

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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	\$ 384,027	\$ -	\$ -	\$ 384,027	\$ 384,027
Time Deposits	10,911,669	-	-	10,911,669	10,911,669
U.S. Governmental Securities	-	37,000	-	<u>37,000</u>	<u>37,000</u>
				<u>\$ 11,332,696</u>	<u>\$ 11,332,696</u>

Reconciliation to Government-wide Statement of Net Assets:

Primary Government –	
Unrestricted investments	\$ 10,826,389
Restricted investments	385,951
Component Unit –	
Unrestricted investments	-
Restricted investments	-
Agency Funds (not included in government-wide statement)	<u>120,356</u>
	<u>\$ 11,332,696</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

2. Restricted Assets

The restricted assets as of September 30, 2009, 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	\$ 38,540	\$ 167,913	\$ 206,453	\$ -
Investments	<u>177,281</u>	<u>208,670</u>	<u>385,951</u>	<u>-</u>
	<u>\$ 215,821</u>	<u>\$ 376,583</u>	<u>\$ 592,404</u>	<u>\$ -</u>

Restricted cash for governmental activities consists of \$38,540 of General Fund cash revenue for capital projects. Restricted investments for governmental activities consist of \$26,791 of General Fund investments restricted to be used for parks, \$35,039 of General Fund investments restricted to be used for the golf course, and \$115,451 of Sales Tax investments restricted for the Community Activity Center bond reserve.

Restricted business-type assets consist of debt service reserves of \$221,382 for the Electric Fund. The Electric Fund also has \$92,001 restricted for customer deposits and \$27,401 restricted for economic development. The Sewer Fund has \$35,799 restricted for equipment replacement.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of Community Activity Center memberships and other minor receivables. Accounts receivable for the component units consist of a \$40,218 airport grant receivable and other minor receivables. Receivables detail at September 30, 2009, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 16,294	\$ 683,498	\$ 699,792	\$ 40,641
Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net accounts receivable	<u>\$ 16,294</u>	<u>\$ 683,498</u>	<u>\$ 699,792</u>	<u>\$ 40,641</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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, 2009:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2009</u>	<u>Terms</u>
General Fund	Employees of the City of Wayne	\$ 746	0%; payroll deductions for firearms purchases
Community Development Fund	Mines Jewelers	19,836	4%; monthly payments due over 84 months; final balloon payment due 7/20/16
Community Development Fund	Snakey Jakes	7,998	4.375%; monthly payments due over 84 months; matures 3/01/15
Community Development Fund	Wayne Child Care	76,066	4%; monthly payments due over 84 months; final balloon payment due 5/10/15
Community Development Fund	Innovative Protectives	2,689	4%; monthly payments due over 84 months; final balloon payment due 7/01/11
Community Development Fund	Sebade Construction	27,877	5%; monthly payments due over 84 months; final balloon payment due 10/25/09
Community Development Fund	Diamond Center Flowers and Wine	74,366	4%; monthly payments due over 84 months; final balloon payment due 7/13/10
Community Development Fund	Concord Components	110,928	3.625%; monthly payments due over 84 months; final balloon payment due 2/02/10

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2008

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, 2009</u>	<u>Terms</u>
Community Development Fund	Farm to Market Ag Center	14,539	3.75%; monthly payments due over 84 months; final balloon payment due 2/15/09.
Community Development Fund	Claussen & Sons Irrigation	15,982	4%; monthly payments due over 84 months; final balloon payment due 4/29/11
Community Development Fund	Schulz Land Surveying	15,139	4%; monthly payments due over 84 months; final balloon payment due 5/14/11
Community Development Fund	Jeff and Debra Morlok	88,498	4%; monthly payments due over 84 months; final balloon payment due 9/01/11
Community Development Fund	Dianne's Specialty Gifts	31,964	4%; monthly payments due over 84 months; final balloon payment due 3/15/11
Community Development Fund	Sand Creek Post and Beam	16,133	4.25%; monthly payments due over 84 months; final balloon payment due 5/01/12
Community Development Fund	BBL Enterprises, Inc.	20,884	4.25%; monthly payments due over 84 months; final balloon payment due 5/01/12
Community Development Fund	Inspiration Christian Book & Gift	4,630	4%; monthly payments due over 84 months; matures 9/01/12

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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>2009</u>	<u>Terms</u>
Community Development Fund	Felix Industries	43,259	4.25%; monthly payments due over 84 months; matures 7/14/12
Community Development Fund	Udder Delights	18,233	4.5%; monthly payments over 84 months; matures 5/16/14
Community Development Fund	The Max Again	92,753	4.95%; monthly payments due over 84 months; matures 5/25/14
Community Development Fund	9 housing loans	160,330	0%; housing loans; due when property is sold
LB840 Fund	Interactive Impact, Inc.	30,000	0%; forgivable at \$500 per month October 1, 2009, through October 1, 2014
LB840 Fund	Digital Blue, Inc.	30,600	0%; forgivable at \$510 per month October 1, 2009, through October 1, 2014
LB840 Fund	Louis and Javanah Benscoter	36,000	0%; forgivable at \$600 per month October 1, 2009, through October 1, 2014
Internal Service Fund	Employees of the City of Wayne	13,598	0%; payroll deduction for computer/electronic purchases
Total notes receivable		<u>\$ 953,048</u>	
Current portion		\$ 302,126	
Noncurrent portion		<u>650,922</u>	
		<u>\$ 953,048</u>	

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	Balance at October 1, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2009</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 577,677	\$ -	\$ -	\$ -	\$ 577,677
Spec building	189,898	62,399	-	-	252,297
Construction in progress	538,525	571,484	-	(54,891)	1,055,118
Total capital assets not being depreciated	<u>1,306,100</u>	<u>633,883</u>	<u>-</u>	<u>(54,891)</u>	<u>1,885,092</u>
Other capital assets being depreciated:					
Infrastructure	11,180,485	-	-	-	11,180,485
Improvements	1,379,697	38,116	(471,836)	-	945,977
Buildings	9,390,390	25,488	-	54,891	9,470,769
Machinery and equipment	2,171,459	5,660	(118,229)	-	2,058,890
Total other capital assets at historical cost	<u>24,122,031</u>	<u>69,264</u>	<u>(590,065)</u>	<u>54,891</u>	<u>23,656,121</u>
Less accumulated depreciation for:					
Infrastructure	(6,510,251)	(279,687)	-	-	(6,789,938)
Improvements	(729,568)	(39,512)	458,995	-	(310,085)
Buildings	(2,389,046)	(237,486)	-	-	(2,626,532)
Machinery and equipment	(1,511,511)	(138,002)	118,229	-	(1,531,284)
Total accumulated depreciation	<u>(11,140,376)</u>	<u>(694,687) *</u>	<u>577,224</u>	<u>-</u>	<u>(11,257,839)</u>
Other capital assets, net	<u>12,981,655</u>	<u>(625,423)</u>	<u>(12,841)</u>	<u>54,891</u>	<u>12,398,282</u>
Governmental activities capital assets, net	<u>\$ 14,287,755</u>	<u>\$ 8,460</u>	<u>\$(12,841)</u>	<u>\$ -</u>	<u>\$14,283,374</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government	\$ 1,206
Public buildings	51,939
Public safety:	
Fire	68,229
Police	<u>30,519</u>
Total public safety	98,748
Public works:	
Street	322,822
Senior citizens services	2,273
Library	40,681
Recreation:	
Golf	6,937
Parks	39,160
Pool	<u>19,201</u>
Total recreation	65,298
Community Activity Center:	<u>111,720</u>
Total General Fund depreciation expense	\$ <u>694,687</u>

Construction in progress at September 30, 2009, consists of \$2,500 for the Northwest Drainage Project, \$87,674 for the Hiking Trail – Phase II Project, \$36,385 for the 10th Street Project, \$138,968 for the Kardell Street Paving and Drainage Project, and \$789,591 for the Western Ridge Project. See Note D3 for additional details on these projects.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets, continued

	Balance at October 1, <u>2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2009</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 369,751	\$ -	\$ -	\$ -	\$ 369,751
Construction in progress	109,366	419,533	-	(25,070)	503,829
Total capital assets not being depreciated	479,117	419,533	-	(25,070)	873,580
Other capital assets being depreciated:					
Buildings	7,880,063	-	-	-	7,880,063
Distribution systems	10,362,348	621,907	-	25,070	11,009,325
Equipment	4,878,483	62,543	(213,153)	-	4,727,873
Total other capital assets at historical cost	23,120,894	684,450	(213,153)	25,070	23,617,261
Less accumulated depreciation for:					
Buildings	(4,540,036)	(230,437)	-	-	(4,770,473)
Distribution systems	(6,493,518)	(301,992)	-	-	(6,795,510)
Equipment	(4,462,792)	(118,348)	213,152	-	(4,367,988)
Total accumulated depreciation	(15,496,346)	(650,777) *	213,152	-	(15,933,971)
Other capital assets, net	7,624,548	33,673	(1)	25,070	7,683,290
Business-type capital assets, net	<u>\$ 8,103,665</u>	<u>\$ 453,206</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 8,556,870</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 383,770
Water	135,838
Sewer	111,965
Transfer Station	19,204
Total business-type activities depreciation expense	<u>\$ 650,777</u>

Construction in progress at September 30, 2009, consists of \$41,533 of costs incurred for the Electric Fund Metering Project, \$20,600 of costs on the Water Fund Loop Water Main Project, \$27,211 of costs on the Water Fund Well 11, \$35,712 of costs on the Water and Sewer Funds Kardell Industrial Park Project, \$26,759 of costs incurred for the Muhs Acres Water District, \$304,779 of costs on the Water and Sewer Funds Western Ridge Water Line Project, \$21,471 of costs incurred for the Wastewater Treatment Plant, and \$25,764 of costs on the Transfer Station Fund Bank Stabilization Project. See Note D3 for additional detail of the construction in progress at September 30, 2009.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

4. Capital Assets, continued

	<u>Balance at</u> <u>September 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2009</u>
<u>Airport Authority:</u>					
Capital assets not being depreciated:					
Land	\$ 254,347	\$ 27,940	\$ -	\$ 5,489	\$ 287,776
Construction in progress	<u>5,489</u>	<u>44,264</u>	<u>-</u>	<u>(5,489)</u>	<u>44,264</u>
	259,836	72,204	-	-	332,040
Other capital assets being depreciated:					
Buildings	545,412	-	-	-	545,412
Improvements	3,433,281	-	(20)	-	3,433,261
Equipment	<u>169,089</u>	<u>18,073</u>	<u>-</u>	<u>32,719</u>	<u>219,881</u>
Total other capital assets at historical cost	4,147,782	18,073	(20)	32,719	4,198,554
Less accumulated depreciation for:					
Buildings	(189,968)	(12,998)	-	-	(202,966)
Improvements	(2,979,204)	(54,537)	-	-	(3,033,741)
Equipment	<u>(48,129)</u>	<u>(17,569)</u>	<u>-</u>	<u>(32,719)</u>	<u>(98,417)</u>
Total accumulated depreciation	<u>(3,217,301)</u>	<u>(85,104)</u>	<u>-</u>	<u>(32,719)</u>	<u>(3,335,124)</u>
Other capital assets, net	<u>930,481</u>	<u>(67,031)</u>	<u>(20)</u>	<u>-</u>	<u>863,430</u>
Airport Authority capital assets, net	<u>\$ 1,190,317</u>	<u>\$ 5,173</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 1,195,470</u>

Construction in progress of \$44,264 at September 30, 2009, represents costs incurred on the runway 4/22 reconstruction project. See Note D3 for additional details on commitments.

	<u>Balance at</u> <u>September 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>September 30, 2009</u>
<u>Community Development Agency:</u>				
Capital assets not being depreciated:				
Land	\$ <u>325,239</u>	\$ <u>-</u>	\$ <u>(24,047)</u>	\$ <u>301,192</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, 2009

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, 2009:

<u>Type of Debt</u>	<u>Balance October 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2009</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 2,425,000	\$ -	\$ (955,000)	\$ 1,470,000	\$ 170,000
Business-type Activities:					
Bonds payable	\$ 1,905,000	\$ 2,605,000	\$ (1,905,000)	\$ 2,605,000	\$ 235,000
Component Units:					
Airport Authority	\$ 109,974	\$ -	\$ (20,052)	\$ 89,922	\$ 20,052
Community Development Authority	-	325,000	-	325,000	-
Total component unit	\$ 109,974	\$ 325,000	\$ (20,052)	\$ 414,922	\$ 20,052

Governmental Activities

As of September 30, 2009, the governmental long-term liabilities consisted of the following:

Bonds payable:

Public safety bonds - series 2005, with original issue amount of \$630,000. Interest ranges from 3.30 to 4.40 percent with final maturity May 1, 2021. Callable after May 1, 2010. \$ 515,000

General obligation refunding bonds - series 2005, with original issue amount of \$575,000. Interest ranges from 2.90 to 3.80 percent with final maturity June 1, 2013. Callable after May 15, 2010. 255,000

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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

6. Long-term Debt, continued

Governmental Activities, continued

Bonds payable, continued:

Various purpose bonds - series 2006, with original issue amount of \$800,000 issued to finance the Country Club Road, Fairway Estates, and Vintage Hills street projects. Interest ranges from 3.90 to 4.45 percent with final maturity September 15, 2018. Callable after August 15, 2011. 700,000

Total bonds payable \$ 1,470,000

Current portion \$ 170,000

Noncurrent portion 1,300,000

Total \$ 1,470,000

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

Business-type Activities

As of September 30, 2009, 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. \$ 1,535,000

Combined water and sewer revenue bond anticipation notes - series 2009, with original issue amount of \$1,070,000. Interest of 2.25 percent is due semiannually with principal due on February 15, 2012. 1,070,000

Total business-type activity bonds and notes payable \$ 2,605,000

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

6. Long-term Debt, continued

Business-type Activities, continued

Current portion	\$ 235,000
Noncurrent portion	<u>2,370,000</u>
Total	<u>\$ 2,605,000</u>

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. \$ 71,850

Nebraska Department of Aeronautics series 2001 T-Hangar Airport loan, due in monthly installments through December 1, 2011, bearing no interest. 18,072

Total airport notes payable 89,922

Community Development Agency Bond Payable:

Tax increment revenue bond series 2009, with original amount of \$325,000. Interest of 3% is due semiannually 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. 325,000

Total component unit notes and bond payable \$ 414,922

Current portion	\$ 20,052
Noncurrent portion	<u>394,870</u>
Total	<u>\$ 414,922</u>

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

6. Long-term Debt, continued

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2009, are as follows:

Year Ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 170,000	\$ 59,670	\$ 235,000	\$ 60,603	\$ 20,052	\$ -
2011	200,000	53,478	250,000	56,960	52,552	19,500
2012	150,000	46,022	1,325,000	39,922	47,400	8,775
2013	155,000	40,158	260,000	22,020	44,824	7,800
2014	115,000	34,022	265,000	15,390	44,824	6,825
2015-2019	580,000	92,588	270,000	8,235	172,770	19,500
2020-2024	100,000	6,575	-	-	32,500	975
	<u>\$ 1,470,000</u>	<u>\$ 332,513</u>	<u>\$ 2,605,000</u>	<u>\$ 203,130</u>	<u>\$ 414,922</u>	<u>\$ 63,375</u>

7. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Street Fund	\$ -	\$ 203,670
Community Development Fund	-	1,384
Sales Tax Fund	41,835	-
E911	<u>54,308</u>	<u>-</u>
Total General Fund	96,143	205,054
Street Fund:		
General Fund	203,670	-
Capital Projects Fund	72,160	-
Sales Tax Fund	160,743	-
Community Development	<u>117,962</u>	<u>-</u>
Total Street Fund	554,535	-
Capital Projects Fund:		
Street Fund	-	72,160
Sales Tax Fund:		
General Fund	-	41,835
Street Fund	<u>-</u>	<u>160,743</u>
Total Sales Tax Fund	-	202,578

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

7. Interfund Transactions and Balances, continued

Operating transfers, continued:

	<u>Transfers In</u>	<u>Transfers Out</u>
Debt Service Fund:		
Electric Fund	52,023	-
Community Development Fund:		
General Fund	1,384	-
Street Fund	-	117,962
Water Fund	-	51,632
Sewer Fund	-	<u>51,622</u>
	<u>1,384</u>	221,216
E911 Fund:		
General Fund	-	54,308
Electric Fund:		
Debt Service Fund	-	52,023
Water Fund:		
Community Development Fund	51,632	-
Sewer Fund:		
Community Development Fund	<u>51,622</u>	<u>-</u>
Total Interfund Transfers	<u>\$ 807,339</u>	<u>\$ 807,339</u>

Interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
Street	Electric	\$ <u>9,000</u>	Principal of \$8,500 plus interest at 5% is due annually through October 1, 2010.
Airport	General	\$ 109	Non-interest-bearing; will be repaid during year ending September 30, 2010.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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>
Community Development Agency	General	1,295	Non-interest-bearing; will be repaid during year ending September 30, 2010.
Community Development Agency	Electric	10,000	5%; due in five annual payments of \$2,310 through September 1, 2010.
Community Development Agency	Electric	39,973	0%; on demand or upon sale of real estate.
Community Development Agency	Electric	203,455	0%; on demand or upon sale of real estate.
Total		\$ <u>254,832</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% of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. The eligible and covered payroll amounted to \$395,926 for the year ended September 30, 2009. Both the City and the covered employees' required contribution of \$23,803 was made for the year ended September 30, 2009. The employees also contributed \$6,004 to a deferred compensation plan in accordance with Internal Revenue Code Section 457. The employer contributions vest at the following rate: after 4 years of service 40% with an additional 10% every year thereafter until they are fully vested after year 10.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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 1% to the deferred compensation savings plan and that the City contribute 6% of the employee's salary to the plan until such employee becomes eligible for regular retirement, at which time contributions shall cease. The total payroll amounted to \$1,647,807 and the covered payroll amounted to \$1,193,896 for the year ended September 30, 2009. The City and the employees contributed \$70,211 and \$66,163, respectively, for the year ended September 30, 2009.

Other Post-Employment Benefits

The City will provide post-employment health insurance for one employee in accordance with the early retirement agreement. The post-retirement health insurance liability was \$5,485 as of September 30, 2009.

2. Risk Management

Insurance

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City purchases commercial insurance and administers funds for its self-insured health insurance program. Insurance is maintained for the various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; dishonest employees; injuries to employees; and natural disasters. The City has not paid any amounts in excess of the coverage provided by insurance in the last three audit periods. The City is partially self-insured for health insurance claims up to \$5,000 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$5,000 per individual or \$10,000 per family. The maximum out-of-pocket costs would be \$2,400 for the employee and \$7,600 for the City (based on family coverage).

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Insurance, continued

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 \$6,000; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$102,795 is established in an internal service fund at September 30, 2009.

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, 2009, 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:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

<u>Maturities by Month</u>	<u>Amount</u>
November 2009	\$ 78,600
December 2009	778,579
January 2010	2,063,775
February 2010	1,451,686
March 2010	1,626,247
April 2010	501,671
May 2010	600,000
June 2010	1,001,071
July 2010	578,459
August 2010	1,100,000
September 2010	500,000
June 2011	196,000
June 2014	97,000
September 2014	115,081
October 2014	70,000
March 2015	153,500
October 2023	<u>37,000</u>
	\$ <u>10,948,669</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, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the City's investment portfolio.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

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, 2009, the City's investments in certificates of deposit and U.S. Government securities consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank First	\$ 1,318,064
Farmers and Merchants Bank	3,635,906
First National Bank	105,250
State National Bank	4,140,449
Edward Jones	594,000
Ameriprise	155,000
Nebraska Public Agency Investment Trust	<u>1,000,000</u>
	\$ <u>10,948,669</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, 2009.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

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 9/30/2009</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Governmental Fund Projects:				
10 th Street Project - Engineering	\$ 37,965	\$ 36,385	\$ 1,580	Fall 2010
Business-type Activities Projects:				
Loop Water Mains	133,609	20,600	113,009	Spring 2010
Bank Stabilization - Engineering	22,900	9,223	13,677	Spring 2010
Kardell Industrial Park - Sewer Line	180,858	20,159	160,699	Fall 2009
Kardell Industrial Park - Water	358,563	27,211	331,352	Fall 2009
Muhs Acres Water Line	128,442	6,142	122,300	Summer 2010
Wayne Municipal Airport:				
Runway Reconstruct - Engineering	193,800	44,264	149,536	Summer 2010

Lease Commitments

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Pitney Bowes	Postage Meter	7/11/06 – 7/11/11	\$ 258/month
Pitney Bowes	Envelope Stuffer	5/01/05 – 5/01/10	\$ 379/month
De Lage Landen	Copier	10/11/05 – 10/11/10	\$ 394/month
De Lage Landen	Copier-Senior Center	7/06/05 – 7/06/10	\$ 77/month
Dakota Business Systems	Copier-Library	6/10/05 – 6/10/10	\$ 73/month

The City paid rent of \$14,174 under these lease agreements during the year ended September 30, 2009.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

NOTE D – OTHER NOTES, continued

3. Commitments and Contingencies, continued

Lease Commitments, continued

Lease commitments as of September 30, 2009, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2010	\$ 11,755
2011	2,580
2012	-
2013	-
2014	-
	<u>\$ 14,335</u>

Electric Department

The City has an agreement that expires in 2011 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 \$2,927,544 for the year ended September 30, 2009.

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

4. Related-Party Transactions

The Electric, Water, and Sewer Funds remit 7% of gross revenues to the General Fund annually as payments in lieu of taxes. The Electric Fund made payments in the amount of \$476,098, the Water Fund made payments of \$38,234, and the Sewer Fund made payments of \$25,676 for the year ended September 30, 2009.

5. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2009:

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	7/9/02	Use of softball fields, associated parking and restroom facilities, and program equipment
Northeast Nebraska Public Power District	10/26/04	Commitment to provide assistance to restore power after storm damage
Wayne County	5/11/04	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	12/3/02	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
Northeast Nebraska Mutual Aid Assn. and Elkhorn Valley	8/30/05	Insuring the safety of the lives and property of our citizens from fire loss, medical emergencies, and natural disasters

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
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
Nebraska Department of Roads	9/26/06	Engineering and construction services 10th Street
Wayne Community Housing Development Corporation	9/26/06	Use of the north meeting room – rental fee waiver
Nebraska Community Development	8/29/06	CDAA tax credits for summer sports complex
Wayne State College	5/8/07	Contribution to Wayne Volunteer Fire Department in lieu of fine assessment for false alarms
Northeast Nebraska Public Power District	10/26/04	Service area extensions
Wayne County and Golf Club of Wayne		Golf courses maintenance agreement
Northeast Nebraska Economic Development District	11/21/07	Block grant administration
Rural Fire Board		Sharing equipment and facilities
Wayne Combined Softball Association	7/16/08	Loan agreement for purchase of equipment
Wayne Community Housing	4/15/08	Energy Saver Program for cost sharing set aside
Wayne Community Housing	5/15/07	Subrecipient contract for downpayment assistance
Wayne Community Housing	4/01/08	Service/consultant agreement for housing administration

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Nebraska Expressways for Economic Development	6/21/09	Nebraska State Highway Expressway System
Northeast Nebraska Economic Development District	7/01/08	Block grant administration – Downtown Revitalization Phase I
Wayne State College	7/15/08	Rugby field usage
Northeast Nebraska Economic Development District	11/18/08	Block grant administration – Sand Creek Post and Beam
Community Development Agency	02/17/09	Authorization for City to purchase TIF bonds
City of Norfolk	2/17/09	Interlocal agreement with City of Norfolk for building inspection services 2009
Northeast Nebraska Red Cross	4/17/09	Donating a vehicle in lieu of maintaining their office Wayne for 5 years.
Northeast Nebraska Economic Development District	4/21/09	Block grant administration – Downtown Revitalization Phase II
Village of Carroll	5/5/09	Interlocal agreement for municipal water system for Carroll, NE
Wayne Public Schools, Wayne County, Wayne Area Economic Development	5/19/09	Collaboration for the creation of a joint web site
Lower Elkhorn NRD	10/20/09	Multijurisdictional Hazard Mitigation Plan

6. Conduit Debt

In 1998, the Community Development Agency (CDA) issued tax increment revenue bonds in the original amount of \$150,000 for the Wayne East Project. These bonds constitute a limited obligation of the Agency payable exclusively from that portion of the ad valorem real estate taxes mentioned in subdivision (2) of Section 18-2147 R.R.S. Neb. 1943, as levied, collected, and apportioned from year to year with respect to certain real estate located within the “Project Areas.”

These bonds do not constitute an obligation of the City of Wayne, Nebraska, as the City is not liable for the payment thereof from any fund or source including but not limited to tax monies (except for such tax receipts as have been pledged pursuant to Section 18-2150 R.R.S. Neb. 1943). Accordingly, these bonds are not reported as liabilities in the accompanying financial statements.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2009

NOTE D – OTHER NOTES, continued

6. Conduit Debt, continued

As of September 30, 2009, the aggregate amount of conduit debt principal outstanding for the Wayne East Project was \$40,344.

The City entered into two additional redevelopment agreements during the year ended September 30, 2008. Under the first, the developer agrees to create taxable real property with a valuation of \$480,000 no later than January 1, 2010. TIF proceeds on the project will be used to pay \$75,000 of bonds to be issued on October 1, 2008.

The second new redevelopment agreement states the developer will create taxable real property with a valuation of \$7,220,000 (54 homes). TIF proceeds will be used to pay principal on bonds expected to be issued for the project.

7. Union Contracts

The City is subject to the following union contract:

- Wayne Police Employees Fraternal Order of Police #54. This agreement commenced on October 1, 2006, and terminates on December 31, 2009.

8. Subsequent Events

Management has evaluated subsequent events through January 27, 2010, the date on which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

Year ended September 30, 2009

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 611,000	\$ 600,639	\$ (10,361)
Payments in lieu of taxes	690,809	540,898	(149,911)
Sales tax	-	116,343	116,343
Franchise	-	182,695	182,695
Intergovernmental	884,705	421,277	(463,428)
Charges for services	384,775	406,645	21,870
Interest income	24,000	30,262	6,262
Contributions	-	29,416	29,416
Sale of property	-	1	1
Other	24,200	48,712	24,512
	<hr/>	<hr/>	<hr/>
Total resources	2,619,489	2,376,888	(242,601)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	185,504	166,262	(19,242)
Public buildings	143,479	94,578	(48,901)
Public safety	941,962	954,398	12,436
Senior citizens services	219,459	201,201	(18,258)
Library	203,707	196,404	(7,303)
Recreation	296,141	285,936	(10,205)
Community Activity Center	172,511	158,686	(13,825)
Capital outlay	1,798,389	63,604	(1,734,785)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,961,152	2,121,069	(1,840,083)
Resources over (under) charges to appropriations	(1,341,663)	255,819	1,597,482
OTHER FINANCING SOURCES (USES)			
Transfers in	28,000	96,143	68,143
Transfers out	-	(205,054)	(205,054)
Net transfers	28,000	(108,911)	(136,911)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	\$ (1,313,663)	\$ 146,908	\$ 1,460,571
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
STREET FUND**

Year ended September 30, 2009

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 2,200	\$ 2,071	\$ (129)
Motor vehicle	61,000	69,951	8,951
Sales tax	13,000	-	(13,000)
Intergovernmental	1,974,259	396,018	(1,578,241)
Charges for services	1,200	6,610	5,410
Interest income	300	67	(233)
Support from CDA	-	300,000	300,000
Sale of property	-	16,324	16,324
Bond proceeds	600,000	-	(600,000)
Other	-	2,500	2,500
	<hr/>	<hr/>	<hr/>
Total resources	2,651,959	793,541	(1,858,418)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	578,612	394,460	(184,152)
Capital projects	2,568,700	577,144	(1,991,556)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,147,312	971,604	(2,175,708)
Resources over (under) charges to appropriations	(495,353)	(178,063)	317,290
OTHER FINANCING SOURCES (USES)			
Transfers in	261,264	554,535	293,271
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (234,089)</u>	<u>\$ 376,472</u>	<u>\$ 610,561</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL PROJECTS FUND**

Year ended September 30, 2009

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Interest income	\$ 3,000	\$ 1,103	\$ (1,897)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	<u>-</u>	<u>5,307</u>	<u>5,307</u>
Resources over (under) charges to appropriations	3,000	(4,204)	(7,204)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(79,373)</u>	<u>(72,160)</u>	<u>7,213</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (76,373)</u>	<u>\$ (76,364)</u>	<u>\$ 9</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
SALES TAX FUND**

Year ended September 30, 2009

	Budget (Original and Final)	Actual	Variances - Actual Over (Under) Final Budget
RESOURCES (INFLOWS)			
Sales tax	\$ 480,000	\$ 371,052	\$ (108,948)
Interest income	12,465	9,447	(3,018)
Contributions	-	29,741	29,741
	<hr/>	<hr/>	<hr/>
Total resources	492,465	410,240	(82,225)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments on debt	708,000	790,000	82,000
Interest on long-term debt	24,696	26,732	2,036
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	732,696	816,732	84,036
Resources over (under) charges to appropriations	(240,231)	(406,492)	(166,261)
OTHER FINANCING SOURCES (USES)			
Transfers out	(527,441)	(202,578)	324,863
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (767,672)</u>	<u>\$ (609,070)</u>	<u>\$ 158,602</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2009

	Budget (Original and (Final))	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 90,375	\$ 90,519	\$ 144
Payments in lieu of taxes	-	127	127
Special assessments	90,000	134,443	44,443
Interest income	<u>2,500</u>	<u>9,102</u>	<u>6,602</u>
Total resources	182,875	234,191	51,316
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	552,188	165,000	(387,188)
Interest expense	<u>65,548</u>	<u>65,547</u>	<u>(1)</u>
Total charges to appropriations	<u>617,736</u>	<u>230,547</u>	<u>(387,189)</u>
Resources over (under) charges to appropriations	(434,861)	3,644	438,505
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>-</u>	<u>52,023</u>	<u>52,023</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (434,861)</u>	<u>\$ 55,667</u>	<u>\$ 490,528</u>

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

Year ended September 30, 2009

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>Capital Projects Fund</u>	<u>Sales Tax Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:					
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 2,376,888	\$ 793,541	\$ 1,103	\$ 410,240	\$ 234,191
Differences - budget to GAAP:					
Cash to accrual adjustments	<u>87,142</u>	<u>624</u>	<u>(256)</u>	<u>891</u>	<u>(7,142)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,464,030</u>	<u>\$ 794,165</u>	<u>\$ 847</u>	<u>\$ 411,131</u>	<u>\$ 227,049</u>
Uses/outflows of resources:					
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 2,121,069	\$ 971,604	\$ 5,307	\$ 816,732	\$ 230,547
Differences - budget to GAAP:					
Cash to accrual adjustments	<u>(19,352)</u>	<u>6,497</u>	<u>-</u>	<u>(9,265)</u>	<u>(1,480)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 2,101,717</u>	<u>\$ 978,101</u>	<u>\$ 5,307</u>	<u>\$ 807,467</u>	<u>\$ 229,067</u>

OTHER SUPPLEMENTARY INFORMATION

DRAFT

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

September 30, 2009

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Community Development	LB840	E911	
ASSETS				
Cash and cash equivalents	\$ 22,487	\$ 13,925	\$ 15,848	\$ 52,260
Receivables:				
Accounts	3,957	-	-	3,957
Notes	842,104	96,600	-	938,704
Interest	1,471	-	-	1,471
	<u>\$ 870,019</u>	<u>\$ 110,525</u>	<u>\$ 15,848</u>	<u>\$ 996,392</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other fund	\$ -	\$ 96,600	\$ -	\$ 96,600
Fund balances:				
Reserved for:				
Federal programs	870,019	-	-	870,019
Economic development	-	13,925	-	13,925
Unreserved, reported in:				
Special Revenue Funds	-	-	15,848	15,848
Total fund balances	<u>870,019</u>	<u>13,925</u>	<u>15,848</u>	<u>899,792</u>
Total liabilities and fund balances	<u>\$ 870,019</u>	<u>\$ 110,525</u>	<u>\$ 15,848</u>	<u>\$ 996,392</u>

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2009

	Special Revenue Funds			Total Nonmajor
	Community Development	LB840	E911	Governmental Funds
REVENUES				
Sales tax	\$ -	\$ 13,923	\$ -	\$ 13,923
Intergovernmental	578,436	-	-	578,436
Charges for services	-	-	30,713	30,713
Interest income	24,985	2	90	25,077
Total revenues	<u>603,421</u>	<u>13,925</u>	<u>30,803</u>	<u>648,149</u>
EXPENDITURES				
General government	442,672	-	-	442,672
Public safety	-	-	8,880	8,880
Total expenditures	<u>442,672</u>	<u>-</u>	<u>8,880</u>	<u>451,552</u>
Excess of revenues over expenditures	160,749	13,925	21,923	196,597
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(219,832)</u>	<u>-</u>	<u>(54,308)</u>	<u>(274,140)</u>
Net change in fund balances	(59,083)	13,925	(32,385)	(77,543)
Fund balances - September 30, 2008	<u>929,102</u>	<u>-</u>	<u>48,233</u>	<u>977,335</u>
Fund balances - September 30, 2009	<u><u>\$ 870,019</u></u>	<u><u>\$ 13,925</u></u>	<u><u>\$ 15,848</u></u>	<u><u>\$ 899,792</u></u>

CITY OF WAYNE, NEBRASKA

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

September 30, 2008

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 198,668	\$ 94,241	\$ 292,909
County treasurer cash	2,428	-	2,428
Receivables:			
Property tax	1,709	-	1,709
Grants receivable	40,218	-	40,218
Accounts receivable	423	-	423
Prepaid insurance	5,132	-	5,132
Total current assets	<u>248,578</u>	<u>94,241</u>	<u>342,819</u>
Noncurrent assets:			
Capital assets:			
Land	287,776	301,192	588,968
Construction in progress	44,264	-	44,264
Other capital assets, net of depreciation	863,430	-	863,430
Net capital assets	<u>1,195,470</u>	<u>301,192</u>	<u>1,496,662</u>
Total assets	1,444,048	395,433	1,839,481
LIABILITIES			
Current liabilities:			
Due to the City of Wayne	109	254,723	254,832
Accounts payable	15,975	3,263	19,238
Deferred revenue - property tax	872	-	872
Deferred rent revenue	603	-	603
Current portion of long-term debt	20,052	-	20,052
Total current liabilities	<u>37,611</u>	<u>257,986</u>	<u>295,597</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	69,870	325,000	394,870
Total liabilities	<u>107,481</u>	<u>582,986</u>	<u>690,467</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,105,548	-	1,105,548
Unrestricted	231,019	(187,553)	43,466
Total net assets	<u>\$ 1,336,567</u>	<u>\$ (187,553)</u>	<u>\$ 1,149,014</u>

CITY OF WAYNE, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the year ended September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Wayne Municipal Airport:			
Airport	\$ 156,876	\$ 40,454	\$ -
Community Development Agency:			
Economic development	<u>38,454</u>	<u>753</u>	<u>-</u>
Total component units	<u><u>\$ 195,330</u></u>	<u><u>\$ 41,207</u></u>	<u><u>\$ -</u></u>

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<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>		
	<u>Airport Authority</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
\$ 89,866	\$ (26,556)	\$ -	\$ (26,556)
-	-	(37,701)	(37,701)
<u>\$ 89,866</u>	<u>(26,556)</u>	<u>(37,701)</u>	<u>(64,257)</u>
General revenues:			
Taxes:			
Property	70,778	-	70,778
TIF proceeds	-	15,297	15,297
Interest income	1,473	-	1,473
Gain (loss) on disposal of assets	(20)	137,123	137,103
Transfer to the City of Wayne	-	(293,722)	(293,722)
Total general revenues	<u>72,231</u>	<u>(141,302)</u>	<u>(69,071)</u>
Change in net assets	45,675	(179,003)	(133,328)
Net assets - beginning of year	<u>1,290,892</u>	<u>(8,550)</u>	<u>1,282,342</u>
Net assets - end of year	<u>\$ 1,336,567</u>	<u>\$ (187,553)</u>	<u>\$ 1,149,014</u>

SINGLE AUDIT REPORTS

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CITY OF WAYNE, NEBRASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended September 30, 2009

<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		
Highway Planning and Construction	20.205	\$ 6,895
Federal Transit Capital Investment Grants	20.500	23,066
Passed Through Nebraska Department of Aeronautics		
Aviation Research Grants	20.108	<u>64,438</u>
Total Department of Transportation		94,399
<u>Environmental Protection Agency</u>		
Passed Through Nebraska Department of Environmental Quality		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	243,483 *
<u>Department of Health and Human Services</u>		
Passed Through Northeast Nebraska Area Agency on Aging		
Title III, Part C - Nutrition Services	93.045	37,751
<u>Department of Housing and Urban Development</u>		
Passed Through Nebraska Department of Economic Development		
Community Development Block Grants	14.228	<u>295,063 *</u>
Total Federal Awards		<u><u>\$ 670,696</u></u>

* Major Program

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wayne, Nebraska, and is presented on the cash 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*.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of and for the year ended September 30, 2009, which collectively comprise the City of Wayne, Nebraska's basic financial statements and have issued our report thereon dated January 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wayne's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report

financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Wayne's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Wayne in a separate letter dated January 27, 2010.

This report is intended solely for the information and use of management, the State of Nebraska Auditor of Public Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grand Island, Nebraska
January 27, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Wayne, Nebraska, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City of Wayne, Nebraska's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Wayne, Nebraska's management. Our responsibility is to express an opinion on the City of Wayne, Nebraska's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wayne, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Wayne, Nebraska's compliance with those requirements.

In our opinion, the City of Wayne, Nebraska, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City of Wayne, Nebraska, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wayne, Nebraska's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor and City Council, management, the State of Nebraska Auditor of Public Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grand Island, Nebraska
January 27, 2010

CITY OF WAYNE, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2009

1. A summary of auditors' results:

- (i) An unqualified opinion was issued on the financial statements of the City of Wayne, Nebraska, as of September 30, 2009.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "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 disclosed no instances of noncompliance which are material to the financial statements of the City of Wayne, Nebraska.
- (iv) The audit did not disclose any significant deficiencies in the internal control over major programs for the City of Wayne.
- (v) An unqualified opinion was issued on compliance for major programs.
- (vi) The audit did not disclose any audit findings which we are required to report under §____.510(a).
- (vii) Major Programs: CFDA #14.228 – Community Development Block Grants and #66.468 – Capitalization Grants for Drinking Water State Revolving Funds.
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (ix) The City of Wayne, Nebraska, did not qualify as a low-risk auditee under §____.530.

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

Significant Deficiency

2009-1 Incompatible segregation of accounting duties consistent with appropriate control objectives due to the limited number of employees.

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, 2009

Program

Findings for the year ended September 2008

N/A – No Single Audit during year ended September 30, 2008.

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