturity June 15, 2015.	\$ 270,000
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Electric revenue refunding bonds - series 2012, with original issue amount of \$1,680,000. Interest ranges from 0.85 to 3.00 percent with final maturity June 15, 2026.	1,680,000
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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 \$213,189 commencing December 15, 2012, through June 15, 2032. The note bears interest of 2.0 percent. A one percent administration fee will also be due semi-annually.	4,444,802
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\$762,414 of Water DEQ Notes Payable. The note will be due in semi-annual principal and interest payments of \$23,220 commencing December 15, 2011, through June 30, 2031. The note bears interest of 2.0 percent. A one percent administration fee will also be due semi-annually.	<u>666,287</u>
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Total business-type activity bonds and notes payable	\$ <u>7,061,089</u>
Current portion	\$ 517,757
Noncurrent portion	<u>6,543,332</u>
Total	\$ <u>7,061,089</u>

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

6. Long-term Debt, continued

Component Unit

Airport notes payable:

Nebraska Department of Aeronautics series 2000 Shop Hangar Airport loan, due in monthly installments through June 1, 2015, bearing no interest.	\$ 10,230
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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.	<u>141,806</u>
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Total Airport notes payable	152,036
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Community Development Agency Bond Payable:

Tax increment revenue bond series 2009, with original amount of \$325,000. Interest of 3 percent is due semi-annually commencing June 1, 2011. The bond is held by the City of Wayne’s Electric Fund. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds.	255,065
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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.	84,700
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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.	61,749
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Tax increment revenue bond series 2012, with original amount of \$135,000. Interest of 6 percent is due semi-annually commencing December 1, 2013. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds.	135,000
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CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

6. Long-term Debt, continued

Component Unit, continued

Community Development Agency Bond Payable, continued:

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

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

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

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

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

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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

6. Long-term Debt, continued

Component Unit, continued

Community Development Agency Bond Payable, continued:

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

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

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

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

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

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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.

	<u>250,000</u>
Total Community Development Agency bonds payable	<u>2,263,160</u>
Total component unit notes and bond payable	\$ <u>2,415,196</u>
Current portion	\$ 169,222
Noncurrent portion	<u>2,245,974</u>
Total	\$ <u>2,415,196</u>

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2014, are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities			Component Unit	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2015	\$ 215,000	\$ 74,663	\$ 517,757	\$ 143,229	\$ 50,495	\$ 169,222	\$ 81,483
2016	235,000	72,277	402,737	130,014	48,005	115,059	136,874
2017	280,000	69,225	407,817	123,659	45,464	138,952	144,562
2018	285,000	64,668	413,000	116,902	42,874	168,516	104,749
2019	185,000	59,352	418,286	109,591	40,230	177,051	96,425
2020-2024	1,030,000	225,905	2,184,519	422,040	159,608	942,689	342,625
2025-2029	820,000	65,780	1,893,555	184,259	85,089	695,207	89,982
2030-2034	-	-	823,418	24,393	12,196	8,500	349
	<u>\$3,050,000</u>	<u>\$631,870</u>	<u>\$ 7,061,089</u>	<u>\$1,254,087</u>	<u>\$483,961</u>	<u>\$ 2,415,196</u>	<u>\$ 997,049</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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	\$ -	\$ 269,623
Debt Service Fund	-	38,800
Sewer Fund	-	75,000
Wireless 911	20,000	-
E911	<u>14,000</u>	<u>-</u>
Total General Fund	34,000	383,423
Street Fund:		
General Fund	269,623	-
Water Fund	<u>82,833</u>	<u>-</u>
	352,456	-
Debt Service Fund:		
Electric Fund	58,861	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	97,661	-
Nonmajor Governmental Funds:		
General Fund	-	34,000
Electric Fund:		
Debt Service Fund	-	58,861
Water Fund:		
Street Fund	-	82,833
Sewer Fund	<u>-</u>	<u>128,283</u>
Total Debt Service Fund	-	211,116
Sewer Fund:		
General Fund	75,000	-
Water Fund	<u>128,283</u>	<u>-</u>
	<u>203,283</u>	<u>-</u>
Total Interfund Transfers	<u>\$ 687,400</u>	<u>\$ 687,400</u>

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2014

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	Electric	\$ 45,000	Principal of \$5,000, plus interest at 3% is due semi-annually through December 1, 2018.
LB840	Electric	150,000	Principal of \$100,000, plus interest at 3% is due annually through January 1, 2015.
LB840	Electric	20,000	Principal of \$5,000, plus interest at 3% is due semi-annually through September 30, 2016.
LB840-Tornado Relief	Electric	500,000	Principal of \$50,000 to \$100,000 is due annually, plus interest at 3% due semi-annually through March 30, 2021.
LB840-Tornado Relief	Electric	237,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through July 31, 2020.
LB840-Tornado Relief	Electric	125,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through September 15, 2018.
		<u>\$ 1,077,000</u>	

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

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

7. Interfund Transactions and Balances, continued

Interfund balances, continued:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
Airport	General	\$ 1,582	0%; will be repaid during year ending September 30, 2014.
CDA	Electric	<u>300,000</u>	0%; on demand or upon sale of real estate.
Total		\$ <u>301,582</u>	

NOTE D – OTHER NOTES

1. Employee Pension and Other Benefit Plans

Under Nebraska statutes, the City is to maintain a retirement plan for City policemen. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited under a money purchase retirement plan with Ameritas Retirement. This plan requires that covered employees and the City contribute an amount equal to 6.5 percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. (Effective October 1, 2015, the contributions for both employee and employer will increase to 7 percent.) The eligible and covered payroll amounted to \$417,218 for the year ended September 30, 2014. Both the City and the covered employees' required contribution of \$26,744 was made for the year ended September 30, 2014. The employees also contributed \$4,551 to a deferred compensation plan in accordance with Internal Revenue Code Section 457. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

1. Employee Pension and Other Benefit Plans, continued

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with the ICMA. This plan requires that covered employees contribute at least one percent to the deferred compensation savings plan and that the City contribute six percent of the employee's salary to the plan until such employee becomes eligible for regular retirement, at which time contributions shall cease. The total payroll amounted to \$2,044,131 and the covered payroll amounted to \$1,483,043 for the year ended September 30, 2014. The City and the employees contributed \$90,727 and \$115,606, respectively, for the year ended September 30, 2014.

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases commercial insurance and administers funds for its self-insured health insurance program. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. The City has not paid any amounts in excess of the coverage provided by insurance in the last three audit periods. The City is partially self-insured for health insurance claims up to \$5,000 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$3,200 per individual or \$6,400 per family. The maximum out-of-pocket costs would be \$1,040 for the employee and \$2,160 for the City (based on family coverage).

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$5,000; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$260,851 is established in an internal service fund at September 30, 2014.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2014, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2014	\$ 70,000
December 2014	944,280
January 2015	609,881
February 2015	108,762
March 2015	153,500
April 2015	1,222,146
May 2015	2,013,387
June 2015	595,184
September 2015	2,129,577
November 2015	<u>78,600</u>
	\$ <u>7,925,317</u>

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

Concentration of Credit Risk. The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2014, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank First	\$ 105,111
Farmers and Merchants Bank	2,976,797
First National Bank	105,953
State National Bank	4,667,456
Edward Jones	<u>70,000</u>
	<u>\$ 7,925,317</u>

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2014.

3. Commitments and Contingencies

Construction

The City’s governmental funds have numerous construction projects in progress. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/14</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
City of Wayne Projects:				
10 th Street-Construction	\$ 73,760	\$ 36,242	\$ 37,518	October 2014
Hillside Drive-Construction	194,468	-	194,468	Summer 2015
Roof Sealing	25,464	-	25,464	October 2014

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

TIF Commitment

On January 28, 2014, the Community Development Agency (CDA) entered into a redevelopment contract with Mid Plains Grain, LLC (Redeveloper). The Redeveloper intends to create additional taxable real property valuation on the project of \$1,000,000 no later than January 1, 2015. The Redeveloper shall pay all project costs related to the construction of the improvements. Under terms of the agreement, the CDA will issue \$200,000 of Redeveloper TIF indebtedness.

Lease Commitments

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Pitney Bowes	Envelope Stuffer	12/19/09 – 12/19/14	\$ 390/month
Eakes Office Plus	Copier	5/06/14 – 5/06/19	260/month
De Lage Landen	Copier-Senior Center	1/20/10 – 1/20/15	77/month
Dakota Business Systems	Copier-Library	2/04/10 – 2/04/15	77/month
Eakes Office Plus	Copier-Police	5/22/13 – 5/22/18	74/month

The City paid rent of \$11,468 under these lease agreements during the year ended September 30, 2014.

Lease commitments as of September 30, 2014, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2015	\$ 5,788
2016	4,002
2017	4,002
2018	3,487
2019	<u>1,820</u>
	<u>\$ 19,099</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Electric Department

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

Concurrent with the execution of the capacity lease described above, the City entered into a wholesale power contract with NPPD. Under the terms of the agreement, the City is required to purchase all the electric power and energy in excess of power and energy supplied by NPPD needed in the operation of the City distribution system. Beginning in the year 2011, the City can start reducing power and energy purchases from NPPD and purchase these from other sources. Lease payments for the power plant from NPPD would reduce in the same ratio as power and energy purchases from NPPD. Power purchased under this agreement totaled \$4,141,119 for the year ended September 30, 2014.

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

4. Related-Party Transactions

The Electric Fund remits 8.5 percent of gross revenues and the Water and Sewer Funds remit seven percent of gross revenues to the General Fund annually as payments in lieu of taxes. The Electric Fund made payments in the amount of \$539,745, the Water Fund made payments of \$45,399, and the Sewer Fund made payments of \$75,083, for the year ended September 30, 2014.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2014:

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2014

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Wayne Area Economic Development	3/18/14	Provide for annual funding for WAED for undertaking the efforts to fulfill its mission of enhancing the economic wellbeing and quality of life in the Wayne area.
Nebraska Community Energy Alliance	6/17/14	Interlocal Cooperation Agreement for the Advancement of Compressed Natural Gas and Electric Vehicle Infrastructure & Compressed Natural Gas and Electric Vehicle Use.
Wayne Volunteer Fire Department & Elkhorn Valley Mutual Aid Association	9/16/14	Mutual Aid Agreement.

6. Union Contracts

The City is subject to the following union contract:

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

7. Subsequent Events

Management has evaluated subsequent events through January 14, 2015, the date on which the financial statements were available for issue.

On November 4, 2014, voters approved an additional sales and use tax of 0.50 percent for the purpose of paying the principal and interest on \$2.9 million of bonds that will be issued to construct and equip an outdoor swimming pool and related improvements connected to the Wayne Community Activity Center.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2014

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 648,000	\$ 659,477	\$ 11,477
Payments in lieu of taxes	906,826	724,813	(182,013)
Sales tax	384,420	445,735	61,315
Franchise	-	188,809	188,809
Intergovernmental	1,036,675	711,696	(324,979)
Charges for services	453,720	519,250	65,530
Interest income	6,000	7,064	1,064
Contributions	-	127,827	127,827
Sale of property	-	53,011	53,011
Insurance proceeds	-	452,151	452,151
Other	31,208	17,555	(13,653)
	<hr/>	<hr/>	<hr/>
Total resources	3,466,849	3,907,388	440,539
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	249,975	204,268	(45,707)
Public buildings	79,330	77,382	(1,948)
Public safety	892,260	1,111,566	219,306
Senior citizens services	280,234	277,794	(2,440)
Library	285,760	272,315	(13,445)
Recreation	314,600	321,790	7,190
Community Activity Center	247,618	245,983	(1,635)
Capital outlay	2,158,629	867,462	(1,291,167)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	4,508,406	3,378,560	(1,129,846)
Resources over (under) charges to appropriations	(1,041,557)	528,828	1,570,385
OTHER FINANCING SOURCES (USES)			
Transfers in	353,700	34,000	(319,700)
Transfers out	(725,954)	(383,423)	342,531
Net transfers	<hr/>	<hr/>	<hr/>
	(372,254)	(349,423)	22,831
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<hr/>	<hr/>	<hr/>
	\$ (1,413,811)	\$ 179,405	\$ 1,593,216

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
STREET FUND**

Year ended September 30, 2014

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ -	\$ 1,427	\$ 1,427
Motor vehicle	-	74,232	74,232
Intergovernmental	1,383,165	505,094	(878,071)
Charges for services	2,700	6,492	3,792
Interest income	100	816	716
Bond proceeds	-	380,000	380,000
Sale of property	-	608	608
	<hr/>	<hr/>	<hr/>
Total resources	1,385,965	968,669	(417,296)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	499,778	445,700	(54,078)
Capital projects	1,655,022	760,533	(894,489)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	2,154,800	1,206,233	(948,567)
Resources over (under) charges to appropriations	(768,835)	(237,564)	531,271
OTHER FINANCING SOURCES (USES)			
Transfers in	565,000	352,456	(212,544)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (203,835)</u>	<u>\$ 114,892</u>	<u>\$ 318,727</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
LB840 FUND**

Year ended September 30, 2014

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 216,280	\$ 236,648	\$ 20,368
Interest income	25	7,675	7,650
Other income	41,740	-	(41,740)
	<hr/>	<hr/>	<hr/>
Total resources	258,045	244,323	(13,722)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	149,577	71,877	(77,700)
Interest on long-term debt	118,325	14,300	(104,025)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	267,902	86,177	(181,725)
	<hr/>	<hr/>	<hr/>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (9,857)	\$ 158,146	\$ 168,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2014

	Budget (Original and (Final))	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 80,000	\$ 82,118	\$ 2,118
Payments in lieu of taxes	300	134	(166)
Special assessments	68,600	155,298	86,698
Bond proceeds	-	1,005,000	1,005,000
Interest income	<u>1,500</u>	<u>3,937</u>	<u>2,437</u>
Total resources	150,400	1,246,487	1,096,087
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	921,604	1,055,000	133,396
Interest expense	58,593	67,780	9,187
Bond fees	<u>-</u>	<u>14,070</u>	<u>14,070</u>
Total charges to appropriations	<u>980,197</u>	<u>1,136,850</u>	<u>156,653</u>
Resources over (under) charges to appropriations	(829,797)	109,637	939,434
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>97,661</u>	<u>97,661</u>	<u>-</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (732,136)</u>	<u>\$ 207,298</u>	<u>\$ 939,434</u>

CITY OF WAYNE, NEBRASKA

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

Year ended September 30, 2014

**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>
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 3,907,388	\$ 968,669	\$ 244,323	\$ 1,246,487
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>(50,131)</u>	<u>7,405</u>	<u>-</u>	<u>(45,664)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,857,257</u></u>	<u><u>\$ 976,074</u></u>	<u><u>\$ 244,323</u></u>	<u><u>\$ 1,200,823</u></u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,378,560	\$ 1,206,233	\$ 86,177	\$ 1,136,850
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>97,654</u>	<u>(20,234)</u>	<u>2,916</u>	<u>6,539</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,476,214</u></u>	<u><u>\$ 1,185,999</u></u>	<u><u>\$ 89,093</u></u>	<u><u>\$ 1,143,389</u></u>

SUPPLEMENTARY INFORMATION

CITY OF WAYNE, NEBRASKA

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Community Development	Sales Tax	Wireless 911	E911	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 35,625	\$ 15,603	\$ 51,228
Investments	-	-	60,505	20,169	80,674
Notes receivable	503,931	-	-	-	503,931
Interest receivable	135	65	4	1	205
Restricted assets:					
Cash and cash equivalents	203,942	130,423	-	-	334,365
Investments	453,016	78,600	-	-	531,616
Total assets	\$ 1,161,024	\$ 209,088	\$ 96,134	\$ 35,773	\$ 1,502,019
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other fund	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Restricted for:					
Federal programs	1,161,024	-	-	-	1,161,024
Community Activity Center	-	209,088	-	-	209,088
Assigned for:					
Other purposes	-	-	96,134	35,773	131,907
Total fund balances	1,161,024	209,088	96,134	35,773	1,502,019
Total liabilities and fund balances	\$ 1,161,024	\$ 209,088	\$ 96,134	\$ 35,773	\$ 1,502,019

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	<u>Community Development</u>	<u>Sales Tax</u>	<u>Wireless 911</u>	<u>E911</u>	
REVENUES					
Intergovernmental	\$ 8,957	\$ -	\$ -	\$ -	\$ 8,957
Charges for services	3,000	-	51,507	26,179	80,686
Interest income	13,478	546	428	154	14,606
Total revenues	<u>25,435</u>	<u>546</u>	<u>51,935</u>	<u>26,333</u>	<u>104,249</u>
EXPENDITURES					
General government	11,859	-	-	-	11,859
Public safety	-	-	11,626	6,017	17,643
Total expenditures	<u>11,859</u>	<u>-</u>	<u>11,626</u>	<u>6,017</u>	<u>29,502</u>
Excess of revenues over expenditures	13,576	546	40,309	20,316	74,747
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(14,000)</u>	<u>(34,000)</u>
Net change in fund balance	13,576	546	20,309	6,316	40,747
Fund balances - September 30, 2013	<u>1,147,448</u>	<u>208,542</u>	<u>75,825</u>	<u>29,457</u>	<u>1,461,272</u>
Fund balances - September 30, 2014	<u>\$ 1,161,024</u>	<u>\$ 209,088</u>	<u>\$ 96,134</u>	<u>\$ 35,773</u>	<u>\$ 1,502,019</u>

CITY OF WAYNE, NEBRASKA

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

September 30, 2014

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 128,936	\$ 198,571	\$ 327,507
County treasurer cash	3,431	-	3,431
Receivables:			
Property tax	4,457	-	4,457
Accounts receivable	1,876	-	1,876
Grants receivable	76,969	-	76,969
TIF receivable-current portion	-	143,262	143,262
Fuel inventory	22,123	-	22,123
Prepaid insurance	4,048	-	4,048
Total current assets	<u>241,840</u>	<u>341,833</u>	<u>583,673</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	2,119,898	2,119,898
Note receivable-noncurrent portion	-	180,000	180,000
Capital assets:			
Land	287,776	211,117	498,893
Other capital assets, net of depreciation	7,058,856	-	7,058,856
Net capital assets	<u>7,346,632</u>	<u>211,117</u>	<u>7,557,749</u>
Total noncurrent assets	<u>7,346,632</u>	<u>2,511,015</u>	<u>9,857,647</u>
Total assets	7,588,472	2,852,848	10,441,320
LIABILITIES			
Current liabilities:			
Due to the City of Wayne	1,582	300,000	301,582
Accounts payable	240,979	-	240,979
Accrued interest payable	-	95,211	95,211
Unavailable property tax	3,031	-	3,031
Current portion of long-term debt	25,960	143,262	169,222
Total current liabilities	<u>271,552</u>	<u>538,473</u>	<u>810,025</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	126,076	2,119,898	2,245,974
Total liabilities	<u>397,628</u>	<u>2,658,371</u>	<u>3,055,999</u>
NET POSITION			
Net investment in capital assets	7,194,596	211,117	7,405,713
Unrestricted	(3,752)	(16,640)	(20,392)
Total net position	<u>\$ 7,190,844</u>	<u>\$ 194,477</u>	<u>\$ 7,385,321</u>

CITY OF WAYNE, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the year ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Wayne Municipal Airport:			
Airport	\$ 513,670	\$ 131,938	\$ -
Community Development Agency:			
Economic development	128,943	-	-
Total component units	\$ 642,613	\$ 131,938	\$ -

<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>
\$ 1,939,110	\$ 1,557,378	\$ -	\$ 1,557,378
-	-	(128,943)	(128,943)
<u>\$ 1,939,110</u>	<u>1,557,378</u>	<u>(128,943)</u>	<u>1,428,435</u>
General revenues:			
Taxes:			
Property	101,020	-	101,020
TIF proceeds	-	105,341	105,341
Interest income	363	6	369
Gain (loss) on disposal of assets	(214,975)	111,237	(103,738)
Transfer from City of Wayne	-	211,703	211,703
Total general revenues	<u>(113,592)</u>	<u>428,287</u>	<u>314,695</u>
Change in net position	1,443,786	299,344	1,743,130
Net position - beginning of year	<u>5,747,058</u>	<u>(104,867)</u>	<u>5,642,191</u>
Net position - end of year	<u>\$ 7,190,844</u>	<u>\$ 194,477</u>	<u>\$ 7,385,321</u>

SINGLE AUDIT REPORTS

CITY OF WAYNE, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2014

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u>		
Passed Through Nebraska Department of Roads		
Formula Grants for Other than Urbanized Areas	20.509	\$ 41,882
Passed Through Nebraska Department of Highway Safety		
Alcohol Impaired Driving Countermeasures Grant	20.601	7,000
Passed Through Nebraska Department of Aeronautics		
Airport Improvement Program	20.106	<u>150,000</u>
Total Department of Transportation		198,882
<u>Department of Homeland Security:</u>		
Passed Through Nebraska Emergency Management Agency:		
Disaster Grants - Public Assistance	97.036	386,335 *
Hazard Mitigation Grant	97.039	<u>82,991</u>
Total Department of Homeland Security		469,326
<u>Housing and Urban Development:</u>		
Passed Through Nebraska Department of Economic Development:		
Community Development Block Grants	14.228	6,902
<u>Department of Health and Human Services:</u>		
Passed Through Northeast Nebraska Area Agency		
on Aging:		
Programs for the Aging Cluster:		
Special Programs for the Aging Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	6,613
Nutrition Services Incentive Programs	93.053	10,955
Title III, Part C - Nutrition Services	93.045	<u>21,573</u>
Total Department of Health and Human Services		<u>39,141</u>
Total Federal Awards		<u>\$ 714,251</u>

* Major Program

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

CITY OF WAYNE, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2014

1. A summary of auditors' results:
 - (i) An unmodified opinion was issued on the financial statements of the City of Wayne, Nebraska, as of September 30, 2014.
 - (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The significant deficiency is not reported as a material weakness.
 - (iii) The audit did not disclose any noncompliance which is material to the financial statements of the City of Wayne, Nebraska.
 - (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Wayne, Nebraska.
 - (v) An unmodified opinion was issued on compliance for major programs.
 - (vi) The audit did not disclose any audit findings which we are required to report under §____.510(a).
 - (vii) Major Programs: CFDA #97.036 – Disaster Grants-Public Assistance.
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (ix) The City of Wayne, Nebraska qualified as a low-risk auditee under §____.530.

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

2014-1 Due to a limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

Management's Response – It is impractical to further segregate duties due to the limited number of accounting personnel.

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in §____.510(a).

None

CITY OF WAYNE, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2014

Program

Findings for the year ended September 30, 2013

None noted.