

**CITY OF WAYNE, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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

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

## **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of September 30, 2016, 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 5-23 and 86-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The nonmajor fund combining statements and the component unit combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2017, on our consideration of the City of Wayne, Nebraska’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wayne, Nebraska’s internal control over financial reporting and compliance.

*Amquist, Malthalm,  
Galloway & Luthi, PC*

Grand Island, Nebraska  
January 11, 2017

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2016**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Wayne, we offer readers of the City of Wayne financial statements this narrative overview and analysis of the financial activities of the City of Wayne for the fiscal year ended September 30, 2016. 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 \$40,738,733 (*net position*). Of this amount, \$12,550,212 (*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 \$20,849,796. Approximately 13.2 percent of this total amount, \$2,757,984, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$335,988, while total fund balance was \$2,484,589.

**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, 2016**

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

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

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

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

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

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

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

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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The City of Wayne adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, LB840, and Debt Service Funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 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 35-85 of this report.

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

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

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

**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 \$40,738,733 at the close of the most recent fiscal year.

**Summary Statements of Net Position**

	September 30, 2016			September 30, 2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 7,153,340	\$ 11,444,756	\$ 18,598,096	\$ 8,165,074	\$ 10,633,623	\$ 18,798,697
Capital Assets	19,867,398	18,313,885	38,181,283	16,998,004	16,473,423	33,471,427
Total Assets	<u>27,020,738</u>	<u>29,758,641</u>	<u>56,779,379</u>	<u>25,163,078</u>	<u>27,107,046</u>	<u>52,270,124</u>
Long-term Liabilities	5,089,792	8,225,939	13,315,731	5,484,422	6,212,004	11,696,426
Other Liabilities	1,081,150	1,643,765	2,724,915	957,890	1,559,314	2,517,204
Total Liabilities	<u>6,170,942</u>	<u>9,869,704</u>	<u>16,040,646</u>	<u>6,442,312</u>	<u>7,771,318</u>	<u>14,213,630</u>
Net Position:						
Net Investment in						
Capital Assets	14,417,398	9,721,541	24,138,939	11,263,004	9,930,091	21,193,095
Restricted	3,674,414	375,168	4,049,582	3,242,969	430,099	3,673,068
Unrestricted	2,757,984	9,792,228	12,550,212	4,214,793	8,975,538	13,190,331
Total Net Position	<u>\$ 20,849,796</u>	<u>\$ 19,888,937</u>	<u>\$ 40,738,733</u>	<u>\$ 18,720,766</u>	<u>\$ 19,335,728</u>	<u>\$ 38,056,494</u>

By far the largest portion of the City of Wayne's net position (59.3 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 (9.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$12,550,212) 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, 2016**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 135,902	\$ 252,893	\$ 327,022	\$ 513,879
Public Safety	272,501	1,080,972	240,486	1,081,305
Public Works	1,050,000	554,161	84,614	472,534
Public Buildings	36,158	80,138	52,333	79,096
Recreation	246,955	296,461	207,901	371,722
Community Activity Center	149,638	298,782	105,121	264,134
Library	15,500	250,377	15,493	265,863
Senior Citizens Services	173,090	231,486	182,139	263,671
Interest	-	158,564	-	103,902
Depreciation	-	983,756	-	964,691
Total	<u>\$ 2,079,744</u>	<u>\$ 4,187,590</u>	<u>\$ 1,215,109</u>	<u>\$ 4,380,797</u>

**Revenues by Source - Governmental Activities**

**SOURCES OF REVENUE**

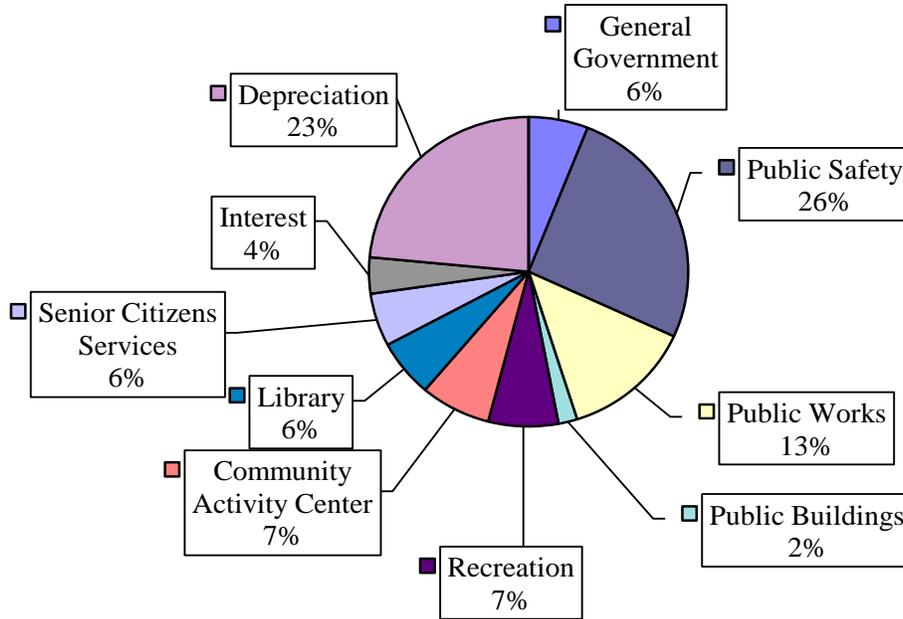
	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
Charges for Services	\$ 650,782	10.30 %	\$ 615,943	11.95 %
Operating Grants and Contributions	831,753	13.17	370,576	7.19
Capital Grants and Contributions	597,209	9.45	228,590	4.44
Property Taxes	799,093	12.65	768,153	14.91
Motor Vehicle Taxes	85,070	1.35	79,638	1.55
Payments in Lieu of Taxes	884,550	14.00	832,315	16.15
Sales Tax	1,045,254	16.55	834,013	16.18
Franchise Taxes	210,460	3.33	198,567	3.85
State Allocation	1,034,087	16.37	939,580	18.23
Special Assessments	-	-	55,864	1.08
Keno Proceeds	6,009	0.10	-	-
Other	4,795	0.08	24,624	0.48
Interest	70,553	1.12	30,524	0.59
Gain on Sale of Assets	59,605	0.94	9,840	0.19
Interfund and CDA Transfers	37,400	0.59	165,309	3.21
Total	<u>\$ 6,316,620</u>	<u>100.00 %</u>	<u>\$ 5,153,536</u>	<u>100.00 %</u>

Net position increased \$2,129,030 in the governmental funds during the year ended September 30, 2016.

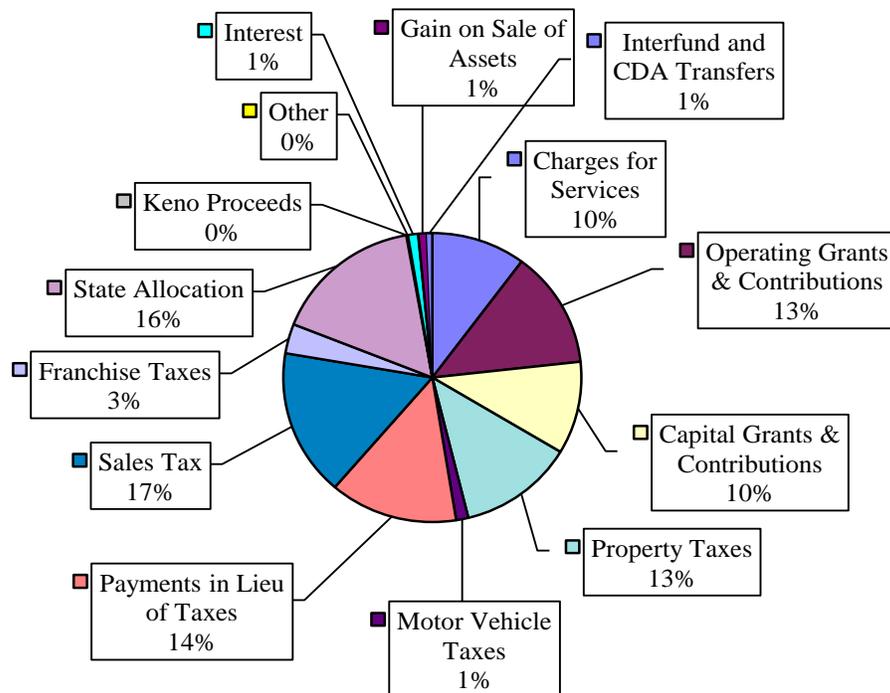
**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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Governmental Activities - 2016 Expenses



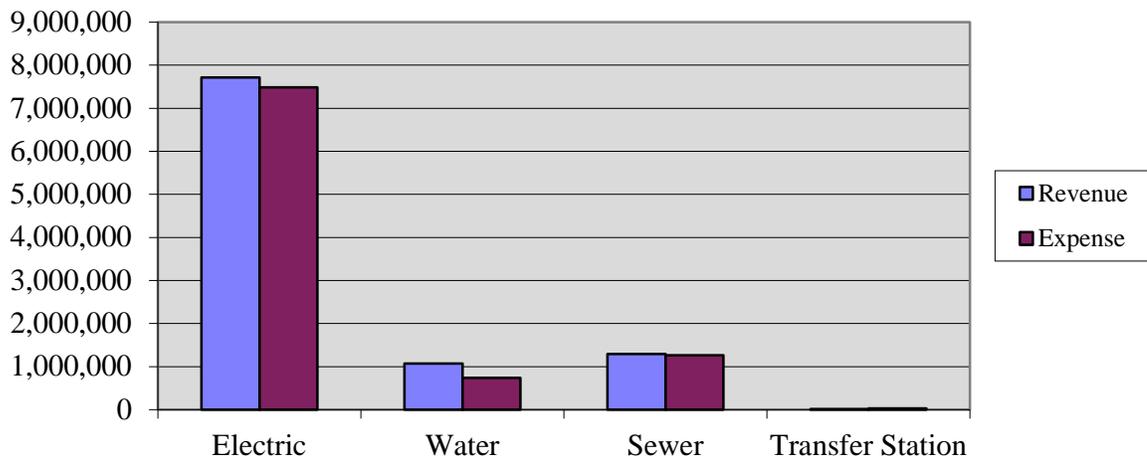
Governmental Activities - 2016 Revenue



**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

**Business-type activities.** Business-type activities increased the City of Wayne's net position by \$553,209 for the year ended September 30, 2016. Key elements of this increase are as follows:

**2016 Expenses and Program Revenues - Business-type Activities**



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

<u>Function</u>	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 7,717,814	\$ 7,485,814	\$ 7,123,445	\$ 7,156,900
Water	1,067,692	738,352	771,825	762,974
Sewer	1,293,902	1,266,165	1,160,422	1,237,016
Transfer Station	13,300	31,255	23,600	28,105
Total	10,092,708	9,521,586	9,079,292	9,184,995
Interfund & CDA Transfer	-	87,237	-	135,309
	<u>\$ 10,092,708</u>	<u>\$ 9,608,823</u>	<u>\$ 9,079,292</u>	<u>\$ 9,320,304</u>

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2016</u>		<u>Year Ended September 30, 2015</u>	
Charges for Services	\$ 9,887,605	98.14 %	\$ 8,933,576	99.03 %
Capital Grants and Contributions	205,103	2.04	145,716	1.61
Interest	69,324	0.69	77,400	0.86
Interfund Transfers	(87,237)	(0.87)	(135,309)	(1.50)
Total	<u>\$ 10,074,795</u>	<u>100.00 %</u>	<u>\$ 9,021,383</u>	<u>100.00 %</u>

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

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

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

As of the end of the current fiscal year, the City of Wayne's governmental funds reported combined ending fund balances of \$6,007,037. Of this amount, \$335,988 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it has already been 1) restricted to pay debt service (\$1,042,341), 2) restricted for Federal loan programs (\$788,418), 3) restricted for park expenditures (\$28,051), 4) restricted for golf course expenditures (\$6,013), 5) restricted for Community Activity Center expenditures (\$156,797), 6) restricted for economic development (\$820,278), 7) restricted for capital projects (\$369,729), 8) restricted for the swimming pool (\$457,675), 9) restricted for community betterment (\$5,112), 10) assigned for budgetary stabilization (\$986,633), 11) committed for capital projects (\$100,500), 12) assigned for street expenditures (\$724,729), or 13) assigned for other purposes (\$184,773).

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 \$335,988, while total fund balance reached \$2,484,589. 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 6.4 percent of total General Fund expenditures, while total fund balance represents 47.0 percent of that same amount.

The fund balance of the City of Wayne's General Fund decreased by \$1,536,836 during the current fiscal year.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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

Unrestricted net position of the proprietary funds at the end of the year were as follows: Electric Fund - \$6,299,532, Water Fund - \$1,531,019, Sewer Fund - \$1,955,084, and Transfer Station – \$6,593. The change in net position for the proprietary funds was as follows: Electric Fund – \$123,828, Water Fund – \$184,407, Sewer Fund - \$262,928, and Transfer Station – decrease of \$(17,954). 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, 2016, amounts to \$38,181,283 (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 hiking trail phase II - \$41,503
- Construction in progress on the CAC parking lot - \$181,746
- Construction in progress on 4<sup>th</sup> Street extension - \$94,382
- Final costs on swimming pool - \$2,182,287
- Final costs on Windom Street - \$867,283 (this includes \$599,068 paid directly by the Nebraska Department of Roads)
- Final costs on Hank Overin grandstand - \$179,716
- Street pickup with Boss snow plow - \$59,803
- Construction in progress on electric inner East/West conversion project - \$40,932
- 2016 electric distribution system improvements - \$158,728
- Ford bucket truck for electric department - \$130,073
- Grainland Road sewer line extension - \$95,313
- Logan Valley subdivision sewer line - \$59,476
- Relocate sewer line - \$65,155
- Final costs on bio solids sludge system - \$1,588,909
- 4<sup>th</sup> Street water line improvements - \$31,758
- Grainland Road water line extensions - \$111,628
- Logan Valley Subdivision water line - \$51,851

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

- North Main Street water line - \$291,704
- Final costs on water tower rehab - \$93,251
- Windom Street water lines - \$91,868

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

	<u>Year Ended September 30, 2016</u>			<u>Year Ended September 30, 2015</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	\$ 379,600	\$ 1,071,192	\$ 691,592	\$ 369,751	\$ 1,061,343
Construction						
in progress	491,555	109,079	600,634	1,259,238	586,236	1,845,474
Infrastructure	7,667,640	-	7,667,640	6,874,634	-	6,874,634
Improvements	4,116,644	-	4,116,644	1,240,910	-	1,240,910
Buildings	5,818,151	11,089,070	16,907,221	5,740,786	9,749,636	15,490,422
Equipment	1,081,816	463,925	1,545,741	1,190,844	343,051	1,533,895
Distribution						
Systems	-	6,272,211	6,272,211	-	5,424,749	5,424,749
Total	<u>\$ 19,867,398</u>	<u>\$ 18,313,885</u>	<u>\$ 38,181,283</u>	<u>\$ 16,998,004</u>	<u>\$ 16,473,423</u>	<u>\$ 33,471,427</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 \$14,042,344. Of this amount, \$2,600,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Wayne's debt represents bonds and notes secured solely by specified revenue sources (i.e., sales tax bonds, revenue bonds and DEQ note payable).

**City of Wayne's Outstanding Debt**

	<u>Year Ended September 30, 2016</u>			<u>Year Ended September 30, 2015</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	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 1,230,000	\$ -	\$ 1,230,000
Sales Tax Revenue						
Bonds	2,850,000	-	2,850,000	2,900,000	-	2,900,000
Highway Allocation						
Bonds	900,000	-	900,000	960,000	-	960,000
Public Safety						
Bonds	600,000	-	600,000	645,000	-	645,000
DEQ Note	-	6,262,344	6,262,344	-	4,863,332	4,863,332
Bond Anticipation						
Notes	-	800,000	800,000	-	-	-
Revenue Bonds	-	1,530,000	1,530,000	-	1,680,000	1,680,000
Total	<u>\$ 5,450,000</u>	<u>\$ 8,592,344</u>	<u>\$ 14,042,344</u>	<u>\$ 5,735,000</u>	<u>\$ 6,543,332</u>	<u>\$ 12,278,332</u>

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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The City of Wayne's total debt increased by \$1,764,012 (14.4 percent) during the current fiscal year, as the City made scheduled principal payments and issued \$800,000 of water bond anticipation notes and drew advances totaling \$1,651,749 on a DEQ sewer note payable.

Additional information on the City of Wayne's long-term debt can be found in Note C6 on pages 65-72 of this report.

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

**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 2016-2017 continues the City's practice of conservative financial planning.

Each year the City Council has a retreat where they discuss short and long term goals for the city. The budget adopted complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. Some of the goals below were completed in 2015-2016 fiscal year and others are in the 2016-2017 budget year.

**COUNCIL GOALS 2016**

Overnight Parking - 1 Month

- 3:30-5:00
- Replacement stickers
- Cul-de-sac snow

Overnight Parking

- On Street
- Voters to decide on any change

Sewer and Electric Rate – 1 Year

- Set up a net metering rate
- Studies – Options at March Meeting

Electric System

- Hold off on AMI system, but continue with AMR
- Transfer money to Phase I Upgrade for Electric Distribution

Country Club – Clubhouse – 1 year

- Trade front nine for clubhouse and parking
- City involved in setting fees, hiring coordinator and subletting
- Tour community centers
- Coordinator for City/Country Club (1 & 2 Weeks Mark)

Senior Center – 1 year

- Spin off to non-profit
- Work with WACAM

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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- Eliminate government involvement in meal program (privatize)
- Cook in-house
- Keep/leave state funding
- Senior Center Board to propose plan

Senior Center

- Fix HVAC

School Stop Light

- Stop Light

7th Street Sidewalk

- North side to Bomgaars

Speed Limit on 7th

- Study underway
- St. Mary's
- School
- WSC
- NDOR prefers to increase it

Ward Voting Representation – 1 year

- 1 per ward – 4 at-large
- 8 wards
- 2 wards

Finance Director/Admin Replacement (1 year)

Wayne County tax to Wakefield School

Energy audits on city buildings (1 year)

1912 Building (1 Year)

- Office Space – City
- Main Floor Council Room
- Historic Renovation
- Elevator not needed
- Swap storage space with theater
- Engineer review of upgrade of 1912
- Cost of prisoner costs (police)
- Transport
- Holding
- Housing

CAC – 1 year

- Milliken Carpet squares for pool hall \$37,000
- Gym curtains \$35,000

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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- Open and closing times - change to same hours year round
- Start 3 & 6 month memberships
- Check Summer Club rates
- One-way traffic through parking
- Paved parking lot
- 24 hour – NEXT WEEK (fee on agenda)

City Rec – 1 Year

- Association Fees \$1,800
- City Services at Overin and Sports Complex
- Rugby Irrigation
- Pay off little storage sheds
- Build one big storage building
- Indoor batting cage
- Association expectations for city staff
- More Summer CAC competition

City Rec

- 1 whole court should always be available for members
- All association team members to be CAC members to play there
- Charge for auditorium use
- Find true overhead cost of rec programs
- Parent and player field before and during season
- “Big Event” WSC group for volunteer hours

Swimming Pool – 1 year

- Sell
- Demo
- Develop

Old Pool – Future Use

- Splash pad
- Ice rink
- Keep basketball court (hoops)
- Use of pool house
- Sand volleyball
- Housing – rental
- Housing – single-family
- Putt-Putt golf
- Clear title
- Rec Board or create Citizen Advisory Committee
- Planning Commission
- Overlay basketball court

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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Lagoon

- T-ball at NE corner
- Soccer Fields
- Public restroom with showers
- 1 more little league field
- 1 more full-sized field
- Industrial use
- Pump sludge in 2016

Lagoon - 1 Year

- Decommission in 2017
- Sell broken concrete
- Keep small 2 acre detention cell – dry
- Plans to gravel 4th Street east to Centennial Road
- Concept road thru lagoon
- Camper pads along Logan Creek
- Leave a portion for recreation lake
- 4,500 foot of chain link fence

Lagoon- 5 Year

Recycling – 1 & 5 year

- New plan for recycling hours and pickup
- Take over Transfer Station
- 24-hour recycling
- Evening hours
- Summer Peaking Control
- Call non-users with AC's

NDOR - State Projects Plan

- Hwy 15 South 3 & 4 lane

ADA – 5 year plan

- Accessible Intersection Plan

Street Lighting

- Schedule to accelerate to LED's (5 year)
- Transition building lighting to LED's (5 year)

Budgets

- Rec
  - All programs break even or end
  - More summer competitive leagues at CAC
  - Association use of CAC
    - Softball players
    - Softball teams

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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- Over-Use of Courts
  - Coming early - staying late

Budgets – 1 Year

- 6 month reports from:
- WAED
- Library
- Senior Center
- Recreation
- Airport

Transfer Station

- Occupation Tax
- Laurel Recycling
  - Where does it go
  - Baled or loose
  - Pay-to-throw

PERSONNEL

The police department needs to hire a dispatcher. We have also advertised for another police officer. Testing will probably take place in January 2017.

Our Public Works, Water & Sewer & Electric Distribution departments are being managed by the City Administrator. The director at the Senior Center is cooking meals in house on Mondays starting the first week of October.

Future loss of institutional knowledge is a concern that council will be looking at hiring replacements for the Finance Director and City Administrator in 2017. The City Administrator will be retiring in July of 2017 and the Finance Director is looking at December 2017. The Library Director may also retire in 2017. Another key person likely to retire is the Power Plant Supervisor. In the next 5 years we have 12% of our full time employees eligible for retirement. In 10 years we have another 15% of our employees eligible for retirement. I have updated most of the procedures manual for the Finance Office. At the Electric Power Plant we have two linemen cross training to help when the power plant is required to run. This cross training is necessary as we may be required to start up the plant with notice from Nebraska Public Power District (NPPD), or when the power provided by NPPD to the city is interrupted. In other areas we are having procedures documented and considering having future retirees be available as a consultant when necessary.

ECONOMY

A shortage of qualified employees continue 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. Hand in hand with this problem is the

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2016**

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shortage of affordable work-force housing.

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

The Wayne City Council continues to support the housing efforts in the community. The housing down payment loan program has assisted five new home owners within the City of Wayne. There are two developers working on houses in the city's Western Ridge subdivision.

There have been many large building projects within the community. The largest is a two year \$13 million dollar project for the hospital. The emergency rooms are now in one location and the new ER has two trauma rooms and three treatment rooms. Continuation of the plans include expanding the OB rooms, updating the dietary area, moving the chapel and many infrastructure issues that need to be updated. The new 4<sup>th</sup> Jug Sports Bar/Restaurant has been open since about April. The Country Club is still planning major renovations to the club house for a convention center. Plans are also underway for an event center featuring Sand Creek Post and Beam architecture.

Concerns about the national, state and local economies will have an impact on our local revenues and rising costs. We continually see increase in our health care premiums due to the Affordable Care Act.

#### GRANTS

Nebraska Department of Roads has taken over the Trail and Underpass grant project and combined it into one project. We have had residents disapprove of the location of the trail in the Northwest quadrant of the city, so steps are being taken to design and obtain the necessary approvals for that project. This process has added additional time to complete the projects.

The CIS phase II grant is for building demolition, owner occupied rehab loans, and the city leverage will be a water project in the Southeast quadrant of the city. The Senior Center continues with the Department of Roads grant to operate the handi-van and the Area Agency on Aging grant to operate the meal program.

A NIFA grant for the update of the Comprehensive Plan and the Housing study update has also been approved. There have been focus meetings and we continue to move forward on this project.

#### CAPITAL PROJECTS

Major projects completed in the city this year include the the repair to the wind damaged grandstand at the baseball park and other improvements at the ball park, construction of the new swimming pool, additional parking lot at the Community Activity Center, 24-hour access to the CAC fitness room, new carpet for the CAC, completion of Windom street, repairs to the 21<sup>st</sup> Street Bridge north of the airport, starting on the Inner east/west conversion, finished painting and repairing the West water standpipe, Water and Sewer extensions to the Logan Valley

**CITY OF WAYNE, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2016**

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subdivision, completion of the bio-solids handling system at the treatment plant, a force main sewer line to the airport water and sewer extensions on Grainland road.

REVENUES

The city has a slight decrease in the total property tax levy requested for city support at \$0.449995 per \$100 of valuation for the upcoming fiscal year. Due to the increased land values, and Wayne Community School losing all state aid, the total tax levy has increased from \$1.925865 to \$1.96 per \$100 of valuation.

Revenues from the City Sales Tax have continued to grow at a larger rate than estimated during the last year. The Citizens Advisory committee has processed several requests for the LB840 plan projects. At this time, they have allocated the majority of the \$3.2 million dollar maximum. Now council needs to?

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 were adjusted and should be sufficient.

The final draw down on the approved state revolving loan (SRF) to finance the Bio-solids press project will be sent in in November 2016.

We will also be looking at borrowing funds to finance the electric projects that have been approved by the city council.

CAPITAL BUDGET 2016-17

- Repair to the garage roof.
- New police car.
- Radio Council upgrades for the police department.
- Police software upgrades.
- Continue setting aside funds for replacement of air packs for the fire department.
- 6' ADA sidewalks in Bressler Park.
- Power Rake.
- Mower replacement.
- Phase II of the City's biking/hiking trail system. 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. We are currently working with the Department of Roads regarding the location of the trail in the North East quadrant of the city. This project is partially funded by general fund dollars previously set aside and also city sales tax dollars.

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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- A field drag has been put into this year's budget to be shared at the softball complex and the baseball field.
- The activity center has budgeted for replacing fitness equipment.
- We have replaced the roof at City Hall and will be using the reserves set aside for the project.
- Funds were put into the budget for renovation of the kitchen at the Senior Center. As we begin the process of cooking in house, the kitchen does not meet the needs for food storage and cleanup.
- From city sales tax we have budgeted the following:
  - i. Auditorium door replacement
  - ii. Upgrades to the Library/Sr Center (carpet, roof, etc.)
  - iii. Membrane roof replacement for Library/Senior Center
  - iv. Rugby/Soccer field improvements
  - v. Air pack set aside
  - vi. CAC parking lot
  - vii. Trail slope stabilization
- New dump box in Public Works Department.
- New mini Excavator split between 4 departments
- Repave Clark Street.
- Funds have been budgeted in Electric, Water and Sewer Admin to renovate the Clerk/Treasurer/Billing's Offices.
- Funds have been budgeted in Electric, Water and Sewer Admin to upgrade our billing software. The Accounting and payroll systems were updated in January and February of 2016.
- No major projects are planned in the Electric Production department.
- Electric Distribution has begun the process of updating street lights with LED lights as directed by council.
- Electric Distribution has budgeted their normal distribution system upgrades.
- Electric Distribution will be using their newly completed system study for specific projects. The study has been completed and they will employ contractors for 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. We will be employing contractors to install the wires or conduit while we do the design, and remainder of the technical aspects of the installations ourselves. (Phase I is for \$1,955,000).
- Electric Distribution budgeted for a line and fault locators (\$20,000).
- Electric distribution replace a 2000 4x4 pickup (\$49,500).
- City planner pickup replaced with an electric car (\$20,000).
- Technology has budgeted \$20,000 for equipment upgrades.
- Water & Sewer Departments are looking to construct a storage building (\$100,000 &

**CITY OF WAYNE, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2016**

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\$150,000).

- Updating the Scada system for the sewer and water systems (\$30,000 and \$10,000).
- During the second year of our Comprehensive Investment & Stabilization (CIS) grant we are working on the Nebraska street water line improvement projects.
- The City will continue updating our lift stations (\$15,000).
- The City will camera sewer lines to locate problem areas in the City sewer system (\$25,000).
- Sewer Lagoon pumping is also budget for this year (\$250,000).
- The airport authority has budgeted for design and construction of the parallel taxiways.
- 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. (\$192,000).

DEBT

The State Revolving Loan for the bio-solids plant will be covered by user fees and final paperwork will be completed in 2016-2017. Due to the size of the Phase I electric project, I have recommended that we bond the project.

AIRPORT

There are currently long term contracts in place for the farm ground, the Airport Manager and the Fixed Base Operator (FBO). There are annual leases on the hangars and there is currently one hangar available for rent. Avgas sales have picked up in the last year.

The current Airport Authority want to promote general aviation so they set their Avgas price at a rate to cover the equipment costs and maintenance. This rate has been lower than most of the airports in the area and has increased traffic at the airport. There seems to be a growing demand for jet fuel too. The board may need to consider how to accommodate those customers.

Becker Flying Service is working with a certified flight instructor to have flight instruction at the Wayne Airport.

COMMUNITY DEVELOPMENT AGENCY

In 2013-14 the council reorganized the Community Development Agency and appointed a Community Redevelopment Authority. The authority continues to learn what their purpose is and how they work with the city council.

**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, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,079,043	\$ 2,200,307	\$ 3,279,350	\$ 433,116
Investments	1,786,946	5,500,419	7,287,365	-
County treasurer cash	29,791	-	29,791	2,328
Receivables:				
Property tax	26,469	-	26,469	2,744
Special assessments	364,983	528,615	893,598	-
Accounts, net of allowance for doubtful accounts	6,652	990,669	997,321	21,242
Unbilled revenue	-	363,081	363,081	-
Grants	18,814	-	18,814	-
Interest	2,044	7,352	9,396	-
Current portion of TIF receivable	-	-	-	210,195
Current portion of notes	197,300	-	197,300	-
Due from other governments	199,081	-	199,081	-
Due (to)/from other funds	(637,000)	637,000	-	-
Due from component units	158	300,000	300,158	-
Prepaid insurance	-	-	-	5,701
Inventory	-	341,665	341,665	1,896
Total current assets	<u>3,074,281</u>	<u>10,869,108</u>	<u>13,943,389</u>	<u>677,222</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,149,826	104,819	1,254,645	-
Restricted investments	1,356,449	470,829	1,827,278	-
Noncurrent TIF receivable	-	-	-	2,085,573
Noncurrent notes receivable	1,572,784	-	1,572,784	110,000
Capital assets:				
Land and construction in progress	1,183,147	488,679	1,671,826	536,757
Other capital assets, net of depreciation	18,684,251	17,825,206	36,509,457	6,490,801
Net capital assets	<u>19,867,398</u>	<u>18,313,885</u>	<u>38,181,283</u>	<u>7,027,558</u>
Total noncurrent assets	<u>23,946,457</u>	<u>18,889,533</u>	<u>42,835,990</u>	<u>9,223,131</u>
<b>Total assets</b>	<u>27,020,738</u>	<u>29,758,641</u>	<u>56,779,379</u>	<u>9,900,353</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	173,211	790,353	963,564	41,694
Accrued expenses	161,719	204,327	366,046	157,780
Customer deposits	20,800	200,480	221,280	-
Due to the City of Wayne	-	-	-	300,158
Unavailable property tax	330,420	-	330,420	1,315
Current portion of long-term obligations	395,000	448,605	843,605	237,093
Total current liabilities	<u>1,081,150</u>	<u>1,643,765</u>	<u>2,724,915</u>	<u>738,040</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	34,792	82,200	116,992	-
Noncurrent portion of long-term obligations	5,055,000	8,143,739	13,198,739	2,198,821
Total noncurrent liabilities	<u>5,089,792</u>	<u>8,225,939</u>	<u>13,315,731</u>	<u>2,198,821</u>
<b>Total liabilities</b>	<u>6,170,942</u>	<u>9,869,704</u>	<u>16,040,646</u>	<u>2,936,861</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,417,398	9,721,541	24,138,939	6,888,312
Restricted for:				
Debt service	1,042,341	375,168	1,417,509	-
Economic development	820,278	-	820,278	-
Federal loan programs	788,418	-	788,418	-
Capital projects	369,729	-	369,729	-
Swimming pool	457,675	-	457,675	-
Community Activity Center	156,797	-	156,797	-
Community betterment	5,112	-	5,112	-
Parks and golf course	34,064	-	34,064	-
Unrestricted	2,757,984	9,792,228	12,550,212	75,180
<b>Total net position</b>	<u>\$ 20,849,796</u>	<u>\$ 19,888,937</u>	<u>\$ 40,738,733</u>	<u>\$ 6,963,492</u>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ 252,893	\$ 105,399	\$ 30,503
Public buildings	80,138	36,158	-
Public safety	1,080,972	218,226	54,275
Public works	554,161	932	599,068
Senior citizens services	231,486	64,159	108,931
Library	250,377	9,000	6,500
Recreation	296,461	67,270	32,476
Community Activity Center	298,782	149,638	-
Interest and related expenses	158,564	-	-
Depreciation - unallocated	983,756	-	-
Total governmental activities	4,187,590	650,782	831,753
<b>Business-type activities:</b>			
Electric	7,485,814	7,709,814	-
Water	738,352	948,977	-
Sewer	1,266,165	1,215,514	-
Transfer Station	31,255	13,300	-
Total business-type activities	9,521,586	9,887,605	-
<b>Total primary government</b>	\$ 13,709,176	\$ 10,538,387	\$ 831,753
<b>Component units:</b>			
Wayne Municipal Airport	\$ 515,398	\$ 183,197	\$ -
Community Development Agency	136,026	-	-
<b>Total component units</b>	\$ 651,424	\$ 183,197	\$ -

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (116,991)		\$ (116,991)	
-	(43,980)		(43,980)	
-	(808,471)		(808,471)	
450,000	495,839		495,839	
-	(58,396)		(58,396)	
-	(234,877)		(234,877)	
147,209	(49,506)		(49,506)	
-	(149,144)		(149,144)	
-	(158,564)		(158,564)	
-	(983,756)		(983,756)	
<u>597,209</u>	<u>(2,107,846)</u>	<u>\$ -</u>	<u>(2,107,846)</u>	
8,000	-	232,000	232,000	
118,715	-	329,340	329,340	
78,388	-	27,737	27,737	
-	-	(17,955)	(17,955)	
<u>205,103</u>	<u>-</u>	<u>571,122</u>	<u>571,122</u>	
<u>\$ 802,312</u>	<u>(2,107,846)</u>	<u>571,122</u>	<u>(1,536,724)</u>	
\$ -				\$ (332,201)
-				(136,026)
<u>\$ -</u>				<u>(468,227)</u>
General revenues:				
Taxes:				
Property	799,093	-	799,093	82,335
Motor vehicle	85,070	-	85,070	-
Payments in lieu of taxes	884,550	-	884,550	-
Sales tax	1,045,254	-	1,045,254	-
Franchise	210,460	-	210,460	-
TIF proceeds	-	-	-	111,606
State allocation	1,034,087	-	1,034,087	-
Keno proceeds	6,009	-	6,009	-
Miscellaneous	4,795	-	4,795	75
Interest income	70,553	69,324	139,877	617
Gain on sale of assets	59,605	-	59,605	7,024
Transfer between City and CDA	50,000	(99,837)	(49,837)	49,837
Interfund transfers	(12,600)	12,600	-	-
Total general revenues	<u>4,236,876</u>	<u>(17,913)</u>	<u>4,218,963</u>	<u>251,494</u>
Change in net position	<u>2,129,030</u>	<u>553,209</u>	<u>2,682,239</u>	<u>(216,733)</u>
Net position - September 30, 2015	<u>18,720,766</u>	<u>19,335,728</u>	<u>38,056,494</u>	<u>7,180,225</u>
Net position - September 30, 2016	<u>\$ 20,849,796</u>	<u>\$ 19,888,937</u>	<u>\$ 40,738,733</u>	<u>\$ 6,963,492</u>

**CITY OF WAYNE, NEBRASKA**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

**September 30, 2016**

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 556,391	\$ 348,451	\$ -	\$ -	\$ 103,123	\$ 1,007,965
Investments	896,612	405,906	-	-	81,645	1,384,163
County treasurer cash	19,882	7,010	-	2,899	-	29,791
Receivables:						
Special assessments	-	-	-	364,983	-	364,983
Accounts, net of allowance for doubtful accounts	6,572	80	-	-	-	6,652
Grants	14,674	-	-	-	4,140	18,814
Notes receivable	-	-	1,392,398	-	377,686	1,770,084
Interest	608	303	-	669	172	1,752
Property tax	23,108	-	-	3,361	-	26,469
Due from other governments	199,081	-	-	-	-	199,081
Due from component units	158	-	-	-	-	158
Restricted assets:						
Cash	878,819	-	65,815	47,917	157,275	1,149,826
Investments	182,649	-	-	762,741	411,059	1,356,449
<b>Total assets</b>	<b>\$ 2,778,554</b>	<b>\$ 761,750</b>	<b>\$ 1,458,213</b>	<b>\$ 1,182,570</b>	<b>\$ 1,135,100</b>	<b>\$ 7,316,187</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 151,942	\$ 7,269	\$ -	\$ -	\$ -	\$ 159,211
Accrued expenses	109,616	29,752	935	21,416	-	161,719
Customer deposits	20,800	-	-	-	-	20,800
Due to other funds	-	-	637,000	-	-	637,000
Unavailable property tax	11,607	-	-	318,813	-	330,420
<b>Total liabilities</b>	<b>293,965</b>	<b>37,021</b>	<b>637,935</b>	<b>340,229</b>	<b>-</b>	<b>1,309,150</b>
Fund balances:						
Restricted for:						
Debt service	200,000	-	-	842,341	-	1,042,341
Capital projects	369,729	-	-	-	-	369,729
Swimming pool	457,675	-	-	-	-	457,675
Community Activity Center	-	-	-	-	156,797	156,797
Community betterment	-	-	-	-	5,112	5,112
Federal programs	-	-	-	-	788,418	788,418
Economic development	-	-	820,278	-	-	820,278
Parks	28,051	-	-	-	-	28,051
Golf course	6,013	-	-	-	-	6,013
Committed for:						
Capital projects	100,500	-	-	-	-	100,500
Assigned for:						
Budgetary stabilization	986,633	-	-	-	-	986,633
Street expenditures	-	724,729	-	-	-	724,729
Other purposes	-	-	-	-	184,773	184,773
Unassigned	335,988	-	-	-	-	335,988
<b>Total fund balances</b>	<b>2,484,589</b>	<b>724,729</b>	<b>820,278</b>	<b>842,341</b>	<b>1,135,100</b>	<b>6,007,037</b>
<b>Total liabilities and         fund balances</b>	<b>\$ 2,778,554</b>	<b>\$ 761,750</b>	<b>\$ 1,458,213</b>	<b>\$ 1,182,570</b>	<b>\$ 1,135,100</b>	<b>\$ 7,316,187</b>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

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

**September 30, 2016**

<b>Total fund balances - governmental funds</b>		<b>\$ 6,007,037</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$36,403,514, and the accumulated depreciation is \$16,536,116.		19,867,398
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.		460,153
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	\$ (34,792)	
Bonds payable	<u>(5,450,000)</u>	<u>(5,484,792)</u>
<b>Total net position - governmental activities</b>		<b><u><u>\$ 20,849,796</u></u></b>

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2016**

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes:						
Property	\$ 696,541	\$ 1,202	\$ -	\$ 101,350	\$ -	\$ 799,093
Motor vehicle	-	85,070	-	-	-	85,070
Payments in lieu of taxes	884,322	-	-	228	-	884,550
Sales tax	690,979	111,948	242,327	-	-	1,045,254
Franchise	210,460	-	-	-	-	210,460
Intergovernmental	574,515	1,101,603	-	-	30,503	1,706,621
Charges for services	570,735	932	-	-	75,751	647,418
Keno proceeds	-	-	-	-	6,009	6,009
Interest income	8,202	1,811	14,810	35,410	7,747	67,980
Contributions	125,399	-	-	-	-	125,399
Sale of property	900	58,705	-	-	-	59,605
Insurance proceeds	61,558	-	-	-	-	61,558
Other income	4,035	-	-	-	-	4,035
Total revenues	<u>3,827,646</u>	<u>1,361,271</u>	<u>257,137</u>	<u>136,988</u>	<u>120,010</u>	<u>5,703,052</u>
<b>EXPENDITURES</b>						
General government	227,734	-	28,724	-	53,691	310,149
Public buildings	80,138	-	-	-	-	80,138
Public safety	1,067,531	-	-	-	13,440	1,080,971
Public works	-	554,137	-	-	-	554,137
Senior citizens services	231,486	-	-	-	-	231,486
Library	250,377	-	-	-	-	250,377
Recreation	295,563	-	-	-	897	296,460
Community Activity Center	295,552	-	-	-	3,230	298,782
Capital outlay	2,698,894	484,147	-	-	46,514	3,229,555
Principal payments on debt	50,000	-	-	235,000	-	285,000
Interest on long-term debt	87,046	-	24,704	71,518	-	183,268
Total expenditures	<u>5,284,321</u>	<u>1,038,284</u>	<u>53,428</u>	<u>306,518</u>	<u>117,772</u>	<u>6,800,323</u>
<b>Excess (deficiency) of     revenues over expenditures</b>	(1,456,675)	322,987	203,709	(169,530)	2,238	(1,097,271)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	233,639	200,000	-	101,200	-	534,839
Transfers out	<u>(313,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,639)</u>	<u>(547,439)</u>
Net transfers	<u>(80,161)</u>	<u>200,000</u>	<u>-</u>	<u>101,200</u>	<u>(233,639)</u>	<u>(12,600)</u>
<b>Net change in fund balances</b>	(1,536,836)	522,987	203,709	(68,330)	(231,401)	(1,109,871)
Fund balances - September 30, 2015	<u>4,021,425</u>	<u>201,742</u>	<u>616,569</u>	<u>910,671</u>	<u>1,366,501</u>	<u>7,116,908</u>
Fund balances - September 30, 2016	<u>\$ 2,484,589</u>	<u>\$ 724,729</u>	<u>\$ 820,278</u>	<u>\$ 842,341</u>	<u>\$ 1,135,100</u>	<u>\$ 6,007,037</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, 2016**

**Total net change in fund balances - governmental funds** \$ (1,109,871)

Amounts reported for *governmental activities* 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 (\$3,853,150) exceeded depreciation expense (\$983,756) during the period. State grants funded \$623,595 of the capital additions.

2,869,394

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.

84,877

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.

(370)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

285,000

**Change in net position of governmental activities**

\$ 2,129,030

See notes to financial statements.

**CITY OF WAYNE, NEBRASKA**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
**September 30, 2016**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 955,482	\$ 914,074
Investments	3,698,193	579,310
Receivables:		
Accounts, net of allowance for doubtful accounts	791,123	85,553
Unbilled revenue	271,154	38,351
Special assessments	-	148,250
Interest	6,111	432
Due from other funds	637,000	51,601
Due from Community Development Agency	300,000	-
Inventory	300,779	40,886
Total current assets	6,959,842	1,858,457
Noncurrent assets:		
Restricted cash and cash equivalents	104,819	-
Restricted investments	470,829	-
Capital assets:		
Land	129,517	143,650
Construction in progress	40,932	30,174
Distribution systems	5,848,529	6,284,140
Buildings	8,126,879	141,152
Equipment	3,655,768	562,870
Less accumulated depreciation	(11,636,952)	(4,340,812)
Net capital assets	6,164,673	2,821,174
Total noncurrent assets	6,740,321	2,821,174
Total assets	13,700,163	4,679,631
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	466,505	291,650
Customer deposits	200,480	-
Accrued interest payable	9,546	6,826
Other accrued expenses	120,186	19,800
Due to other funds	-	-
Current portion of long-term obligations	150,000	34,631
Total current liabilities	946,717	352,907
Noncurrent liabilities:		
Compensated absences - noncurrent	64,073	9,162
Noncurrent portion of long-term obligations	1,380,000	1,364,429
Total noncurrent liabilities	1,444,073	1,373,591
Total liabilities	2,390,790	1,726,498
<b>NET POSITION</b>		
Net investment in capital assets	4,634,673	1,422,114
Restricted for:		
Debt service	375,168	-
Unrestricted	6,299,532	1,531,019
Total net position	\$ 11,309,373	\$ 2,953,133

See notes to financial statements.

Enterprise Funds				Internal
Sewer Fund	Transfer Station	Eliminations	Total	Service Fund
\$ 324,658	\$ 6,093	\$ -	\$ 2,200,307	\$ 71,078
1,222,916	-	-	5,500,419	402,783
113,493	500	-	990,669	-
53,576	-	-	363,081	-
380,365	-	-	528,615	-
809	-	-	7,352	292
-	-	(51,601)	637,000	-
-	-	-	300,000	-
-	-	-	341,665	-
<u>2,095,817</u>	<u>6,593</u>	<u>(51,601)</u>	<u>10,869,108</u>	<u>474,153</u>
-	-	-	104,819	-
-	-	-	470,829	-
65,252	41,181	-	379,600	-
37,973	-	-	109,079	-
3,578,177	-	-	15,710,846	-
9,616,184	606,685	-	18,490,900	-
476,161	25,953	-	4,720,752	-
(4,698,016)	(421,512)	-	(21,097,292)	-
<u>9,075,731</u>	<u>252,307</u>	<u>-</u>	<u>18,313,885</u>	<u>-</u>
<u>9,075,731</u>	<u>252,307</u>	<u>-</u>	<u>18,889,533</u>	<u>-</u>
11,171,548	258,900	(51,601)	29,758,641	474,153
32,198	-	-	790,353	14,000
-	-	-	200,480	-
28,178	-	-	44,550	-
19,791	-	-	159,777	-
51,601	-	(51,601)	-	-
263,974	-	-	448,605	-
<u>395,742</u>	<u>-</u>	<u>(51,601)</u>	<u>1,643,765</u>	<u>14,000</u>
8,965	-	-	82,200	-
5,399,310	-	-	8,143,739	-
<u>5,408,275</u>	<u>-</u>	<u>-</u>	<u>8,225,939</u>	<u>-</u>
<u>5,804,017</u>	<u>-</u>	<u>(51,601)</u>	<u>9,869,704</u>	<u>14,000</u>
3,412,447	252,307	-	9,721,541	-
-	-	-	375,168	-
1,955,084	6,593	-	9,792,228	460,153
<u>\$ 5,367,531</u>	<u>\$ 258,900</u>	<u>\$ -</u>	<u>\$ 19,888,937</u>	<u>\$ 460,153</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2016**

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
<b>Operating revenues:</b>						
User charges	\$ 7,639,600	\$ 945,795	\$ 1,215,326	\$ 800	\$ 9,801,521	\$ -
Health insurance premiums	-	-	-	-	-	488,424
Other revenue	70,214	3,182	188	12,500	86,084	-
Total operating revenues	<u>7,709,814</u>	<u>948,977</u>	<u>1,215,514</u>	<u>13,300</u>	<u>9,887,605</u>	<u>488,424</u>
<b>Operating expenses:</b>						
Cost of power	4,201,920	-	-	-	4,201,920	-
Personnel	1,260,500	218,237	205,628	4	1,684,369	-
Contract services	28,943	94,244	298,153	-	421,340	-
Commodities	810,916	122,720	169,352	9,119	1,112,107	-
Payments in lieu of taxes	654,885	67,893	91,045	-	813,823	-
Insurance claims and health premiums	-	-	-	-	-	406,119
Depreciation	495,017	201,212	366,732	22,132	1,085,093	-
Total operating expenses	<u>7,452,181</u>	<u>704,306</u>	<u>1,130,910</u>	<u>31,255</u>	<u>9,318,652</u>	<u>406,119</u>
Operating income (loss)	257,633	244,671	84,604	(17,955)	568,953	82,305
<b>Nonoperating revenues (expenses):</b>						
Interest income	54,065	5,067	10,191	1	69,324	2,572
Grant revenue	8,000	-	-	-	8,000	-
Special assessments	-	118,715	78,388	-	197,103	-
Interest expense	(33,633)	(15,625)	(88,799)	-	(138,057)	-
Loan administration fees	-	(18,421)	(46,456)	-	(64,877)	-
Total nonoperating revenues (expenses)	<u>28,432</u>	<u>89,736</u>	<u>(46,676)</u>	<u>1</u>	<u>71,493</u>	<u>2,572</u>
Income (loss) before interfund transfers	286,065	334,407	37,928	(17,954)	640,446	84,877
<b>Interfund transfers:</b>						
Transfer to Community Development Agency	(99,837)	-	-	-	(99,837)	-
Transfer from (to) other funds	<u>(62,400)</u>	<u>(150,000)</u>	<u>225,000</u>	<u>-</u>	<u>12,600</u>	<u>-</u>
<b>Change in net position</b>	123,828	184,407	262,928	(17,954)	553,209	84,877
Net position - September 30, 2015	<u>11,185,545</u>	<u>2,768,726</u>	<u>5,104,603</u>	<u>276,854</u>	<u>19,335,728</u>	<u>375,276</u>
Net position - September 30, 2016	<u>\$ 11,309,373</u>	<u>\$ 2,953,133</u>	<u>\$ 5,367,531</u>	<u>\$ 258,900</u>	<u>\$ 19,888,937</u>	<u>\$ 460,153</u>

See notes to financial statements.

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

**For the year ended September 30, 2016**

	Enterprise Funds	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 7,640,496	\$ 955,576
Receipts from other funds	-	-
Payments to suppliers	(5,680,280)	(303,907)
Payments to employees	(1,221,437)	(216,324)
Net cash provided by operating activities	738,779	435,345
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer to Community Development Agency	(99,837)	-
Transfers (to) from other funds	(62,400)	(150,000)
Net cash provided (used) by noncapital financing activities	(162,237)	(150,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of property and equipment	(371,248)	(609,602)
Proceeds from sale of capital assets	-	225
Grant proceeds	325,270	806
Special assessments received	-	98,302
Proceeds from the issuance of long-term debt	-	800,000
Principal payments on capital debt	(150,000)	(33,948)
Interest paid on capital debt	(34,005)	(12,492)
Loan administration fees	-	(18,421)
Net cash used by capital and related financing activities	(229,983)	224,870
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
(Increase) decrease in investments	(283,910)	595,507
(Increase) decrease in due from/to other funds	225,000	(51,601)
Interest received	52,144	5,438
Net cash provided (used) by investing activities	(6,766)	549,344
Increase (decrease) in cash and cash equivalents	339,793	1,059,559
Cash and cash equivalents - beginning of the year	720,508	(145,485)
Cash and cash equivalents - end of the year	\$ 1,060,301	\$ 914,074
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents	\$ 955,482	\$ 914,074
Restricted cash and cash equivalents	104,819	-
Total cash and cash equivalents	\$ 1,060,301	\$ 914,074

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,200,599	\$ 13,300	\$ 9,809,971	\$ -
-	-	-	489,506
(557,329)	(9,119)	(6,550,635)	(406,619)
(202,505)	(4)	(1,640,270)	-
<u>440,765</u>	<u>4,177</u>	<u>1,619,066</u>	<u>82,887</u>
-	-	(99,837)	-
225,000	-	12,600	-
<u>225,000</u>	<u>-</u>	<u>(87,237)</u>	<u>-</u>
(1,986,077)	-	(2,966,927)	-
258	-	483	-
100,000	-	426,076	-
(14,942)	-	83,360	-
1,651,749	-	2,451,749	-
(218,789)	-	(402,737)	-
(85,298)	-	(131,795)	-
(46,456)	-	(64,877)	-
<u>(599,555)</u>	<u>-</u>	<u>(604,668)</u>	<u>-</u>
(7,534)	-	304,063	(302,262)
51,601	-	225,000	-
10,185	1	67,768	2,422
<u>54,252</u>	<u>1</u>	<u>596,831</u>	<u>(299,840)</u>
120,462	4,178	1,523,992	(216,953)
<u>204,196</u>	<u>1,915</u>	<u>781,134</u>	<u>288,031</u>
<u>\$ 324,658</u>	<u>\$ 6,093</u>	<u>\$ 2,305,126</u>	<u>\$ 71,078</u>
\$ 324,658	\$ 6,093	\$ 2,200,307	\$ 71,078
-	-	104,819	-
<u>\$ 324,658</u>	<u>\$ 6,093</u>	<u>\$ 2,305,126</u>	<u>\$ 71,078</u>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2016**

	<u>Enterprise Funds</u>	
	<u>Electric Fund</u>	<u>Water Fund</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 257,633	\$ 244,671
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	495,017	201,212
Change in assets and liabilities:		
Accounts receivable	(80,823)	6,599
Inventories	(14,997)	(14,845)
Accounts payable	31,381	(4,205)
Customer deposits	11,505	-
Accrued expenses	39,063	1,913
Net cash provided by operating activities	<u>\$ 738,779</u>	<u>\$ 435,345</u>

See notes to financial statements.

<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
<u>Sewer Fund</u>	<u>Transfer Station</u>		<u>Total</u>	
\$ 84,604	\$ (17,955)		\$ 568,953	\$ 82,305
366,732	22,132		1,085,093	-
(14,915)	-		(89,139)	1,082
-	-		(29,842)	-
1,221	-		28,397	(500)
-	-		11,505	-
3,123	-		44,099	-
<u>\$ 440,765</u>	<u>\$ 4,177</u>		<u>\$ 1,619,066</u>	<u>\$ 82,887</u>

**CITY OF WAYNE, NEBRASKA**

**STATEMENT OF NET POSITION - FIDUCIARY FUND**

**September 30, 2016**

	Agency Fund
<b>ASSETS</b>	
Cash	\$ 83,598
Investments	52,544
Sales tax receivable	46,657
Other receivables	833
Total assets	<u>\$ 183,632</u>
<b>LIABILITIES</b>	
Agency liabilities	<u>\$ 183,632</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, 2016**

**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, 2016**

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

**1. Financial Reporting Entity, continued**

**Blended Component Units**

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

**Discretely Presented Component Units**

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

	<u>Brief Description of Activities and Relationship to the City:</u>
Wayne Municipal Airport	Established to provide for the operation of the Wayne Airport. The five-member board is elected by the general public. The component unit information was obtained from financial statements which can be obtained by contacting the Wayne Municipal Airport.
Community Development Agency	Established to promote economic development in the City of Wayne. The City Council comprises the board of the CDA.

**2. Basis of Presentation**

**Government-wide Financial Statements**

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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, 2016**

**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, 2016**

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

**2. Basis of Presentation, continued**

**Fiduciary Funds (not included in government-wide statements)**

*Agency Funds*

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

**Major and Nonmajor Funds**

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

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

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

**2. Basis of Presentation, continued**

**Major and Nonmajor 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.
Keno	Accounts for keno funds held for community betterment.
Internal Service:	
Insurance	Accounts for the health insurance for all governmental and business-type City operations.

**3. Measurement Focus and Basis of Accounting**

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

**Measurement Focus**

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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, 2016**

**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, 2016**

**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>199,081</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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

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

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

**Sales and Use Tax**

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

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

**Property Taxes**

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

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

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

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

**Property Taxes, continued**

Property taxes levied for 2015-2016 are recorded as revenue when expected to be collected within 60 days after September 30, 2016. Prior-year levies were recorded using these same principles, and remaining receivables are re-evaluated annually. Property taxes expected to be collected after 60 days are recorded as deferred revenue on the fund balance sheets.

The City-owned electric, water, and sewer utilities make payments in lieu of taxes (10.5 percent of gross revenues for electric, 9 percent of gross revenues for water, and 7 percent of gross revenues for sewer).

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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, 2016**

**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, 2016**

**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, 2016. The categories of collateral are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

**1. Cash and Investments, continued**

**Deposits, continued**

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and money market accounts	\$ 5,145,695	\$ 701,014	\$ 4,444,681	\$ -	\$ <u>5,050,709</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 3,279,350
Restricted cash and cash equivalents	1,254,645
Component Unit –	
Unrestricted cash and cash equivalents	433,116
Agency Fund Cash (not included in government-wide statement)	<u>83,598</u>
	<u>\$ 5,050,709</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, 2016. The categories of investments are defined as follows:

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

**1. Cash and Investments, continued**

**Investments, continued**

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

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

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

<b><u>Type of Investment</u></b>	<b>Category <u>1</u></b>	<b>Category <u>2</u></b>	<b>Category <u>3</u></b>	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
Money Market	\$ 793,094	\$ -	\$ -	\$ 793,094	\$ 793,094
Time Deposits	8,374,093	-	-	<u>8,374,093</u>	<u>8,374,093</u>
				<u>\$ 9,167,187</u>	<u>\$ 9,167,187</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted investments	\$ 7,287,365
Restricted investments	1,827,278
Agency Funds (not included in government-wide statement)	<u>52,544</u>
	<u>\$ 9,167,187</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

**2. Restricted Assets**

The restricted assets as of September 30, 2016, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Type of Restricted Assets:				
Cash and cash equivalents	\$ 1,149,826	\$ 104,819	\$ 1,254,645	\$ -
Investments	<u>1,356,449</u>	<u>470,829</u>	<u>1,827,278</u>	<u>-</u>
	<u>\$ 2,506,275</u>	<u>\$ 575,648</u>	<u>\$ 3,081,923</u>	<u>\$ -</u>

Restricted cash for governmental activities consists of \$200,000 of General Fund cash restricted for pool debt service, \$369,729 of General Fund cash restricted for capital projects, \$309,090 of General Fund cash restricted for the swimming pool, \$77,764 of Sales Tax cash restricted for Community Activity Center, \$47,917 of Debt Service cash restricted for debt service, \$74,399 of Community Development cash restricted for Federal programs, \$65,815 of LB840 cash restricted for economic development, and \$5,112 of Keno cash restricted for community betterment. Restricted investments for governmental activities consist of \$28,051 of General Fund investments restricted to be used for parks, \$6,013 of General Fund investments restricted to be used for the golf course, \$148,585 of General Fund investments restricted for the swimming pool, \$78,955 of Sales Tax investments restricted for Community Activity Center, \$762,741 of Debt Service investments restricted for debt service, and \$332,104 of Community Development investments restricted for Federal programs.

Restricted business-type assets consist of debt service reserves of \$375,168 for the Electric Fund. The Electric Fund also has \$200,480 restricted for customer deposits.

**3. Accounts and Notes Receivable**

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of Community Activity Center utilities and other minor receivables. Accounts receivable for the component units consist of minor receivables. Receivables detail at September 30, 2016, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 7,226	\$ 1,003,850	\$ 1,011,076	\$ 21,242
Allowance for doubtful accounts	<u>( 574)</u>	<u>( 13,181)</u>	<u>( 13,755)</u>	<u>-</u>
Net accounts receivable	<u>\$ 6,652</u>	<u>\$ 990,669</u>	<u>\$ 997,321</u>	<u>\$ 21,242</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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, 2016:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2016</u>	<u>Terms</u>
Community Development Fund	Sand Creek Post and Beam	\$ 70,000	0%; monthly payments due over 120 months; final balloon payment due 1/02/20
Community Development Fund	Wayne Hospitality Group	97,087	3.125%; annual payments due over 15 years; final payment due 12/1/26
Community Development Fund	Udder Delights	10,377	4.5%; monthly payments over 96 months; matures 8/25/22
Community Development Fund	Miss Molly's	41,288	2.75%; monthly payments due over 84 months; final balloon payment due May 1, 2019
Community Development Fund	8 housing loans	158,934	0%; housing loans; due when property is sold
LB840 Fund	Miss Molly's	6,000	0%; forgivable at \$6,000 per year July 12, 2013, through July 12, 2017
LB840 Fund	RBDK, LLC	59,101	3%; annual payments of \$4,705 through November 30, 2021 when final balloon payment is due
LB840 Fund	Innovative Protectives	8,000	0%; annual payments of \$667 November 1, 2014, through November 1, 2028

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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, 2016</u>	<u>Terms</u>
LB840 Fund	OCC Builders, LLC	31,714	0%; annual payments of \$2,643 November 1, 2014, through November 1, 2028
LB840 Fund	Sand Creek Post & Beam, Inc.	168,047	0%; annual payments of \$12,927 November 1, 2014, through November 1, 2028
LB840 Fund	Wayne Hospitality Group	233,333	0%; annual payments of \$16,667 due for 15 years through 2030
LB840 Fund	DRJ LLC/INET Library	74,186	3%; annual payments of \$10,568 plus interest May 10, 2013, through May 10, 2021
LB840 Fund	Lutt Oil	41,146	3%; annual payments of \$5,862 January 1, 2015, through January 1, 2024
LB840 Fund	Kory Leseberg	33,556	0%; monthly payments of \$222 June 1, 2014, through May 1, 2029
LB840 Fund	Kory Leseberg	29,957	3%; monthly payments of \$242 June 1, 2014, through May 1, 2029
LB840 Fund	Ken Jorgensen	111,357	3%; annual payments of \$10,471 September 1, 2015, through September 1, 2029
LB840 Fund	Pat Garvin	34,667	0%; annual payments of \$2,667 May 1, 2015, through May 1, 2029

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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>2016</u>	<u>Terms</u>
LB840 Fund	NAPA	46,667	0%; annual payments of \$3,333 May 1, 2015, through May 1, 2029
LB840 Fund	Hefti Trucking	43,333	0%; annual payments of \$3,333 September 1, 2015, through September 1, 2029
LB840 Fund	NAPA	23,333	0%; forgivable at \$1,667 per year May 1, 2015, through May 1, 2029
LB840 Fund	Ken Jorgensen	114,529	3%; forgivable at \$10,471 per year September 1, 2015, through September 1, 2029
LB840 Fund	Jen Claussen	21,730	3%; monthly payments of \$164 April 1, 2015, through March 1, 2030
LB840 Fund	Rainbow World	60,622	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022
LB840 Fund	Jen Claussen	19,012	0%; forgivable at \$4,753 per year April 1, 2016, through April 1, 2020
LB840 Fund	Mandy Bencoter	24,375	0%; monthly payments of \$208 February 1, 2017, through January 1, 2027
LB840 Fund	Julie Cull	26,004	3%; monthly payments of \$357 due over 120 months
LB840 Fund	Paulson Construction	30,217	3%; monthly payments due over 120 months

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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>2016</u>	<u>Terms</u>
LB840 Fund	Beck Ag, Inc	50,000	3%; annual payments of \$17,677 March 1, 2017 through March 1, 2019
LB840 Fund	Crossroads-Atoll Productions, LLC	40,000	3%; annual payments of \$3,351 February 1, 2017, through February 1, 2031
LB840 Fund	Rustic Treasures, LLC	55,000	0%; monthly payments of \$917 October 1, 2016, through September 1, 2021
LB840 Fund	Winning Finish Enterprises, Inc.	25,000	3%; annual payments of \$2,897 October 1, 2016, through October 1, 2025
LB840 Fund	Winning Finish Enterprises, Inc.	22,500	0%; forgivable at \$2,500 per year October 1, 2016, through October 1, 2025
LB840 Fund	Joshua Hopkins	34,012	0% for the first 2 years, and 3% for the 3rd year; monthly payments of \$972 October 1, 2016, through September 1, 2019
LB840 Fund	Allowance for Uncollectible Note	<u>(75,000)</u>	
Total notes receivable		\$ <u>1,770,084</u>	
Current portion		\$ 197,300	
Noncurrent portion		<u>1,572,784</u>	
		\$ <u>1,770,084</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

**4. Capital Assets**

Capital asset activity for the year ended September 30, 2016, was as follows:

	<u>Balance at</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2016</u>
<b><u>Governmental Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 691,592	\$ -	\$ -	\$ -	\$ 691,592
Construction in progress	1,259,238	318,870	-	(1,086,553)	491,555
Total capital assets not being depreciated	1,950,830	318,870	-	(1,086,553)	1,183,147
Other capital assets being depreciated:					
Infrastructure	15,893,902	904,665	-	303,119	17,101,686
Improvements	1,813,481	2,217,983	(35,038)	735,644	4,732,070
Buildings	9,748,442	259,146	-	47,790	10,055,378
Machinery and equipment	3,317,477	152,486	(138,730)	-	3,331,233
Total other capital assets at historical cost	30,773,302	3,534,280	(173,768)	1,086,553	35,220,367
Less accumulated depreciation for:					
Infrastructure	(9,019,268)	(414,778)	-	-	(9,434,046)
Improvements	(572,571)	(77,893)	35,038	-	(615,426)
Buildings	(4,007,656)	(229,571)	-	-	(4,237,227)
Machinery and equipment	(2,126,633)	(261,514)	138,730	-	(2,249,417)
Total accumulated depreciation	(15,726,128)	(983,756) *	173,768	-	(16,536,116)
Other capital assets, net	15,047,174	2,550,524	-	1,086,553	18,684,251
Governmental activities capital assets, net	<u>\$ 16,998,004</u>	<u>\$ 2,869,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,867,398</u>

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2016

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

4. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government/public buildings	\$ 82,653
Public safety	157,049
Public works:	
Street	525,152
Library	2,745
Senior citizens services	10,470
Recreation	112,423
Community Activity Center:	<u>93,264</u>
Total General Fund depreciation expense	\$ <u>983,756</u>

Construction in progress at September 30, 2016, consists of \$214,188 for the Hiking Trail – Phase II project, \$181,746 for the CAC parking lot project, \$94,382 for the 4<sup>th</sup> Street extension project, and \$1,239 for the trail slope stabilization project. See Note D3 for additional details on these projects.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

**4. Capital Assets, continued**

	<u>Balance at</u> <u>October 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2016</u>
<b><u>Business-type Activities:</u></b>					
Capital assets not being depreciated:					
Land	\$ 369,751	\$ 10,074	\$ (225)	\$ -	\$ 379,600
Construction in progress	586,236	75,069	-	(552,226)	109,079
Total capital assets not being depreciated	955,987	85,143	(225)	(552,226)	488,679
Other capital assets being depreciated:					
Buildings	16,594,311	1,588,909	-	307,680	18,490,900
Distribution systems	14,457,315	1,044,653	(35,668)	244,546	15,710,846
Equipment	4,851,047	207,076	(337,371)	-	4,720,752
Total other capital assets at historical cost	35,902,673	2,840,638	(373,039)	552,226	38,922,498
Less accumulated depreciation for:					
Buildings	(6,844,675)	(557,155)	-	-	(7,401,830)
Distribution systems	(9,032,566)	(441,737)	35,668	-	(9,438,635)
Equipment	(4,507,996)	(86,201)	337,370	-	(4,256,827)
Total accumulated depreciation	(20,385,237)	(1,085,093) *	373,038	-	(21,097,292)
Other capital assets, net	15,517,436	1,755,545	(1)	552,226	17,825,206
Business-type capital assets, net	\$ 16,473,423	\$ 1,840,688	\$ (226)	\$ -	\$ 18,313,885

\* Depreciation expense was charged to functions as follows:

Electric	\$ 495,017
Water	201,212
Sewer	366,732
Transfer Station	22,132
Total business-type activities depreciation expense	\$ 1,085,093

Construction in progress at September 30, 2016, consists of \$40,932 of costs on the electric inner East/West conversion project, \$30,174 of costs on the Nebraska Street water line extension, and \$37,973 of costs on the force main to the airport project. See Note D3 for additional detail of the construction in progress at September 30, 2016.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

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

**4. Capital Assets, continued**

	Balance at <u>October 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2016</u>
<b><u>Airport Authority:</u></b>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Construction in progress	-	42,619	-	-	42,619
	<u>287,776</u>	<u>42,619</u>	<u>-</u>	<u>-</u>	<u>330,395</u>
Other capital assets being depreciated:					
Buildings	2,512,893	48,652	-	-	2,561,545
Improvements	5,167,914	-	-	-	5,167,914
Equipment	245,635	-	-	-	245,635
Total other capital assets at historical cost	7,926,442	48,652	-	-	7,975,094
Less accumulated depreciation for:					
Buildings	(200,510)	(68,928)	-	-	(269,438)
Improvements	(901,819)	(210,863)	-	-	(1,112,682)
Equipment	(52,278)	(49,895)	-	-	(102,173)
Total accumulated depreciation	<u>(1,154,607)</u>	<u>(329,686)</u>	<u>-</u>	<u>-</u>	<u>(1,484,293)</u>
Other capital assets, net	<u>6,771,835</u>	<u>(281,034)</u>	<u>-</u>	<u>-</u>	<u>6,490,801</u>
Airport Authority capital assets, net	<u>\$ 7,059,611</u>	<u>\$ (238,415)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,821,196</u>

Construction in progress at September 30, 2016 consists of \$42,619 of engineering fees for the design of a parallel taxiway. See Note D3 for additional details of contractual commitments on this project.

	Balance at <u>September 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	Balance at <u>September 30, 2016</u>
<b><u>Community Development Agency:</u></b>				
Capital assets not being depreciated:				
Land	\$ <u>208,125</u>	\$ <u>-</u>	\$ <u>(1,763)</u>	\$ <u>206,362</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, 2016**

**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, 2016:

<u>Type of Debt</u>	Balance October 1, 2015	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2016	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 5,735,000	\$ -	\$ (285,000)	\$ 5,450,000	\$ 395,000
Business-type Activities:					
Bonds payable	\$ 6,543,332	\$ 2,451,749	\$ (402,737)	\$ 8,592,344	\$ 448,605
Component Units:					
Airport Authority	\$ 188,430	\$ -	\$ (49,184)	\$ 139,246	\$ 31,684
Community Develop- ment Authority	2,344,356	50,861	(98,549)	2,296,668	205,409
Total component units	<u>\$ 2,532,786</u>	<u>\$ 50,861</u>	<u>\$ (147,733)</u>	<u>\$ 2,435,914</u>	<u>\$ 237,093</u>

**Governmental Activities**

As of September 30, 2016, 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. \$ 245,000

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, 2016

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. 360,000

Highway allocation bonds – series 2013, with original issue amount of \$620,000 issued to provide funds for street construction. Interest ranges from 0.65 to 3.00 percent with final maturity June 15, 2028. 540,000

Various purpose refunding bonds - series 2013, with original issue amount of \$1,005,000 issued to refinance the series 2010 bond anticipation notes. Interest ranges from 0.85 to 4.00 percent with final maturity June 15, 2028. 900,000

Sales tax revenue bonds - series 2015, with original issue amount of \$2,900,000 issued to finance the swimming pool construction costs. Interest ranges from 2.00 to 3.55 percent with final maturity September 15, 2030. 2,850,000

Various purpose refunding bonds - series 2011, with original issue amount of \$585,000 issued to refinance the series 2006 various purpose bonds. Interest ranges from 0.50 to 1.85 percent with final maturity September 15, 2018. 200,000

Total bonds payable \$ 5,450,000

Current portion \$ 395,000

Noncurrent portion 5,055,000

Total \$ 5,450,000

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

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

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

**Business-type Activities**

As of September 30, 2016, the long-term debt payable from proprietary fund resources consisted of the following:

Bonds and notes payable:

Electric revenue refunding bonds - series 2012, with original issue amount of \$1,680,000. Interest ranges from 0.85 to 3.00 percent with final maturity June 15, 2026.	\$ 1,530,000
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Water revenue bond anticipation notes - series 2016, with original issue amount of \$800,000. Interest of 1.3 percent due semi-annually with final maturity June 1, 2019.	800,000
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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.	4,011,535
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\$1,838,650 of Sewer DEQ Notes Payable. This note is not finalized, as \$1,651,749 was advanced during the year ended September 30, 2016. The note will be due in semi-annual principal and interest payments of \$53,376 commencing June 15, 2017, through December 15, 2036. The note bears interest of 1.5 percent. A one percent administration fee will also be due semi-annually.	1,651,749
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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>599,060</u>
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Total business-type activity bonds and notes payable	\$ <u>8,592,344</u>
Current portion	\$ 448,605
Noncurrent portion	<u>8,143,739</u>
Total	\$ <u>8,592,344</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

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

**Component Unit**

Airport notes payable:

Note payable to the City of Wayne with original principal amount of \$70,000, bearing interest of 3.5 percent, due in semi-annual principal installments of \$17,500 plus accrued interest, through November 16, 2016. \$ 17,500

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. 121,746

Total Airport notes payable 139,246

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. 156,432

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. 72,600

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

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

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

Tax increment revenue bond series 2009, with original amount of \$75,000. Principal and interest of 7 percent is due annually commencing December 31, 2010. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 58,316

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. 130,000

Tax increment revenue bond series 2012, with original amount of \$467,000. Interest of 6 percent is due semi-annually commencing June 30, 2013. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 415,250

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. 160,800

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

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

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

Tax increment revenue bond series 2013, with original amount of \$50,000. Interest of 6.75 percent is due semi-annually commencing June 30, 2014. Semi-annual principal payments commence June 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 47,487

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. 37,100

Tax increment revenue bond series 2013, with original amount of \$130,000. Interest of 5 percent is due semi-annually commencing June 30, 2015. Semi-annual principal payments commence December 30, 2016 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 128,562

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

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

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

Tax increment revenue bond series 2013, with original amount of \$93,000. Interest of 5 percent is due semi-annually commencing June 30, 2015. Semi-annual principal payments commence June 30, 2015 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 81,875

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. 39,600

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

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

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

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

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

**Component Unit, continued**

Community Development Agency Bond Payable, continued:

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

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

Total Community Development Agency bonds payable 2,296,668

Total component unit notes and bond payable \$ 2,435,914

Current portion \$ 237,093

Noncurrent portion 2,198,821

Total \$ 2,435,914

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2016, are as follows:

Year Ending September 30.	Governmental Activities		Business-type Activities			Component Unit	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2017	\$ 395,000	\$ 155,886	\$ 448,605	\$ 156,385	\$ 60,483	\$ 237,093	\$ 255,095
2018	405,000	149,029	495,495	151,560	59,045	164,523	115,016
2019	305,000	141,314	1,302,023	143,006	55,574	174,716	106,601
2020	315,000	134,761	508,676	124,553	52,037	196,142	97,460
2021	315,000	127,996	515,457	113,997	48,434	207,404	87,375
2022-2026	1,785,000	501,570	2,713,628	410,089	185,683	1,071,583	272,653
2027-2031	1,930,000	207,273	2,123,671	153,770	84,799	384,453	34,806
2032-2036	-	-	484,789	12,250	7,918	-	-
	<u>\$5,450,000</u>	<u>\$1,417,829</u>	<u>\$ 8,592,344</u>	<u>\$1,265,610</u>	<u>\$553,973</u>	<u>\$ 2,435,914</u>	<u>\$ 969,006</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

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

**7. Interfund Transactions and Balances**

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Street Fund	\$ -	\$ 200,000
Debt Service Fund	-	38,800
Sewer Fund	-	75,000
Community Development	177,639	-
Wireless 911	38,000	-
E911	<u>18,000</u>	<u>-</u>
Total General Fund	233,639	313,800
Street Fund:		
General Fund	200,000	-
Debt Service Fund:		
Electric Fund	62,400	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	101,200	-
Nonmajor Governmental Funds:		
General Fund	-	233,639
Electric Fund:		
Debt Service Fund	-	62,400
Water Fund:		
Sewer Fund	-	150,000
Sewer Fund:		
General Fund	75,000	-
Water Fund	<u>150,000</u>	<u>-</u>
Total Sewer Fund	<u>225,000</u>	<u>-</u>
Total Interfund Transfers	<u>\$ 759,839</u>	<u>\$ 759,839</u>

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

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

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

Interfund balances:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Terms</u>
LB840-Tornado Relief	Electric	\$ 450,000	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	187,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through July 31, 2020.
		<u>\$ 637,000</u>	
Airport	General	\$ 143	0%; will be repaid during year ending September 30, 2016.
CDA	General	15	0%; will be repaid during year ending September 30, 2016.
CDA	Electric	300,000	0%; on demand or upon sale of real estate.
Total		<u>\$ 300,158</u>	

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**NOTE D – OTHER NOTES**

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

Under Nebraska statutes, the City is to maintain a retirement plan for City policemen. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited under a money purchase retirement plan with Ameritas Retirement. This plan requires that covered employees and the City contribute an amount equal to seven percent of the employee's monthly salary until such employee becomes eligible for regular retirement, at which time contributions shall cease. The eligible and covered payroll amounted to \$428,471 for the year ended September 30, 2016. Both the City and the covered employees' required contribution of \$30,091 was made for the year ended September 30, 2016. The employees also contributed \$5,841 to a deferred compensation plan in accordance with Internal Revenue Code Section 457. The employer contributions vest at the following rate: 0 to 2 years - 0 percent, 2 to 3 years - 40 percent, 4 years - 60 percent, 5 to 6 years - 80 percent, 7 years - fully vested.

The City maintains a defined contribution plan for the City employees in accordance with Internal Revenue Code Sections 457 and 401(a). The plan is available to all full-time City employees. This plan is funded through employee and employer contributions. The total contributions under this plan are deposited with the ICMA. This plan requires that covered employees contribute at least one percent to the deferred compensation savings plan and that the City contribute six percent of the employee's salary to the plan until such employee becomes eligible for regular retirement, at which time contributions shall cease. The total payroll amounted to \$2,252,788 and the covered payroll amounted to \$1,463,826 for the year ended September 30, 2016. The City and the employees contributed \$88,448 and \$93,424, respectively, for the year ended September 30, 2016.

**2. Risk Management**

**Insurance**

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

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Insurance, continued**

claims up to \$4,280 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$6,350 per individual or \$12,700 per family. The maximum out-of-pocket costs would be \$2,070 for the employee and \$4,140 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 \$14,000; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$460,153 is established in an internal service fund at September 30, 2016.

**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, 2016, are held by the counterparties not in the name of the City. The underlying securities consist of cash, direct obligations of or guaranteed by the full faith and credit of the U.S. Government, and other similar obligations of the U.S. Government or its agencies.

**CITY OF WAYNE, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2016	\$ 613,692
November 2016	1,019,725
December 2016	6,013
January 2017	107,887
February 2017	1,016,547
March 2017	177,798
April 2017	1,235,636
May 2017	1,092,510
June 2017	81,645
August 2017	772,536
September 2017	2,094,282
March 2021	<u>155,822</u>
	<u>\$ 8,374,093</u>

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

*Concentration of Credit Risk.* The City’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2016, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank First	\$ 47,786
Elkhorn Valley Bank	1,152,902
Farmers & Merchants Bank	3,001,318
State National Bank	<u>4,172,087</u>
	<u>\$ 8,374,093</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2016.

**3. Commitments and Contingencies**

**Construction/Contractual Commitments**

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

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/16</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Governmental Fund Projects:				
CAC parking lot	\$ 201,804	\$ 163,694	\$ 38,110	December 2016
Pool replacement-engineering	265,800	255,400	10,400	February 2017
Pool replacement-construction	2,642,488	2,584,488	58,000	February 2017
Business-type Funds Projects:				
Sludge system-engineering	162,710	158,142	4,568	October 2016
Inner East/West conversion- Engineering	115,700	45,494	70,206	October 2016
Wayne Municipal Airport:				
Parallel taxiway- Engineering	97,900	42,619	55,281	December 2017

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Lease Commitments**

<u>Lessor</u>	<u>Leased Property</u>	<u>Term</u>	<u>Amount</u>
Pitney Bowes	Envelope Stuffer	7/23/15 – 7/23/20	\$ 254/month
Eakes Office Plus	Copier	5/06/14 – 5/06/19	260/month
Eakes Office Plus	Copier-Recreation	6/8/15 – 6/8/20	79/month
Eakes Office Plus	Copier-Police	5/22/13 – 5/22/18	74/month

The City paid rent of \$8,001 under these lease agreements during the year ended September 30, 2016.

Lease commitments as of September 30, 2016, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2017	\$ 8,001
2018	7,633
2019	5,819
2020	<u>2,158</u>
	\$ <u>23,611</u>

**Airport Management Contract**

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

Future commitments under this contract as of September 30, 2016, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2017	\$ 22,800
2018	<u>7,600</u>
	\$ <u>30,400</u>

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**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 \$4,201,921 for the year ended September 30, 2016.

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

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

**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 \$654,885, the Water Fund made payments of \$67,893, and the Sewer Fund made payments of \$91,045, for the year ended September 30, 2016.

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2016:

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Wayne State College, Village of Carroll, and Village of Winside	12/15/98	Dispatch services/911 Service Center
Wayne County Agricultural Society	3/13/01	Agreement to waive water/sewer and electrical charges incurred during the fair
Wayne Community Schools	7/09/02	Use of softball fields, associated parking and restroom facilities, and program equipment
Northeast Nebraska Public Power District	11/9/04	Commitment to provide assistance to restore power after storm damage
Wayne County	8/19/14	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	6/04/14	Campus Security and law enforcement services
Wayne County and Wayne County Library Association	8/3/10	Provide all library services and materials currently available through the public libraries to all residents of the county
Providence Medical Center	10/8/07	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, 2016**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
Northeast Nebraska Mutual Aid Assn. and Elkhorn Valley	4/02/13	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	11/1/94	Golf courses maintenance agreement
Northeast Nebraska Economic Development District	12/18/12	CDBF reuse administration
Rural Fire Board	9/12/50	Sharing equipment and facilities
Nebraska Expressways for Economic Development	6/21/09	Nebraska State Highway Expressway System
Wayne State College	7/15/08	Rugby field usage
Community Development Agency	02/17/09	Authorization for City to purchase TIF bonds

**CITY OF WAYNE, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
City of Norfolk	2/17/09	Interlocal agreement with City of Norfolk for building inspection services 2009
Northeast Nebraska Red Cross	6/18/13	Red Cross to provide physical facilities to support personnel who are providing services to individuals affected by disasters
Village of Carroll	5/05/09	Interlocal agreement for municipal water system for Carroll, NE
Wayne Public Schools, Wayne County, Wayne Area Economic Development	5/16/09	Collaboration for the creation of a joint web site
City of 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, 2016**

**NOTE D – OTHER NOTES, continued**

**5. Interlocal Agreements, continued**

<b>Parties to Agreement</b>	<b>Agreement Period</b>	<b>Descriptions</b>
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.
Wayne County & City of Wayne	10/21/14	Repair of Bridge located on 857th Road between Sections 5 & 8 Road.
City, Northeast NE Economic Development District & Wayne Housing Authority	11/04/14	Environmental review for Housing District.
City & Northeast NE Economic Development District	1/06/15	Administration of the City's Revolving Loan Program.
City and NE Game & Parks	1/20/15	Agreement to maintain signs for 10 years from start date of Project 5/17/11.
City and Western Area Power Admin	3/03/15	Assign specific rights, duties and obligations of City to NPPD for delivery of City's Federal Power and Energy.
City and Western Area Power Admin	3/03/15	Making full transmission service arrangements directly with NPPD.
City and Western Area Power Admin	3/03/15	Update City's transmission arrangements and the transmission path and delivery measurement conditions.
City, Wayne State College and Nebraska Public Power District	3/03/15	WCS requires services from NPPD for the delivery of their allocation from WAPA to the City's electrical system.
Wayne State College & City of Wayne	5/05/15	Share Law Enforcement Resources.
LNRD and multiple jurisdictions	6/16/15	Hazard mitigation planning.
City & Northeast NE Public Power District	7/07/15	Potential litigation partnership with wholesale customers of NPPD.

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

**September 30, 2016**

**NOTE D – OTHER NOTES, continued**

**6. Subsequent Events**

Management has evaluated subsequent events through January 11, 2017, the date on which the financial statements were available for issue.

On November 14, 2016, the Wayne Municipal Airport entered into an agreement with Rattlesnake Creek Wind Project, LLC to remove certain ground-based non-directional beacon equipment. Within 30 days of submitting an accurate and complete removal application to the Federal Aviation Administration, the Airport is to receive a \$300,000 initial payment from Rattlesnake Creek Wind Project, LLC to provide training and equipment to various third parties in preparation of the removal of the equipment. If the Project begins commercially generating power, the Project will owe the Airport an additional payment of \$1,200,000 within 30 days of beginning commercial operation.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Year ended September 30, 2016**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 685,835	\$ 691,960	\$ 6,125
Payments in lieu of taxes	879,758	884,322	4,564
Sales tax	1,003,000	690,979	(312,021)
Franchise	200,000	210,460	10,460
Intergovernmental	521,611	570,366	48,755
Charges for services	1,015,458	563,652	(451,806)
Interest income	-	8,202	8,202
Contributions	-	125,399	125,399
Sale of property	-	900	900
Insurance proceeds	-	61,558	61,558
Other	-	4,035	4,035
	<hr/>	<hr/>	<hr/>
Total resources	4,305,662	3,811,833	(493,829)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	1,239,396	227,734	(1,011,662)
Public buildings	88,093	80,138	(7,955)
Public safety	1,305,854	1,043,590	(262,264)
Senior citizens services	274,174	231,486	(42,688)
Library	264,196	250,377	(13,819)
Recreation	2,893,526	295,563	(2,597,963)
Community Activity Center	294,893	295,552	659
Capital outlay	1,271,308	2,686,558	1,415,250
Principal payments on debt	-	50,000	50,000
Interest expense	-	87,046	87,046
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	7,631,440	5,248,044	(2,383,396)
Resources over (under) charges to appropriations	(3,325,778)	(1,436,211)	1,889,567
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	75,203	233,639	158,436
Transfers out	-	(313,800)	(313,800)
Net transfers	<hr/>	<hr/>	<hr/>
	75,203	(80,161)	(155,364)
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ (3,250,575)	\$ (1,516,372)	\$ 1,734,203

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
STREET FUND**

**Year ended September 30, 2016**

	Budget (Original and <u>Final</u> )	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ -	\$ 1,202	\$ 1,202
Motor vehicle	100,000	85,070	(14,930)
Sales tax	120,000	111,948	(8,052)
Intergovernmental	1,100,000	1,101,603	1,603
Charges for services	-	1,902	1,902
Interest income	1,000	1,786	786
Sale of property	-	58,705	58,705
Other income	<u>98,672</u>	<u>-</u>	<u>(98,672)</u>
Total resources	1,419,672	1,362,216	(57,456)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Public works	2,022,949	547,109	(1,475,840)
Capital projects	<u>-</u>	<u>484,147</u>	<u>484,147</u>
Total charges to appropriations	<u>2,022,949</u>	<u>1,031,256</u>	<u>(991,693)</u>
Resources over (under) charges to appropriations	(603,277)	330,960	934,237
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>473,650</u>	<u>200,000</u>	<u>(273,650)</u>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (129,627)</u>	<u>\$ 530,960</u>	<u>\$ 660,587</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
LB840 FUND**

**Year ended September 30, 2016**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Sales tax	\$ 241,160	\$ 242,327	\$ 1,167
Interest income	-	14,810	14,810
Other income	<u>100,898</u>	<u>-</u>	<u>(100,898)</u>
Total resources	342,058	257,137	(84,921)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	565,661	29,130	(536,531)
Interest on long-term debt	<u>-</u>	<u>24,704</u>	<u>24,704</u>
Total charges to appropriations	<u>565,661</u>	<u>53,834</u>	<u>(511,827)</u>
<b>RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (223,603)</u>	<u>\$ 203,303</u>	<u>\$ 426,906</u>

**CITY OF WAYNE, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND**

**Year ended September 30, 2016**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ 100,000	\$ 78,131	\$ (21,869)
Payments in lieu of taxes	130	228	98
Special assessments	37,754	12,771	(24,983)
Interest income	4,120	35,398	31,278
	<hr/>	<hr/>	<hr/>
Total resources	142,004	126,528	(15,476)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Principal payments	235,000	235,000	-
Interest expense	72,279	72,277	(2)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	307,279	307,277	(2)
	<hr/>	<hr/>	<hr/>
Resources over (under) charges to appropriations	(165,275)	(180,749)	(15,474)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	101,201	101,200	(1)
	<hr/>	<hr/>	<hr/>
<b>RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS</b>	<u>\$ (64,074)</u>	<u>\$ (79,549)</u>	<u>\$ (15,475)</u>

**CITY OF WAYNE, NEBRASKA**

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

**Year ended September 30, 2016**

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>LB840 Fund</u>	<u>Debt Service Fund</u>
<b>Sources/inflows of resources:</b>				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 3,811,833	\$ 1,362,216	\$ 257,137	\$ 126,528
Differences - budget to GAAP:				
Cash to accrual adjustments	15,813	(945)	-	10,460
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 3,827,646</u>	<u>\$ 1,361,271</u>	<u>\$ 257,137</u>	<u>\$ 136,988</u>
<b>Uses/outflows of resources:</b>				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 5,248,044	\$ 1,031,256	\$ 53,834	\$ 307,277
Differences - budget to GAAP:				
Cash to accrual adjustments	36,277	7,028	(406)	(759)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 5,284,321</u>	<u>\$ 1,038,284</u>	<u>\$ 53,428</u>	<u>\$ 306,518</u>

## **SUPPLEMENTARY INFORMATION**

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

**September 30, 2016**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	<u>Community Development</u>	<u>Sales Tax</u>	<u>Keno</u>	<u>Wireless 911</u>	<u>E911</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 86,119	\$ 17,004	\$ 103,123
Investments	-	-	-	61,234	20,411	81,645
Grants receivable	4,140	-	-	-	-	4,140
Notes receivable	377,686	-	-	-	-	377,686
Interest receivable	89	78	-	2	3	172
Restricted assets:						
Cash and cash equivalents	74,399	77,764	5,112	-	-	157,275
Investments	332,104	78,955	-	-	-	411,059
<b>Total assets</b>	<b>\$ 788,418</b>	<b>\$ 156,797</b>	<b>\$ 5,112</b>	<b>\$ 147,355</b>	<b>\$ 37,418</b>	<b>\$ 1,135,100</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:						
Restricted for:						
Federal programs	788,418	-	-	-	-	788,418
Community Activity Center	-	156,797	-	-	-	156,797
Community betterment	-	-	5,112	-	-	5,112
Assigned for:						
Other purposes	-	-	-	147,355	37,418	184,773
Total fund balances	788,418	156,797	5,112	147,355	37,418	1,135,100
<b>Total liabilities and fund balances</b>	<b>\$ 788,418</b>	<b>\$ 156,797</b>	<b>\$ 5,112</b>	<b>\$ 147,355</b>	<b>\$ 37,418</b>	<b>\$ 1,135,100</b>

**CITY OF WAYNE, NEBRASKA**

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

**For the year ended September 30, 2016**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community <u>Development</u>	Sales <u>Tax</u>	<u>Keno</u>	Wireless <u>911</u>	<u>E911</u>	
<b>REVENUES</b>						
Intergovernmental	\$ 30,503	\$ -	\$ -	\$ -	\$ -	\$ 30,503
Charges for services	-	-	-	58,606	17,145	75,751
Keno proceeds	-	-	6,009	-	-	6,009
Interest income	6,458	802	-	369	118	7,747
Total revenues	<u>36,961</u>	<u>802</u>	<u>6,009</u>	<u>58,975</u>	<u>17,263</u>	<u>120,010</u>
<b>EXPENDITURES</b>						
General government	53,691	-	-	-	-	53,691
Public safety	-	-	-	10,328	3,112	13,440
Recreation	-	-	897	-	-	897
Community Activity Center	-	3,230	-	-	-	3,230
Capital outlay	-	46,514	-	-	-	46,514
Total expenditures	<u>53,691</u>	<u>49,744</u>	<u>897</u>	<u>10,328</u>	<u>3,112</u>	<u>117,772</u>
<b>Excess of revenues over expenditures</b>	(16,730)	(48,942)	5,112	48,647	14,151	2,238
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	<u>(177,639)</u>	-	-	<u>(38,000)</u>	<u>(18,000)</u>	<u>(233,639)</u>
<b>Net change in fund balances</b>	(194,369)	(48,942)	5,112	10,647	(3,849)	(231,401)
Fund balances - September 30, 2015	<u>982,787</u>	<u>205,739</u>	-	<u>136,708</u>	<u>41,267</u>	<u>1,366,501</u>
Fund balances - September 30, 2016	<u>\$ 788,418</u>	<u>\$ 156,797</u>	<u>\$ 5,112</u>	<u>\$ 147,355</u>	<u>\$ 37,418</u>	<u>\$ 1,135,100</u>

**CITY OF WAYNE, NEBRASKA**

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

**September 30, 2016**

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 200,758	\$ 232,358	\$ 433,116
County treasurer cash	2,328	-	2,328
Receivables:			
Property tax	2,744	-	2,744
Accounts receivable	1,322	19,920	21,242
TIF receivable-current portion	-	210,195	210,195
Fuel inventory	1,896	-	1,896
Prepaid insurance	5,701	-	5,701
<b>Total current assets</b>	<u>214,749</u>	<u>462,473</u>	<u>677,222</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	2,085,573	2,085,573
Note receivable-noncurrent portion	-	110,000	110,000
Capital assets:			
Land	287,776	206,362	494,138
Construction in progress	42,619	-	42,619
Other capital assets, net of depreciation	6,490,801	-	6,490,801
Net capital assets	<u>6,821,196</u>	<u>206,362</u>	<u>7,027,558</u>
<b>Total noncurrent assets</b>	<u>6,821,196</u>	<u>2,401,935</u>	<u>9,223,131</u>
<b>Total assets</b>	7,035,945	2,864,408	9,900,353
<b>LIABILITIES</b>			
Current liabilities:			
Due to the City of Wayne	143	300,015	300,158
Accounts payable	41,694	-	41,694
Accrued interest payable	256	157,524	157,780
Unavailable property tax	1,315	-	1,315
Current portion of long-term debt	31,684	205,409	237,093
<b>Total current liabilities</b>	<u>75,092</u>	<u>662,948</u>	<u>738,040</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	<u>107,562</u>	<u>2,091,259</u>	<u>2,198,821</u>
<b>Total liabilities</b>	<u>182,654</u>	<u>2,754,207</u>	<u>2,936,861</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,681,950	206,362	6,888,312
Unrestricted	171,341	(96,161)	75,180
<b>Total net position</b>	<u>\$ 6,853,291</u>	<u>\$ 110,201</u>	<u>\$ 6,963,492</u>

**CITY OF WAYNE, NEBRASKA**

**COMBINING STATEMENT OF ACTIVITIES -  
COMPONENT UNITS**

**For the year ended September 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Wayne Municipal Airport:</b>			
Airport	\$ 515,398	\$ 183,197	\$ -
<b>Community Development Agency:</b>			
Economic development	136,026	-	-
<b>Total component units</b>	<b>\$ 651,424</b>	<b>\$ 183,197</b>	<b>\$ -</b>

<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Airport Authority</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
\$ -	\$ (332,201)	\$ -	\$ (332,201)
-	-	(136,026)	(136,026)
<u>\$ -</u>	<u>(332,201)</u>	<u>(136,026)</u>	<u>(468,227)</u>
General revenues:			
Taxes:			
Property	82,335	-	82,335
TIF proceeds	-	111,606	111,606
Interest income	617	-	617
Gain on disposal of assets	-	7,024	7,024
Other income	75	-	75
Transfer from City of Wayne	-	49,837	49,837
Total general revenues	<u>83,027</u>	<u>168,467</u>	<u>251,494</u>
Change in net position	(249,174)	32,441	(216,733)
Net position - beginning of year	<u>7,102,465</u>	<u>77,760</u>	<u>7,180,225</u>
Net position - end of year	<u>\$ 6,853,291</u>	<u>\$ 110,201</u>	<u>\$ 6,963,492</u>



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

SHAREHOLDERS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 11, 2017.

**Internal Control Over Financial Reporting**

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

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

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

#### Segregation of Duties

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

#### **Compliance and Other Matters**

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

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

The City of Wayne's response to the findings identified in our audit is that due to the small size of the City, it is impractical to further segregate duties. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

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

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

Grand Island, Nebraska  
January 11, 2017