

CITY OF WAYNE, NEBRASKA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the fiduciary fund of the City of Wayne, Nebraska, as of and for the year ended September 30, 2017, 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, 2017, 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 5-22 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, 2018, on our consideration of the City of Wayne, Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wayne's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wayne, Nebraska's internal control over financial reporting and compliance.

*Almquist, Malbyalm.
Galloway & Luth. PC.*

Grand Island, Nebraska
January 11, 2018

**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended September 30, 2017**

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, 2017. 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 \$40,956,310 (*net position*). Of this amount, \$11,100,129 (*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 \$21,367,392. Approximately 13.0 percent of this total amount, \$2,770,176, is *unrestricted net position*.
- At the end of the current fiscal year, the General Fund had unassigned fund balance of \$0, while total fund balance was \$2,341,160.

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, 2017

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 23 and 24 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, 2017

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 25-28 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 29-32 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 33 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 34-84 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 85-89 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 90-93 of this report.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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 \$40,956,310 at the close of the most recent fiscal year.

Summary Statements of Net Position

	September 30, 2017			September 30, 2016		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	\$ 7,383,346	\$ 9,811,229	\$17,194,575	\$ 7,153,340	\$ 11,444,756	\$18,598,096
Capital Assets	19,810,514	19,222,610	39,033,124	19,867,398	18,313,885	38,181,283
Total Assets	27,193,860	29,033,839	56,227,699	27,020,738	29,758,641	56,779,379
Long-term Liabilities	4,385,109	7,914,659	12,299,768	5,089,792	8,225,939	13,315,731
Other Liabilities	1,441,359	1,530,262	2,971,621	1,081,150	1,643,765	2,724,915
Total Liabilities	5,826,468	9,444,921	15,271,389	6,170,942	9,869,704	16,040,646
Net Position:						
Net Investment in						
Capital Assets	15,055,514	10,892,176	25,947,690	14,417,398	9,721,541	24,138,939
Restricted	3,541,702	366,789	3,908,491	3,674,414	375,168	4,049,582
Unrestricted	2,770,176	8,329,953	11,100,129	2,757,984	9,792,228	12,550,212
Total Net Position	\$ 21,367,392	\$ 19,588,918	\$40,956,310	\$ 20,849,796	\$ 19,888,937	\$40,738,733

By far the largest portion of the City of Wayne's net position (63.4 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 (9.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,100,129) 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, 2017

Expenses and Program Revenues - Governmental Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 209,472	\$ 448,864	\$ 135,902	\$ 252,893
Public Safety	277,647	1,166,828	272,501	1,080,972
Public Works	23,010	585,099	1,050,000	554,161
Public Buildings	54,265	134,600	36,158	80,138
Recreation	155,944	389,602	246,955	296,461
Community Activity Center	161,011	285,651	149,638	298,782
Library	14,711	254,000	15,500	250,377
Senior Citizens Services	183,126	237,258	173,090	231,486
Interest	-	154,663	-	158,564
Depreciation	-	1,198,093	-	983,756
Total	<u>\$ 1,079,186</u>	<u>\$ 4,854,658</u>	<u>\$ 2,079,744</u>	<u>\$ 4,187,590</u>

Revenues by Source - Governmental Activities

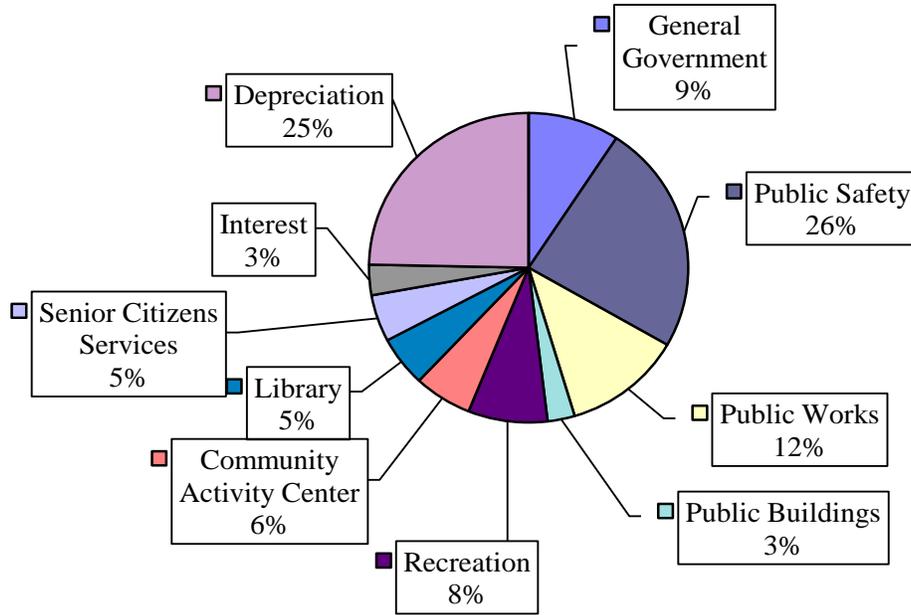
SOURCES OF REVENUE

	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 711,529	13.24 %	\$ 650,782	10.30 %
Operating Grants and Contributions	271,752	5.06	831,753	13.17
Capital Grants and Contributions	95,905	1.79	597,209	9.45
Property Taxes	846,696	15.76	799,093	12.65
Motor Vehicle Taxes	84,794	1.58	85,070	1.35
Payments in Lieu of Taxes	890,345	16.57	884,550	14.00
Sales Tax	1,055,086	19.64	1,045,254	16.55
Franchise Taxes	196,737	3.66	210,460	3.33
State Allocation	1,072,896	19.97	1,034,087	16.37
Special Assessments	55,311	1.03	-	-
Keno Proceeds	24,326	0.45	6,009	0.10
Other	23,483	0.44	4,795	0.08
Interest	54,034	1.01	70,553	1.12
Gain on Sale of Assets	2,860	0.05	59,605	0.94
Interfund and CDA Transfers	(13,500)	(0.25)	37,400	0.59
Total	<u>\$ 5,372,254</u>	<u>100.00 %</u>	<u>\$ 6,316,620</u>	<u>100.00 %</u>

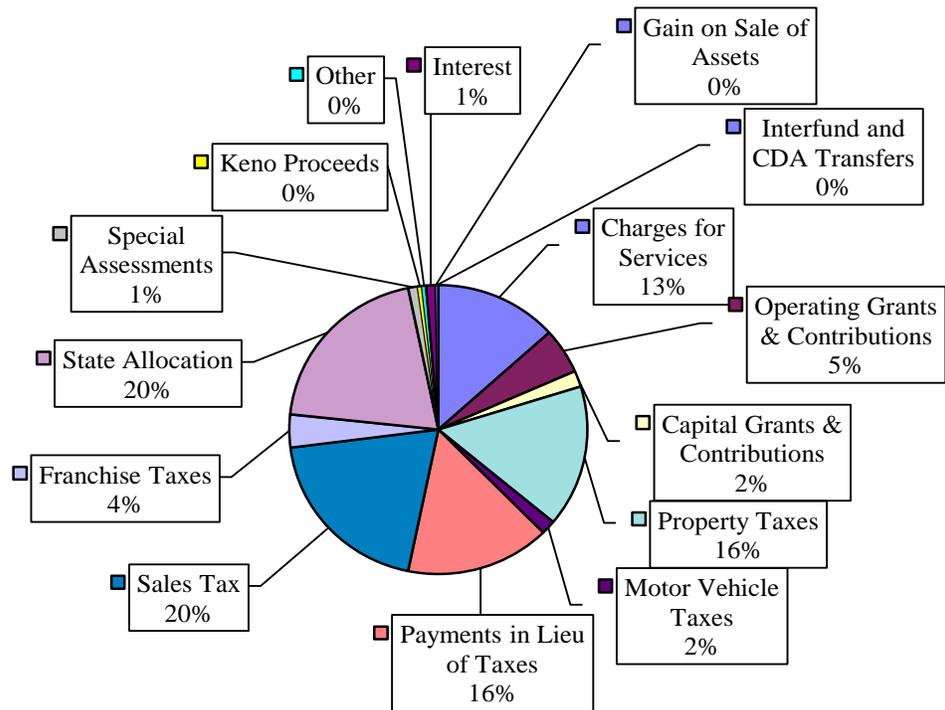
Net position increased \$517,596 in the governmental funds during the year ended September 30, 2017.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

Governmental Activities - 2017 Expenses



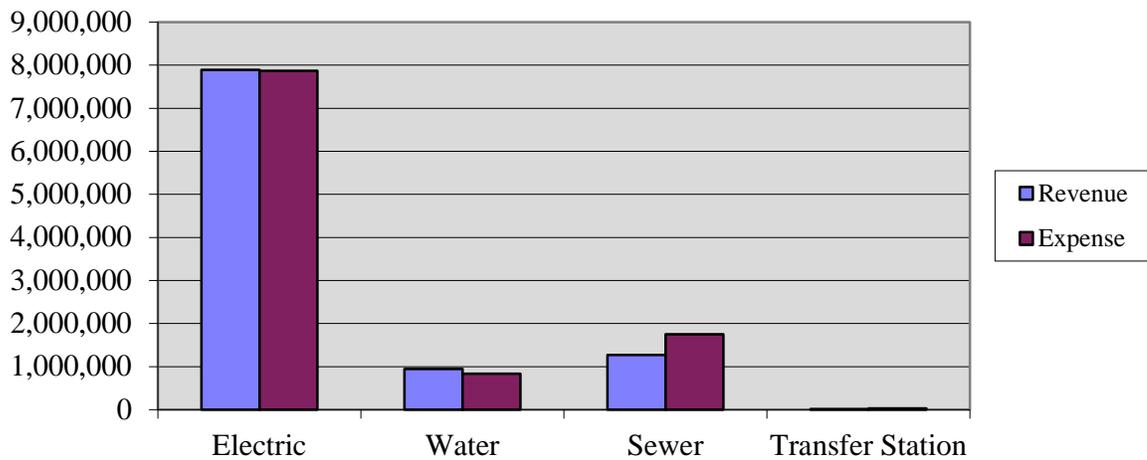
Governmental Activities - 2017 Revenue



CITY OF WAYNE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

Business-type activities. Business-type activities decreased the City of Wayne’s net position by \$300,019 for the year ended September 30, 2017. Key elements of this decrease are as follows:

2017 Expenses and Program Revenues - Business-type Activities



Expenses and Program Revenues - Business-type Activities

<u>Function</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Electric	\$ 7,891,701	\$ 7,867,038	\$ 7,717,814	\$ 7,485,814
Water	941,061	833,820	1,067,692	738,352
Sewer	1,270,171	1,750,462	1,293,902	1,266,165
Transfer Station	12,800	26,410	13,300	31,255
Total	10,115,733	10,477,730	10,092,708	9,521,586
Interfund & CDA Transfer	13,500	21,276	-	87,237
	<u>\$ 10,129,233</u>	<u>\$ 10,499,006</u>	<u>\$ 10,092,708</u>	<u>\$ 9,608,823</u>

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

Revenues by Source - Business-type Activities

<u>SOURCES OF REVENUE</u>	<u>Year Ended September 30, 2017</u>		<u>Year Ended September 30, 2016</u>	
Charges for Services	\$ 10,088,971	99.13 %	\$ 9,887,605	98.14 %
Capital Grants and Contributions	26,762	0.26	205,103	2.04
Interest	68,854	0.68	69,324	0.69
Gain on Sale of Assets	900	0.01	-	-
Interfund Transfers	(7,776)	(0.08)	(87,237)	(0.87)
Total	<u>\$ 10,177,711</u>	<u>100.00 %</u>	<u>\$ 10,074,795</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 \$5,825,051. Of this amount, \$0 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 (\$971,628), 2) restricted for Federal loan programs (\$672,463), 3) restricted for park expenditures (\$28,388), 4) restricted for golf course expenditures (\$6,025), 5) restricted for Community Activity Center expenditures (\$161,878), 6) restricted for economic development (\$1,039,076), 7) restricted for capital projects (\$486,547), 8) restricted for the swimming pool (\$153,319), 9) restricted for community betterment (\$22,378), 10) assigned for budgetary stabilization (\$1,366,381), 11) committed for capital projects (\$100,500), 12) assigned for street expenditures (\$797,402), or 13) assigned for other purposes (\$19,066).

The General Fund is the chief operating fund of the City of Wayne. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$0, while total fund balance reached \$2,341,160. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 0 percent of total General Fund expenditures, while total fund balance represents 63.2 percent of that same amount.

The fund balance of the City of Wayne's General Fund decreased by \$143,429 during the current fiscal year.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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 - \$5,657,742, Water Fund - \$1,142,061, Sewer Fund - \$1,515,100, and Transfer Station – \$15,050. The change in net position for the proprietary funds was as follows: Electric Fund – decrease of \$(7,769), Water Fund – decrease of \$(35,046), Sewer Fund – decrease of \$(243,614), and Transfer Station – decrease of \$(13,590). 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, 2017, amounts to \$39,033,124 (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 trail slope stabilization - \$105,002
- Final construction costs on the CAC parking lot - \$51,240
- Construction in progress on 4th Street extension - \$323,357
- Construction in progress on hiking trail phase II - \$33,412
- Final costs on swimming pool - \$55,616
- Roof at the library/senior center - \$42,986
- Replacement of 911 system - \$114,457
- Dispatch radio system - \$179,302
- Construction in progress on electric inner East/West conversion - \$648,695
- Construction in progress on Event Center water lines - \$31,205
- Construction in progress on water building - \$159,906
- Construction in progress on Event Center sewer system - \$59,857
- Construction in progress on sewer building - \$159,944
- Construction in progress on Beumont sewer extension - \$71,806
- 2017 electric distribution system improvements - \$137,306
- Remodeling of clerk/treasurer's office - \$30,432
- Ford F350 super duty truck for electric - \$51,704

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

- Final construction costs on sewer force main to airport - \$82,036
- Bio solids dewaterization of sludge system - \$140,433
- Fourth Street water line - \$279,412

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

	<u>Year Ended September 30, 2017</u>			<u>Year Ended September 30, 2016</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	\$ 401,690	\$ 1,093,282	\$ 691,592	\$ 379,600	\$ 1,071,192
Construction						
in progress	793,085	1,226,165	2,019,250	491,555	109,079	600,634
Infrastructure	7,250,350	-	7,250,350	7,667,640	-	7,667,640
Improvements	4,167,671	-	4,167,671	4,116,644	-	4,116,644
Buildings	5,640,214	10,655,505	16,295,719	5,818,151	11,089,070	16,907,221
Equipment	1,267,602	489,249	1,756,851	1,081,816	463,925	1,545,741
Distribution						
Systems	-	6,450,001	6,450,001	-	6,272,211	6,272,211
Total	<u>\$ 19,810,514</u>	<u>\$ 19,222,610</u>	<u>\$ 39,033,124</u>	<u>\$ 19,867,398</u>	<u>\$ 18,313,885</u>	<u>\$ 38,181,283</u>

Additional information on the City of Wayne's capital assets can be found in Note C4 on pages 60-63 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wayne had total long-term debt outstanding of \$13,085,434. Of this amount, \$2,320,000 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, 2017</u>			<u>Year Ended September 30, 2016</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	\$ 925,000	\$ -	\$ 925,000	\$ 1,100,000	\$ -	\$ 1,100,000
Sales Tax Revenue						
Bonds	2,435,000	-	2,435,000	2,850,000	-	2,850,000
Highway Allocation						
Bonds	840,000	-	840,000	900,000	-	900,000
Public Safety						
Bonds	555,000	-	555,000	600,000	-	600,000
DEQ Note	-	6,150,434	6,150,434	-	6,262,344	6,262,344
Bond Anticipation						
Notes	-	800,000	800,000	-	800,000	800,000
Revenue Bonds	-	1,380,000	1,380,000	-	1,530,000	1,530,000
Total	<u>\$ 4,755,000</u>	<u>\$ 8,330,434</u>	<u>\$ 13,085,434</u>	<u>\$ 5,450,000</u>	<u>\$ 8,592,344</u>	<u>\$ 14,042,344</u>

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

The City of Wayne's total debt increased by \$956,910 (6.8 percent) during the current fiscal year, as the City made scheduled principal payments and drew advances totaling \$186,901 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 64-71 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Wayne has maintained a strong financial position again this year. The budget adopted for 2017-2018 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 2016-17 fiscal year and others are in the 2017-18 budget year.

COUNCIL GOALS 2017
ONE YEAR GOALS

- Decommission the 26-Acre Lagoon and determine a future use for the lagoon land
 - Remove sludge
 - Grind concrete
- Demolish the old swimming pool tank
 - Fill in the hole and seed the area
 - Determine a future use for the bathhouse
- Determine the future use of the swimming pool/park area
- List all city owned properties and sell unused city property
- Find alternative sources of funding for city programs and projects
 - Increase fees for services
- Renovate and update the Wayne Golf Course clubhouse
- Find an ADA compliant City Council meeting room
 - Repair existing elevator
 - Construct a ground level addition to City Hall
 - Build new City Hall
- Establish \$1,800 fee for recreation associations for use of city facilities
- Erect a new LED information sign at the CAC

**CITY OF WAYNE, NEBRASKA
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

- Update and improve fitness room and youth room at CAC
 - Possible building expansion
- Encourage “Use of Housing Study Recommendations” for housing growth
 - Focus multi-unit housing construction in perimeter areas
 - Require barriers between multi-unit construction and single-family housing in in-fill areas
- Develop new business on Pacific Coast site
- Extend sidewalk to North Pheasant Run Road on the north side of Hwy 35
- Establish an owner-occupied residential rehab program
- Improve Sunnyview Park with safety cushion rubber and new equipment
- Analyze fiscal impact of annexation of areas outside city limits already being served by city utilities
 - Clean up existing city limit boundaries
- Analyze fiscal impact of AMI meters for water and electric
- Complete Phase I of Electric Distribution system upgrade
- Replace Library/Senior Center roof
- Replace Police Department garage roof
- Tornado Shelter at Lions Club Park
- Update of city building codes
- Repave three blocks of alley from 1st to 4th between Main Street and Pearl Street

FIVE YEAR GOALS

- 2nd Street Storm Drain upgrade
- Pave 4th Street and Tomar Drive for Woodling Tax Credit Housing project if approved
- Water main replacements on Pearl, Lincoln and Douglas Streets
- Airport Taxi-way project
- Improve another city park with rubber fall protection and park equipment

**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

PERSONNEL

The police department needs to hire a dispatcher. We have a ninth officer included in next year's budget. The eighth officer will be taking the required training in January 2017.

Our Public Works, Water & Sewer & Electric Distribution departments are being managed by the City Administrator. The Senior Center has hired a part-time cook and is cooking meals in house effective July 1, 2017.

Future loss of institutional knowledge is a concern that council must address. They have advertised and will be hiring a new Finance Director. They have hired a new City Administrator and Library Director. Another key person eligible for retirement is the Power Plant Supervisor. In the next 5 years we have 12.2% of our full time employees eligible for retirement. In 10 years we have another 9.8% 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. We are looking at cross training in most of our departments.

ECONOMY

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

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

The Wayne City Council and Community Development Authority continue 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 tax credit projects within the City of Wayne. We also continue with the development of houses in the city's Western Ridge subdivision. There have been many new apartment buildings within the last few years. There are also new houses going up in the subdivisions within the city.

The city valuation had \$5,048,797 of growth in the last year. One of 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 Country Club is planning major renovations to the club house. Construction is underway for an event center featuring Sand Creek Post and Beam architecture. Another major project under way is the Center for Applied Technology that is being constructed at Wayne State College. This will be a \$15.2 million state-of-the-art facility.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

The goal is to continue to attract first rate students and faculty and increase the number of industrial technology teachers, diversified manufacturing administrators, construction and safety managers, drafters and computer programmers.

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

Concerns about the national, state and local economies will have an impact on our local revenues and rising costs. We 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 CD planning grant has addressed citizen and staff needs for the eligible areas of the city. Some of the needs in the areas are: ADA access in the Parks, park upgrades, ADA curb ramps, demolition of the old pool, lagoon decommissioning, walk in cooler storage for Senior Center, rental rehab, street repairs, additional daycare, downtown revitalization, trail to downtown, and the City sidewalks.

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

CAPITAL PROJECTS

Major projects completed in the city this year include 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 21st 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 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.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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 decreased from \$1.964042 to \$1.860536 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 maximum. Council has established the Loan Committee for the initial loan repayments.

Rates for the utility funds are set to cover operating costs and capital needs. Annually we have looked at the electric rates and adjusted them accordingly. We have contracted with Nebraska Municipal Power Pool to conduct an electric rate study. We anticipate about a 3% increase during the first quarter of 2018. We believe the water and sewer rates should be sufficient.

CAPITAL BUDGET 2017-18

- Police department
 - a. Car Replacement
 - b. Body Cameras
 - c. RIMS software upgrade
- Fire Department
 - a. Air packs, bottles & helmets
 - b. Pager set aside
- Parks Department
 - a. Bathroom/shelter for Lions Club Park
 - b. ½ of a Tool Cat or compact 4 wheel tractor
- Recreation & CAC
 - a. Annual upgrades to Hank Overin and Summer Sports Complex
 - b. Repair lights to the Summer Sports Complex damaged by lightning
 - c. Replacing equipment at the Activity Center
- The Country Club house project is a City Project to allow individuals to make tax exempt donations for the renovation/enhancements.
- Public Buildings
 - a. We budgeted for elevator replacement at City Hall
 - b. We also budgeted to set funds aside to build an addition onto city hall
 - c. In the Senior Center and Library budgets we also have funds set aside to paint and replace the carpet.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

From city sales tax we have budgeted the following:

- d. Auditorium door replacement
 - e. Upgrades to the Library/Senior Center (carpet, paint, etc.)
 - f. Membrane roof replacement for Library/Senior Center
 - g. Air pack set aside
 - h. Begin set aside for Fire Truck Replacement
 - i. ½ of the LED sign for the Community Activity Center
 - j. Playground equipment
- Street Fund has budgeted for the following:
 - a. Set aside for snow blower replacement, paint sprayer, used dump truck, ½ of a tool cat of compact 4 wheel tractor
 - b. Phase II trail and Underpass project
 - c. Street Projects are
 - i. Clark Street to Pearl Street
 - ii. South Windom to Folk
 - iii. Beaumont Drive
 - iv. East 4th Street and Tomar Drive
 - v. 2nd Street & storm Sewer
 - vi. And the sidewalk to Bomgaars
- From the KENO fund we budgeted the other ½ of the LED sign for the Activity Center.
 - Electric Production has budgeted for their normal capital items.
 - 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)
 - A new line item in the Distribution Department is for Subdivision Projects. This will allow us to identify costs associated with each subdivision.
 - CAD has budgeted an upgrade to the GPS equipment for surveying grade on elevations.
 - Technology budget includes sound and video systems for the Council Chambers, servers and various computers.
 - The Water Fund continues to budget for fire hydrants, water meters, scada system upgrades, and valve replacements.

**CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017**

- The water line to the Event Center is the major project for this budget.
- Sewer Fund continues to budget for the various lift station, manhole rehab and cleaning sewer lines.
- Sewer also budgeted for a dump truck to haul sludge.
- The sewer line/lift station to the event center is the major project for the Sewer Fund.

DEBT

We will also be issuing \$1,320,000 in Bond Anticipation Notes to finance the West Inner and East Inner Conversion project that have been approved by the city council.

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 three hangars available for rent.

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 and the board is considering the cost and obligations of a fuel farm and how to accommodate those customers.

The Airport has been awarded a \$2.3 million grant for the first phase of the parallel taxiway project. The contract has been awarded to Knife River and they plan on starting construction next spring with completion by fall of 2018. As the taxi lanes between the hangars are being replaced in the project, the Airport will also replace the approaches to the hangars as many of them have deteriorated and dropped down making it difficult for the pilots to get their planes into the hangars.

COMMUNITY DEVELOPMENT AGENCY

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

The Community Redevelopment Authority continues to support new housing construction with their \$10,000 down payment 10 year 0% interest assistance program. We also had three new TIF projects approved during the current fiscal year. These projects are for the development of town houses, workforce housing and low income housing.

CITY OF WAYNE, NEBRASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2017

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, 2017

	Primary Government			Component <u>Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 683,947	\$ 921,046	\$ 1,604,993	\$ 505,428
Investments	2,384,410	5,107,058	7,491,468	-
County treasurer cash	86,548	-	86,548	8,131
Receivables:				
Property tax	30,875	-	30,875	3,169
Special assessments	483,517	451,266	934,783	-
Accounts, net of allowance for doubtful accounts	8,552	1,005,395	1,013,947	20,331
Unbilled revenue	-	365,646	365,646	-
Grants	101,460	12,180	113,640	17,892
Interest	3,406	4,424	7,830	-
Current portion of TIF receivable	-	-	-	231,484
Current portion of notes	214,000	-	214,000	-
Due from other governments	200,280	-	200,280	-
Due (to)/from other funds	(712,000)	712,000	-	-
Due from component units	199	300,000	300,199	-
Prepaid insurance	-	-	-	6,133
Inventory	-	363,250	363,250	11,340
Total current assets	<u>3,485,194</u>	<u>9,242,265</u>	<u>12,727,459</u>	<u>803,908</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,026,697	96,900	1,123,597	-
Restricted investments	1,219,484	472,064	1,691,548	-
Noncurrent TIF receivable	-	-	-	2,113,938
Noncurrent notes receivable	1,651,971	-	1,651,971	160,000
Capital assets:				
Land and construction in progress	1,484,677	1,627,855	3,112,532	737,352
Other capital assets, net of depreciation	18,325,837	17,594,755	35,920,592	6,160,719
Net capital assets	<u>19,810,514</u>	<u>19,222,610</u>	<u>39,033,124</u>	<u>6,898,071</u>
Total noncurrent assets	<u>23,708,666</u>	<u>19,791,574</u>	<u>43,500,240</u>	<u>9,172,009</u>
Total assets	<u>27,193,860</u>	<u>29,033,839</u>	<u>56,227,699</u>	<u>9,975,917</u>
LIABILITIES				
Current liabilities:				
Accounts payable	424,357	620,898	1,045,255	85,679
Accrued expenses	172,142	211,744	383,886	179,017
Customer deposits	20,750	202,175	222,925	-
Due to the City of Wayne	-	-	-	300,199
Unavailable property tax	419,110	-	419,110	1,809
Current portion of long-term obligations	405,000	495,445	900,445	311,383
Total current liabilities	<u>1,441,359</u>	<u>1,530,262</u>	<u>2,971,621</u>	<u>878,087</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	35,109	79,670	114,779	-
Noncurrent portion of long-term obligations	4,350,000	7,834,989	12,184,989	2,141,601
Total noncurrent liabilities	<u>4,385,109</u>	<u>7,914,659</u>	<u>12,299,768</u>	<u>2,141,601</u>
Total liabilities	<u>5,826,468</u>	<u>9,444,921</u>	<u>15,271,389</u>	<u>3,019,688</u>
NET POSITION				
Net investment in capital assets	15,055,514	10,892,176	25,947,690	6,790,509
Restricted for:				
Debt service	971,628	366,789	1,338,417	-
Economic development	1,039,076	-	1,039,076	-
Federal loan programs	672,463	-	672,463	-
Capital projects	486,547	-	486,547	-
Swimming pool	153,319	-	153,319	-
Community Activity Center	161,878	-	161,878	-
Community betterment	22,378	-	22,378	-
Parks and golf course	34,413	-	34,413	-
Unrestricted	2,770,176	8,329,953	11,100,129	165,720
Total net position	<u>\$ 21,367,392</u>	<u>\$ 19,588,918</u>	<u>\$ 40,956,310</u>	<u>\$ 6,956,229</u>

See notes to financial statements.

CITY OF WAYNE, NEBRASKA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 448,864	\$ 115,964	\$ 93,508
Public buildings	134,600	54,265	-
Public safety	1,166,828	218,394	52,759
Public works	585,099	5,210	-
Senior citizens services	237,258	67,748	115,378
Library	254,000	8,211	6,500
Recreation	389,602	80,726	3,607
Community Activity Center	285,651	161,011	-
Interest and related expenses	154,663	-	-
Depreciation - unallocated	1,198,093	-	-
Total governmental activities	4,854,658	711,529	271,752
Business-type activities:			
Electric	7,867,038	7,864,939	-
Water	833,820	941,061	-
Sewer	1,750,462	1,270,171	-
Transfer Station	26,410	12,800	-
Total business-type activities	10,477,730	10,088,971	-
Total primary government	\$ 15,332,388	\$ 10,800,500	\$ 271,752
Component units:			
Wayne Municipal Airport	\$ 770,218	\$ 208,501	\$ 300,000
Community Development Agency	223,892	-	-
Total component units	\$ 994,110	\$ 208,501	\$ 300,000

See notes to financial statements.

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position			Component Units
	Governmental Activities	Business-type Activities	Total	
\$ -	\$ (239,392)		\$ (239,392)	
-	(80,335)		(80,335)	
6,494	(889,181)		(889,181)	
17,800	(562,089)		(562,089)	
-	(54,132)		(54,132)	
-	(239,289)		(239,289)	
71,611	(233,658)		(233,658)	
-	(124,640)		(124,640)	
-	(154,663)		(154,663)	
-	(1,198,093)		(1,198,093)	
<u>95,905</u>	<u>(3,775,472)</u>	<u>\$ -</u>	<u>(3,775,472)</u>	
26,762	-	24,663	24,663	
-	-	107,241	107,241	
-	-	(480,291)	(480,291)	
-	-	(13,610)	(13,610)	
<u>26,762</u>	<u>-</u>	<u>(361,997)</u>	<u>(361,997)</u>	
<u>\$ 122,667</u>	<u>(3,775,472)</u>	<u>(361,997)</u>	<u>(4,137,469)</u>	
\$ 226,238				\$ (35,479)
-				(223,892)
<u>\$ 226,238</u>				<u>(259,371)</u>
General revenues:				
Taxes:				
Property	846,696	-	846,696	86,157
Motor vehicle	84,794	-	84,794	-
Payments in lieu of taxes	890,345	-	890,345	-
Sales tax	1,055,086	-	1,055,086	-
Franchise	196,737	-	196,737	-
TIF proceeds	-	-	-	101,138
State allocation	1,072,896	-	1,072,896	-
Special assessments	55,311	-	55,311	-
Keno proceeds	24,326	-	24,326	-
Miscellaneous	23,483	-	23,483	867
Interest income	54,034	68,854	122,888	672
Gain on sale of assets	2,860	900	3,760	41,998
Transfer between City and CDA	-	(21,276)	(21,276)	21,276
Interfund transfers	(13,500)	13,500	-	-
Total general revenues	<u>4,293,068</u>	<u>61,978</u>	<u>4,355,046</u>	<u>252,108</u>
Change in net position	517,596	(300,019)	217,577	(7,263)
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>
Net position - September 30, 2017	<u>\$ 21,367,392</u>	<u>\$ 19,588,918</u>	<u>\$ 40,956,310</u>	<u>\$ 6,956,229</u>

CITY OF WAYNE, NEBRASKA

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2017

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ (78,139)	\$ 697,845	\$ -	\$ -	\$ 10,683	\$ -	\$ 630,389
Investments	1,418,686	408,131	-	-	82,106	-	1,908,923
County treasurer cash	70,415	6,533	-	9,600	-	-	86,548
Receivables:							
Special assessments	-	-	-	483,517	-	-	483,517
Accounts, net of allowance for doubtful accounts	7,444	1,108	-	-	-	-	8,552
Grants	16,109	-	-	-	85,351	-	101,460
Notes receivable	-	-	1,537,699	-	328,272	-	1,865,971
Interest	1,501	381	-	784	249	-	2,915
Property tax	27,170	-	-	3,705	-	-	30,875
Due from other governments	200,280	-	-	-	-	-	200,280
Due from other funds	73,731	-	-	-	-	(73,731)	-
Due from component units	199	-	-	-	-	-	199
Restricted assets:							
Cash	690,785	-	214,145	1,012	120,755	-	1,026,697
Investments	183,494	-	-	697,848	338,142	-	1,219,484
Total assets	\$ 2,611,675	\$ 1,113,998	\$ 1,751,844	\$ 1,196,466	\$ 965,558	\$ (73,731)	\$ 7,565,810
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 115,390	\$ 285,325	\$ -	\$ -	\$ 16,042	\$ -	\$ 416,757
Accrued expenses	119,785	31,271	768	20,318	-	-	172,142
Customer deposits	20,750	-	-	-	-	-	20,750
Due to other funds	-	-	712,000	-	73,731	(73,731)	712,000
Unavailable property tax	14,590	-	-	404,520	-	-	419,110
Total liabilities	270,515	316,596	712,768	424,838	89,773	(73,731)	1,740,759
Fund balances:							
Restricted for:							
Debt service	200,000	-	-	771,628	-	-	971,628
Capital projects	486,547	-	-	-	-	-	486,547
Swimming pool	153,319	-	-	-	-	-	153,319
Community Activity Center	-	-	-	-	161,878	-	161,878
Community betterment	-	-	-	-	22,378	-	22,378
Federal programs	-	-	-	-	672,463	-	672,463
Economic development	-	-	1,039,076	-	-	-	1,039,076
Parks	28,388	-	-	-	-	-	28,388
Golf course	6,025	-	-	-	-	-	6,025
Committed for:							
Capital projects	100,500	-	-	-	-	-	100,500
Assigned for:							
Budgetary stabilization	1,366,381	-	-	-	-	-	1,366,381
Street expenditures	-	797,402	-	-	-	-	797,402
Other purposes	-	-	-	-	19,066	-	19,066
Unassigned	-	-	-	-	-	-	-
Total fund balances	2,341,160	797,402	1,039,076	771,628	875,785	-	5,825,051
Total liabilities and fund balances	\$ 2,611,675	\$ 1,113,998	\$ 1,751,844	\$ 1,196,466	\$ 965,558	\$ (73,731)	\$ 7,565,810

See notes to financial statements.

CITY OF WAYNE, NEBRASKA

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

September 30, 2017

Total fund balances - governmental funds	\$	5,825,051
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$37,524,425, and the accumulated depreciation is \$17,713,911.</p>		
		19,810,514
<p>Internal service funds are used by management to charge the costs of employee health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		
		521,936
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Noncurrent compensated absences	\$	(35,109)
Bonds payable	(4,755,000)	(4,790,109)
Total net position - governmental activities	\$	<u>21,367,392</u>

See notes to financial statements.

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2017

	<u>General</u>	<u>Street</u>	<u>LB840</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 744,086	\$ 983	\$ -	\$ 101,627	\$ -	\$ 846,696
Motor vehicle	-	84,794	-	-	-	84,794
Payments in lieu of taxes	890,120	-	-	225	-	890,345
Sales tax	689,183	115,727	250,176	-	-	1,055,086
Franchise	196,737	-	-	-	-	196,737
Intergovernmental	580,679	636,376	-	-	93,508	1,310,563
Special assessments	-	-	-	55,311	-	55,311
Charges for services	629,226	5,210	-	-	78,098	712,534
Keno proceeds	-	-	-	-	24,326	24,326
Interest income	9,308	3,435	10,663	19,951	7,609	50,966
Contributions	76,598	-	-	-	2,199	78,797
Sale of property	1,810	1,050	-	-	-	2,860
Other income	22,458	6,142	-	-	-	28,600
Total revenues	<u>3,840,205</u>	<u>853,717</u>	<u>260,839</u>	<u>177,114</u>	<u>205,740</u>	<u>5,337,615</u>
EXPENDITURES						
General government	248,390	-	23,723	-	217,003	489,116
Public buildings	134,600	-	-	-	-	134,600
Public safety	1,074,893	-	-	-	91,934	1,166,827
Public works	-	584,926	-	-	-	584,926
Senior citizens services	237,258	-	-	-	-	237,258
Library	254,000	-	-	-	-	254,000
Recreation	382,513	-	-	-	7,089	389,602
Community Activity Center	287,651	-	-	-	(2,000)	285,651
Capital outlay	585,565	396,118	-	-	114,457	1,096,140
Principal payments on debt	415,000	-	-	280,000	-	695,000
Interest on long-term debt	86,536	-	18,318	68,127	-	172,981
Total expenditures	<u>3,706,406</u>	<u>981,044</u>	<u>42,041</u>	<u>348,127</u>	<u>428,483</u>	<u>5,506,101</u>
Excess (deficiency) of revenues over expenditures	133,799	(127,327)	218,798	(171,013)	(222,743)	(168,486)
OTHER FINANCING SOURCES (USES)						
Transfers in	36,572	200,000	-	100,300	-	336,872
Transfers out	(313,800)	-	-	-	(36,572)	(350,372)
Net transfers	<u>(277,228)</u>	<u>200,000</u>	<u>-</u>	<u>100,300</u>	<u>(36,572)</u>	<u>(13,500)</u>
Net change in fund balances	(143,429)	72,673	218,798	(70,713)	(259,315)	(181,986)
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>
Fund balances - September 30, 2017	<u>\$ 2,341,160</u>	<u>\$ 797,402</u>	<u>\$ 1,039,076</u>	<u>\$ 771,628</u>	<u>\$ 875,785</u>	<u>\$ 5,825,051</u>

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, 2017

Total net change in fund balances - governmental funds	\$ (181,986)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay (\$1,141,209) was exceeded by depreciation expense (\$1,198,093) during the period.	
State grants funded \$45,069 of the capital additions.	(56,884)
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.	61,783
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.	(317)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>695,000</u>
Change in net position of governmental activities	<u><u>\$ 517,596</u></u>

See notes to financial statements.

CITY OF WAYNE, NEBRASKA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 401,985	\$ 296,686
Investments	3,497,004	583,025
Receivables:		
Accounts, net of allowance for doubtful accounts	793,582	90,144
Unbilled revenue	274,714	37,511
Grants receivable	12,180	-
Special assessments	-	117,141
Interest	2,922	616
Due from other funds	712,000	51,601
Due from Community Development Agency	300,000	-
Inventory	321,414	41,836
Total current assets	6,315,801	1,218,560
Noncurrent assets:		
Restricted cash and cash equivalents	96,900	-
Restricted investments	472,064	-
Capital assets:		
Land	151,607	143,650
Construction in progress	715,971	218,587
Distribution systems	6,020,379	6,618,987
Buildings	8,157,312	151,269
Equipment	3,745,956	573,077
Less accumulated depreciation	(12,134,152)	(4,565,114)
Net capital assets	6,657,073	3,140,456
Total noncurrent assets	7,226,037	3,140,456
Total assets	13,541,838	4,359,016
LIABILITIES		
Current liabilities:		
Accounts payable	460,140	40,271
Customer deposits	202,175	-
Accrued interest payable	9,087	6,359
Other accrued expenses	126,405	20,851
Due to other funds	-	-
Current portion of long-term obligations	150,000	35,327
Total current liabilities	947,807	102,808
Noncurrent liabilities:		
Compensated absences - noncurrent	62,427	9,018
Noncurrent portion of long-term obligations	1,230,000	1,329,103
Total noncurrent liabilities	1,292,427	1,338,121
Total liabilities	2,240,234	1,440,929
NET POSITION		
Net investment in capital assets	5,277,073	1,776,026
Restricted for:		
Debt service	366,789	-
Unrestricted	5,657,742	1,142,061
Total net position	\$ 11,301,604	\$ 2,918,087

See notes to financial statements.

Enterprise Funds				Internal Service Fund
Sewer Fund	Transfer Station	Eliminations	Total	
\$ 207,325	\$ 15,050	\$ -	\$ 921,046	\$ 53,558
1,027,029	-	-	5,107,058	475,487
121,669	-	-	1,005,395	-
53,421	-	-	365,646	-
-	-	-	12,180	-
334,125	-	-	451,266	-
886	-	-	4,424	491
-	-	(51,601)	712,000	-
-	-	-	300,000	-
-	-	-	363,250	-
<u>1,744,455</u>	<u>15,050</u>	<u>(51,601)</u>	<u>9,242,265</u>	<u>529,536</u>
-	-	-	96,900	-
-	-	-	472,064	-
65,252	41,181	-	401,690	-
291,607	-	-	1,226,165	-
3,725,641	-	-	16,365,007	-
9,766,733	606,685	-	18,681,999	-
486,368	25,953	-	4,831,354	-
(5,140,780)	(443,559)	-	(22,283,605)	-
<u>9,194,821</u>	<u>230,260</u>	<u>-</u>	<u>19,222,610</u>	<u>-</u>
<u>9,194,821</u>	<u>230,260</u>	<u>-</u>	<u>19,791,574</u>	<u>-</u>
<u>10,939,276</u>	<u>245,310</u>	<u>(51,601)</u>	<u>29,033,839</u>	<u>529,536</u>
120,487	-	-	620,898	7,600
-	-	-	202,175	-
29,963	-	-	45,409	-
19,079	-	-	166,335	-
51,601	-	(51,601)	-	-
310,118	-	-	495,445	-
<u>531,248</u>	<u>-</u>	<u>(51,601)</u>	<u>1,530,262</u>	<u>7,600</u>
8,225	-	-	79,670	-
5,275,886	-	-	7,834,989	-
<u>5,284,111</u>	<u>-</u>	<u>-</u>	<u>7,914,659</u>	<u>-</u>
<u>5,815,359</u>	<u>-</u>	<u>(51,601)</u>	<u>9,444,921</u>	<u>7,600</u>
3,608,817	230,260	-	10,892,176	-
-	-	-	366,789	-
1,515,100	15,050	-	8,329,953	521,936
<u>\$ 5,123,917</u>	<u>\$ 245,310</u>	<u>\$ -</u>	<u>\$ 19,588,918</u>	<u>\$ 521,936</u>

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2017

	Enterprise Funds				Total	Internal Service Fund
	Electric Fund	Water Fund	Sewer Fund	Transfer Station		
Operating revenues:						
User charges	\$ 7,796,577	\$ 933,815	\$ 1,267,698	\$ 800	\$ 9,998,890	\$ -
Health insurance premiums	-	-	-	-	-	499,303
Hookup fees	-	859	875	-	1,734	-
Other revenue	68,362	6,387	1,598	12,000	88,347	-
Total operating revenues	<u>7,864,939</u>	<u>941,061</u>	<u>1,270,171</u>	<u>12,800</u>	<u>10,088,971</u>	<u>499,303</u>
Operating expenses:						
Cost of power	4,186,573	-	-	-	4,186,573	-
Personnel	1,302,670	229,795	215,547	(58)	1,747,954	-
Contract services	30,319	81,410	225,591	-	337,320	-
Commodities	1,127,594	203,741	631,703	4,421	1,967,459	-
Payments in lieu of taxes	675,302	68,484	73,598	-	817,384	-
Insurance claims and health premiums	-	-	-	-	-	440,587
Depreciation	512,309	224,302	442,764	22,047	1,201,422	-
Total operating expenses	<u>7,834,767</u>	<u>807,732</u>	<u>1,589,203</u>	<u>26,410</u>	<u>10,258,112</u>	<u>440,587</u>
Operating income (loss)	30,172	133,329	(319,032)	(13,610)	(169,141)	58,716
Nonoperating revenues (expenses):						
Interest income	49,444	7,713	11,677	20	68,854	3,067
Grant revenue	26,762	-	-	-	26,762	-
Gain on disposal of capital assets	900	-	-	-	900	-
Interest expense	(32,271)	(20,184)	(104,402)	-	(156,857)	-
Loan administration fees	-	(5,904)	(56,857)	-	(62,761)	-
Total nonoperating revenues (expenses)	<u>44,835</u>	<u>(18,375)</u>	<u>(149,582)</u>	<u>20</u>	<u>(123,102)</u>	<u>3,067</u>
Income (loss) before interfund transfers	75,007	114,954	(468,614)	(13,590)	(292,243)	61,783
Interfund transfers:						
Transfer to Community Development Agency	(21,276)	-	-	-	(21,276)	-
Transfer from (to) other funds	<u>(61,500)</u>	<u>(150,000)</u>	<u>225,000</u>	<u>-</u>	<u>13,500</u>	<u>-</u>
Change in net position	<u>(7,769)</u>	<u>(35,046)</u>	<u>(243,614)</u>	<u>(13,590)</u>	<u>(300,019)</u>	<u>61,783</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>
Net position - September 30, 2017	<u>\$ 11,301,604</u>	<u>\$ 2,918,087</u>	<u>\$ 5,123,917</u>	<u>\$ 245,310</u>	<u>\$ 19,588,918</u>	<u>\$ 521,936</u>

See notes to financial statements.

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

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 7,860,615	\$ 937,310
Receipts from other funds	-	-
Payments to suppliers	(6,046,788)	(353,334)
Payments to employees	(1,298,097)	(228,888)
Net cash provided by operating activities	515,730	355,088
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer to Community Development Agency	(21,276)	-
Transfers (to) from other funds	(61,500)	(150,000)
Net cash provided (used) by noncapital financing activities	(82,776)	(150,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of property and equipment	(1,004,709)	(796,214)
Proceeds from sale of capital assets	900	-
Grant proceeds	14,582	-
Special assessments received	-	31,109
Proceeds from the issuance of long-term debt	-	-
Principal payments on capital debt	(150,000)	(34,630)
Interest paid on capital debt	(32,730)	(20,651)
Loan administration fees	-	(5,904)
Net cash used by capital and related financing activities	(1,171,957)	(826,290)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in investments	199,954	(3,715)
(Increase) decrease in due from/to other funds	(75,000)	-
Interest received	52,633	7,529
Net cash provided (used) by investing activities	177,587	3,814
Increase (decrease) in cash and cash equivalents	(561,416)	(617,388)
Cash and cash equivalents - beginning of the year	1,060,301	914,074
Cash and cash equivalents - end of the year	\$ 498,885	\$ 296,686
Composition of cash and cash equivalents:		
Cash and cash equivalents	\$ 401,985	\$ 296,686
Restricted cash and cash equivalents	96,900	-
Total cash and cash equivalents	\$ 498,885	\$ 296,686

Enterprise Funds			Internal Service Fund
Sewer Fund	Transfer Station	Total	
\$ 1,262,150	\$ 13,300	\$ 10,073,375	\$ -
-	-	-	499,303
(912,073)	(4,421)	(7,316,616)	(446,987)
(216,999)	58	(1,743,926)	-
<u>133,078</u>	<u>8,937</u>	<u>1,012,833</u>	<u>52,316</u>
-	-	(21,276)	-
225,000	-	13,500	-
<u>225,000</u>	-	<u>(7,776)</u>	-
(492,384)	-	(2,293,307)	-
-	-	900	-
-	-	14,582	-
46,240	-	77,349	-
186,901	-	186,901	-
(264,181)	-	(448,811)	-
(102,617)	-	(155,998)	-
(56,857)	-	(62,761)	-
<u>(682,898)</u>	-	<u>(2,681,145)</u>	-
195,887	-	392,126	(72,704)
-	-	(75,000)	-
11,600	20	71,782	2,868
<u>207,487</u>	<u>20</u>	<u>388,908</u>	<u>(69,836)</u>
(117,333)	8,957	(1,287,180)	(17,520)
<u>324,658</u>	<u>6,093</u>	<u>2,305,126</u>	<u>71,078</u>
<u>\$ 207,325</u>	<u>\$ 15,050</u>	<u>\$ 1,017,946</u>	<u>\$ 53,558</u>
\$ 207,325	\$ 15,050	\$ 921,046	\$ 53,558
-	-	96,900	-
<u>\$ 207,325</u>	<u>\$ 15,050</u>	<u>\$ 1,017,946</u>	<u>\$ 53,558</u>

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2017

	Enterprise Funds	
	Electric Fund	Water Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 30,172	\$ 133,329
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	512,309	224,302
Change in assets and liabilities:		
Accounts receivable	(6,019)	(3,751)
Inventories	(20,635)	(950)
Accounts payable	(6,365)	1,251
Customer deposits	1,695	-
Accrued expenses	4,573	907
Net cash provided by operating activities	\$ 515,730	\$ 355,088

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>	
\$ (319,032)	\$ (13,610)	\$ (169,141)	\$ 58,716
442,764	22,047	1,201,422	-
(8,021)	500	(17,291)	-
-	-	(21,585)	-
18,819	-	13,705	(6,400)
-	-	1,695	-
(1,452)	-	4,028	-
<u>\$ 133,078</u>	<u>\$ 8,937</u>	<u>\$ 1,012,833</u>	<u>\$ 52,316</u>

CITY OF WAYNE, NEBRASKA

STATEMENT OF NET POSITION - FIDUCIARY FUND

September 30, 2017

	Agency <u>Fund</u>
ASSETS	
Cash	\$ 129,005
Investments	24,410
Sales tax receivable	38,136
Other receivables	931
Total assets	<u>\$ 192,482</u>
LIABILITIES	
Agency liabilities	<u>\$ 192,482</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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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:

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

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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, 2017

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, 2017

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, 2017

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>200,280</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, 2017

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, 2017

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, 2017

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, 2017

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 25). 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, 2017

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, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

5. Revenues, Expenditures, and Expenses, continued

Property Taxes, continued

Property taxes levied for 2016-2017 are recorded as revenue when expected to be collected within 60 days after September 30, 2017. 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, 2017

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, 2017

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, 2017

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, 2017. The categories of collateral are defined as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

1. Cash and Investments, continued

Deposits, continued

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

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

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

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and money market accounts	\$ 3,678,290	\$ 750,000	\$ 2,928,290	\$ -	\$ <u>3,363,023</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 1,604,993
Restricted cash and cash equivalents	1,123,597
Component Unit –	
Unrestricted cash and cash equivalents	505,428
Agency Fund Cash (not included in government-wide statement)	<u>129,005</u>
	<u>\$ 3,363,023</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, 2017. The categories of investments are defined as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

2. Restricted Assets

The restricted assets as of September 30, 2017, 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	\$ 1,026,697	\$ 96,900	\$ 1,123,597	\$ -
Investments	<u>1,219,484</u>	<u>472,064</u>	<u>1,691,548</u>	<u>-</u>
	<u>\$ 2,246,181</u>	<u>\$ 568,964</u>	<u>\$ 2,815,145</u>	<u>\$ -</u>

Restricted cash and investments for governmental activities consists of \$200,000 of General Fund cash restricted for pool debt service, \$486,547 of General Fund cash restricted for capital projects, \$153,319 of General Fund cash and investments restricted for the swimming pool, \$161,740 of Sales Tax cash and investments restricted for Community Activity Center, \$698,860 of Debt Service cash and investments restricted for debt service, \$273,042 of Community Development cash and investments restricted for Federal programs, \$214,145 of LB840 cash restricted for economic development, \$24,115 of Keno cash restricted for community betterment, \$28,388 of General Fund investments restricted to be used for parks, and \$6,025 of General Fund investments restricted to be used for the golf course.

Restricted business-type assets consist of debt service reserves of \$366,789 for the Electric Fund. The Electric Fund also has \$202,175 restricted for customer deposits.

3. Accounts and Notes Receivable

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of Community Activity Center memberships and other minor receivables. Accounts receivable for the component units consist of minor receivables. Receivables detail at September 30, 2017, is as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Accounts receivable	\$ 9,974	\$ 1,018,576	\$ 1,028,550	\$ 20,331
Allowance for doubtful accounts	(1,422)	(13,181)	(14,603)	<u>-</u>
Net accounts receivable	<u>\$ 8,552</u>	<u>\$ 1,005,395</u>	<u>\$ 1,013,947</u>	<u>\$ 20,331</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017:

<u>Note Held By</u>	<u>Due From</u>	<u>Note Balance at September 30, 2017</u>	<u>Terms</u>
Community Development Fund	Sand Creek Post and Beam	\$ 50,000	0%; monthly payments due over 120 months; final balloon payment due 1/02/20
Community Development Fund	Wayne Hospitality Group	89,555	3.125%; annual payments due over 15 years; final payment due 12/1/26
Community Development Fund	Udder Delights	8,236	4.5%; monthly payments over 96 months; matures 8/25/22
Community Development Fund	Miss Molly's	38,581	2.75%; monthly payments due over 84 months; final balloon payment due May 1, 2019
Community Development Fund	7 housing loans	141,900	0%; housing loans; due when property is sold
LB840 Fund	Wayne Area Events Center	350,000	3%; annual payments of \$40,004 March 1, 2018, through March 1, 2027
LB840 Fund	RBDK, LLC	56,169	3%; annual payments of \$4,705 through November 30, 2021 when final balloon payment is due
LB840 Fund	Innovative Protectives	7,333	0%; annual payments of \$667 November 1, 2014, through November 1, 2028

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017</u>	<u>Terms</u>
LB840 Fund	OCC Builders, LLC	29,072	0%; annual payments of \$2,643 November 1, 2014, through November 1, 2028
LB840 Fund	Sand Creek Post & Beam, Inc.	155,120	0%; annual payments of \$12,927 November 1, 2014, through November 1, 2028
LB840 Fund	Wayne Hospitality Group	216,667	0%; annual payments of \$16,667 due for 15 years through 2030
LB840 Fund	DRJ LLC/INET Library	74,186	3%; annual payments of \$10,568 plus interest May 10, 2013, through May 10, 2021
LB840 Fund	Lutt Oil	36,519	3%; annual payments of \$5,862 January 1, 2015, through January 1, 2024
LB840 Fund	Kory Leseberg	31,111	0%; monthly payments of \$222 June 1, 2014, through May 1, 2029
LB840 Fund	Kory Leseberg	28,028	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	32,000	0%; annual payments of \$2,667 May 1, 2015, through May 1, 2029

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017</u>	<u>Terms</u>
LB840 Fund	Hefti Trucking	40,000	0%; annual payments of \$3,333 September 1, 2015, through September 1, 2029
LB840 Fund	Ken Jorgensen	104,058	3%; forgivable at \$10,471 per year September 1, 2015, through September 1, 2029
LB840 Fund	Jen Claussen	20,507	3%; monthly payments of \$164 April 1, 2015, through March 1, 2030
LB840 Fund	Rainbow World	56,872	0%; monthly payments of \$313 over 120 months; 22 final balloon payment due November 17, 2022
LB840 Fund	Jen Claussen	14,259	0%; forgivable at \$4,753 per year April 1, 2016, through April 1, 2020
LB840 Fund	Mandy Bencoter	22,670	0%; monthly payments of \$208 February 1, 2017, through January 1, 2027
LB840 Fund	Julie Cull	22,209	3%; monthly payments of \$357 due over 120 months
LB840 Fund	Paulson Construction	26,172	3%; monthly payments due over 120 months

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017</u>	<u>Terms</u>
LB840 Fund	Beck Ag, Inc	33,824	3%; annual payments of \$17,677 March 1, 2017 through March 1, 2019
LB840 Fund	Crossroads-Atoll Productions, LLC	37,849	3%; annual payments of \$3,351 February 1, 2017, through February 1, 2031
LB840 Fund	Rustic Treasures, LLC	43,000	0%; monthly payments of \$917 October 1, 2016, through September 1, 2021
LB840 Fund	Winning Finish Enterprises, Inc.	20,573	3%; annual payments of \$2,897 October 1, 2016, through October 1, 2025
LB840 Fund	Winning Finish Enterprises, Inc.	20,000	0%; forgivable at \$2,500 per year October 1, 2016, through October 1, 2025
LB840 Fund	Joshua Hopkins	23,144	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>1,865,971</u>	
Current portion		\$ 214,000	
Noncurrent portion		<u>1,651,971</u>	
		\$ <u>1,865,971</u>	

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>Balance at</u> <u>October 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2017</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 691,592	\$ -	\$ -	\$ -	\$ 691,592
Construction in progress	491,555	483,276	-	(181,746)	793,085
Total capital assets not being depreciated	1,183,147	483,276	-	(181,746)	1,484,677
Other capital assets being depreciated:					
Infrastructure	17,101,686	36,827	-	-	17,138,513
Improvements	4,732,070	106,855	-	181,746	5,020,671
Buildings	10,055,378	63,164	-	-	10,118,542
Machinery and equipment	3,331,233	451,087	(20,298)	-	3,762,022
Total other capital assets at historical cost	35,220,367	657,933	(20,298)	181,746	36,039,748
Less accumulated depreciation for:					
Infrastructure	(9,434,046)	(454,117)	-	-	(9,888,163)
Improvements	(615,426)	(237,574)	-	-	(853,000)
Buildings	(4,237,227)	(241,101)	-	-	(4,478,328)
Machinery and equipment	(2,249,417)	(265,301)	20,298	-	(2,494,420)
Total accumulated depreciation	(16,536,116)	(1,198,093) *	20,298	-	(17,713,911)
Other capital assets, net	18,684,251	(540,160)	-	181,746	18,325,837
Governmental activities capital assets, net	<u>\$ 19,867,398</u>	<u>\$ (56,884)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,810,514</u>

* Depreciation expense was charged to governmental activities as follows:

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

4. Capital Assets, continued

Governmental Activities, continued:

General government/public buildings	\$ 80,838
Public safety	156,349
Public works:	
Street	568,190
Library	2,746
Senior citizens services	11,269
Recreation	287,715
Community Activity Center:	<u>90,986</u>
Total governmental depreciation expense	\$ <u>1,198,093</u>

Construction in progress at September 30, 2017, consists of \$247,601 for the Hiking Trail – Phase II project, \$12,086 for the Second Street storm sewer project, \$9,418 for the Fifth Street to Community Activity Center project; \$417,739 for the 4th Street extension project, and \$106,241 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, 2017

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

4. Capital Assets, continued

	<u>Balance at</u> <u>October 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance at</u> <u>September 30, 2017</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 379,600	\$ 22,090	\$ -	\$ -	\$ 401,690
Construction in progress	109,079	1,185,233	-	(68,147)	1,226,165
Total capital assets not being depreciated	488,679	1,207,323	-	(68,147)	1,627,855
Other capital assets being depreciated:					
Buildings	18,490,900	191,099	-	-	18,681,999
Distribution systems	15,710,846	586,014	-	68,147	16,365,007
Equipment	4,720,752	125,711	(15,109)	-	4,831,354
Total other capital assets at historical cost	38,922,498	902,824	(15,109)	68,147	39,878,360
Less accumulated depreciation for:					
Buildings	(7,401,830)	(624,664)	-	-	(8,026,494)
Distribution systems	(9,438,635)	(476,371)	-	-	(9,915,006)
Equipment	(4,256,827)	(100,387)	15,109	-	(4,342,105)
Total accumulated depreciation	(21,097,292)	(1,201,422) *	15,109	-	(22,283,605)
Other capital assets, net	17,825,206	(298,598)	-	68,147	17,594,755
Business-type capital assets, net	<u>\$ 18,313,885</u>	<u>\$ 908,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,222,610</u>

* Depreciation expense was charged to functions as follows:

Electric	\$ 512,309
Water	224,302
Sewer	442,764
Transfer Station	<u>22,047</u>
Total business-type activities depreciation expense	<u>\$ 1,201,422</u>

Construction in progress at September 30, 2017, consists of \$689,627 of costs on the electric inner East/West conversion project, \$26,344 of costs on the electric distribution system for the Events Center; \$31,205 of costs on the Events Center water line project, \$159,906 of costs on the water building, \$27,476 of costs on the Beumont water extension, \$59,857 of costs on the Events Center sewer system, \$159,944 of costs on the sewer building, and \$71,806 of costs on the Beumont sewer extension. See Note D3 for additional detail of the construction in progress at September 30, 2017.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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

4. Capital Assets, continued

	Balance at <u>October 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at <u>September 30, 2017</u>
<u>Airport Authority:</u>					
Capital assets not being depreciated:					
Land	\$ 287,776	\$ -	\$ -	\$ -	\$ 287,776
Construction in progress	42,619	209,410	-	-	252,029
	<u>330,395</u>	<u>209,410</u>	<u>-</u>	<u>-</u>	<u>539,805</u>
Other capital assets being depreciated:					
Buildings	2,561,545	-	-	-	2,561,545
Improvements	5,167,914	-	-	-	5,167,914
Equipment	245,635	-	-	-	245,635
Total other capital assets at historical cost	7,975,094	-	-	-	7,975,094
Less accumulated depreciation for:					
Buildings	(269,438)	(71,335)	-	-	(340,773)
Improvements	(1,112,682)	(209,560)	-	-	(1,322,242)
Equipment	(102,173)	(49,187)	-	-	(151,360)
Total accumulated depreciation	<u>(1,484,293)</u>	<u>(330,082)</u>	<u>-</u>	<u>-</u>	<u>(1,814,375)</u>
Other capital assets, net	<u>6,490,801</u>	<u>(330,082)</u>	<u>-</u>	<u>-</u>	<u>6,160,719</u>
Airport Authority capital assets, net	<u>\$ 6,821,196</u>	<u>\$ (120,672)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,700,524</u>

Construction in progress at September 30, 2017 consists of \$252,029 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, 2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance at <u>September 30, 2017</u>
<u>Community Development Agency:</u>				
Capital assets not being depreciated:				
Land	\$ <u>206,362</u>	\$ <u>-</u>	\$ <u>(8,815)</u>	\$ <u>197,547</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, 2017

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, 2017:

<u>Type of Debt</u>	Balance October 1, 2016	<u>Additions</u>	<u>Deductions</u>	Balance September 30, 2017	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds payable	\$ 5,450,000	\$ -	\$ (695,000)	\$ 4,755,000	\$ 405,000
Business-type Activities:					
Bonds payable	\$ 8,592,344	\$ 186,901	\$ (448,811)	\$ 8,330,434	\$ 495,445
Component Units:					
Airport Authority	\$ 139,246	\$ -	\$ (31,684)	\$ 107,562	\$ 14,184
Community Develop- ment Authority	2,296,668	180,000	(131,246)	2,345,422	297,199
Total component units	\$ 2,435,914	\$ 180,000	\$ (162,930)	\$ 2,452,984	\$ 311,383

Governmental Activities

As of September 30, 2017, 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. \$ 200,000

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, 2017

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. 340,000

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. 500,000

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. 825,000

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. 2,435,000

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. 100,000

Total bonds payable \$ 4,755,000

Current portion \$ 405,000

Noncurrent portion 4,350,000

Total \$ 4,755,000

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, 2017

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

6. Long-term Debt, continued

Business-type Activities

As of September 30, 2017, 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.	\$ 1,380,000
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Water revenue bond anticipation notes - series 2016, with original issue amount of \$800,000. Interest of 1.15 percent due semi-annually with final maturity June 1, 2019.	800,000
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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.	3,788,348
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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.	1,797,656
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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>564,430</u>
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Total business-type activity bonds and notes payable	\$ <u>8,330,434</u>
Current portion	\$ 495,445
Noncurrent portion	<u>7,834,989</u>
Total	\$ <u>8,330,434</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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.

\$ -

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.

107,562

Total Airport notes payable

107,562

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.

92,381

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.

66,550

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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. 54,140

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. 121,170

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. 397,373

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. 143,647

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, 2017

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. 44,614

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. 36,638

Tax increment revenue bond series 2013, with original amount of \$130,000. Interest of 5 percent is due semi-annually commencing June 30, 2015. Semi-annual principal payments commence December 30, 2016 through December 30, 2028. The bond is a limited obligation of the CDA payable exclusively from TIF proceeds. 128,561

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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. 73,326

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. 38,376

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, 2017

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. 230,000

Total Community Development Agency bonds payable 2,345,422

Total component unit notes and bond payable \$ 2,452,984

Current portion \$ 311,383

Noncurrent portion 2,141,601

Total \$ 2,452,984

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2017, are as follows:

Year Ending September 30.	Governmental Activities		Business-type Activities			Component Unit	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest
2018	\$ 405,000	\$ 138,379	\$ 495,445	\$ 152,759	\$ 60,645	\$ 311,383	\$ 268,066
2019	305,000	130,664	1,301,972	144,206	57,174	185,110	114,525
2020	315,000	124,111	508,625	125,954	53,638	207,169	104,751
2021	315,000	117,346	515,404	116,399	50,035	211,980	93,994
2022	340,000	109,080	522,314	106,414	46,363	200,114	83,054
2023-2027	1,775,000	395,913	2,599,939	364,642	174,272	1,051,029	240,955
2028-2032	1,300,000	108,000	1,964,988	125,824	71,613	286,199	19,802
2033-2037	-	-	421,747	14,350	9,567	-	-
	<u>\$4,755,000</u>	<u>\$1,123,493</u>	<u>\$ 8,330,434</u>	<u>\$1,150,548</u>	<u>\$523,307</u>	<u>\$ 2,452,984</u>	<u>\$ 925,147</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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

7. Interfund Transactions and Balances

Operating transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Street Fund	\$ -	\$ 200,000
Debt Service Fund	-	38,800
Sewer Fund	-	75,000
Wireless 911	18,000	-
E911	<u>18,572</u>	<u>-</u>
Total General Fund	36,572	313,800
Street Fund:		
General Fund	200,000	-
Debt Service Fund:		
Electric Fund	61,500	-
General Fund	<u>38,800</u>	<u>-</u>
Total Debt Service Fund	100,300	-
Nonmajor Governmental Funds:		
General Fund	-	36,572
Electric Fund:		
Debt Service Fund	-	61,500
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>561,872</u>	\$ <u>561,872</u>

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2017

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	\$ 375,000	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	137,000	Principal of \$50,000 is due annually, plus interest at 3% due semi-annually through July 31, 2020.
LB840-Tornado Relief	Electric	200,000	Principal of \$40,000 is due annually, plus interest at 0.5% due semi-annually through March 1, 2022.
		<u>\$ 712,000</u>	
Airport	General	\$ 157	0%; will be repaid during year ending September 30, 2018.
CDA	General	42	0%; will be repaid during year ending September 30, 2018.
CDA	Electric	300,000	0%; on demand or upon sale of real estate.
Total		<u>\$ 300,199</u>	

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 \$441,738 for the year ended September 30, 2017. Both the City and the covered employees' required contribution of \$30,982 was made for the year ended September 30, 2017. The employees also contributed \$17,343 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 \$2,407,419 and the covered payroll amounted to \$1,698,282 for the year ended September 30, 2017. The City and the employees contributed \$103,380 and \$127,834, respectively, for the year ended September 30, 2017.

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, 2017

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Insurance, continued

claims up to \$4,280 of individual claims. The self-insurance program is administered within the Internal Service Fund. The City maintains outside insurance coverage through an insurance policy on claim amounts over \$6,350 per individual or \$12,700 per family. The maximum out-of-pocket costs would be \$2,470 for the employee and \$3,880 for the City (based on individual coverage). The maximum out of pocket costs would be double the maximums shown above for family coverage.

Settled claims in the past three years have not exceeded the commercial coverages. The City has estimated unsubmitted claims on health insurance based on prior experience to be \$7,600; this amount represents two months of subsequent claims. This has been included as a current year expenditure. A reserve of \$521,936 is established in an internal service fund at September 30, 2017.

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, 2017, 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, 2017

NOTE D – OTHER NOTES, continued

2. Risk Management, continued

Deposits and Investments, continued

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

<u>Maturities by Month</u>	<u>Amount</u>
October 2017	\$ 617,073
December 2017	6,025
January 2018	617,553
February 2018	1,028,494
March 2018	28,803
April 2018	624,970
May 2018	2,044,107
June 2018	82,106
August 2018	776,406
September 2018	2,077,126
November 2018	79,519
January 2019	109,182
March 2019	150,564
March 2021	<u>158,172</u>
	<u>\$ 8,400,100</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, 2017, the City’s investments in certificates of deposit consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Bank First	\$ 19,597
Elkhorn Valley Bank	1,166,479
Farmers & Merchants Bank	3,019,488
State Nebraska Bank	<u>4,194,536</u>
	<u>\$ 8,400,100</u>

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017.

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 9/30/17</u>	<u>Obligation Pending</u>	<u>Expected Completion Date</u>
Governmental Fund Projects:				
Fourth Street extension	\$ 681,054	\$ 282,175	\$ 398,879	December 2017
Second Street storm sewer	36,000	12,000	24,000	September 2018
Business-type Funds Projects:				
Beumont water extension	54,584	20,849	33,735	March 2018
Beumont sewer extension	205,339	78,433	126,906	March 2018
Inner East/West electric conversion	690,290	140,009	550,281	September 2018
Wayne Municipal Airport:				
Parallel taxiway-				
Engineering	475,319	146,428	328,891	September 2018
Construction	1,973,964	-	1,973,964	September 2018

Tradewind Energy Agreement

On November 14, 2016, the Wayne Municipal Airport entered into an agreement with Rattlesnake Creek Wind Project, LLC to remove certain ground-based non-directional beacon equipment. The Airport received a \$300,000 initial payment from Rattlesnake Creek Wind Project, LLC during the year ended September 30, 2017 to provide training and equipment to various third parties in preparation of the removal of the equipment. When the Project begins commercially generating power, the Project will owe the Airport an additional payment of \$1,200,000 within 30 days of beginning commercial operation. Of the \$300,000 received during the year ended September 30, 2017, the Airport committed \$235,000 for incentives to be paid to pilots and hangar renters. At September 30, 2017, \$56,683 of these incentives remained to be paid out and are included in accounts payable.

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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, 2017.

Lease commitments as of September 30, 2017, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2018	\$ 7,633
2019	5,819
2020	<u>2,158</u>
	\$ <u>15,610</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, 2017, are as follows:

<u>Year ending September 30,</u>	<u>Commitment</u>
2018	\$ <u>7,600</u>

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

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 \$3,762,134 for the year ended September 30, 2017.

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

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

4. Related-Party Transactions

The Electric Fund remits 10.5 percent of gross revenues, the Water Fund remits nine percent of gross revenues, and Sewer Funds remit seven percent of gross revenues to the General Fund annually as payments in lieu of taxes. The Electric Fund made payments in the amount of \$675,302, the Water Fund made payments of \$68,484, and the Sewer Fund made payments of \$73,598, for the year ended September 30, 2017.

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements

The City has the following interlocal agreements in effect as of September 30, 2017:

Parties to Agreement	Agreement Period	Descriptions
Village of Carroll and Village of Winside	12/15/98	Dispatch services/911 Service Center
Wayne County Agricultural Society	3/13/01	Agreement to waive water/sewer and electrical charges incurred during the fair
Wayne Community Schools	7/09/02	Use of softball fields, associated parking and restroom facilities, and program equipment
Northeast Nebraska Public Power District	11/9/04	Commitment to provide assistance to restore power after storm damage
Wayne County	8/19/14	Jointly provide dispatch service for public safety in Wayne County
Wayne State College	5/16/17	Share law enforcement resources
Wayne County and Wayne County Library Association	8/3/10	Provide all library services and materials currently available through the public libraries to all residents of the county
Providence Medical Center	6/20/17	Provide funds to defray a part of the cost of the operation of the ambulance
Rural Enterprise Assistance Project	5/10/05	Use of the services of REAP to be available for start-up and existing entrepreneurs
ONELibrary Consortium	10/04/16	The mission of the consortium of public funded libraries in the northeastern part of the State of Nebraska is to enrich the collections, share the resources, enhance the services, and strengthen the support for its member libraries

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

Parties to Agreement	Agreement Period	Descriptions
Northeast Nebraska Mutual Aid Assn. and Elkhorn Valley	9/19/14	Insuring the safety of the lives and property of our citizens from fire loss, medical emergencies, and natural disasters
Nebraska Public Power District	9/27/05	A firm power contract for 20 years for purchase of wholesale power from NPPD
Lower Elkhorn Natural Resource District	5/10/05	Wayne Pedestrian Trail – Phase II
Northeast Nebraska Economic Development District	10/10/06	Services for planning, grant writing, grant management, etc.
Wayne State College	5/08/07	Contribution to Wayne Volunteer Fire Department in lieu of fine assessment for false alarms
Northeast Nebraska Public Power District	10/26/04	Service area extensions
Wayne County and Golf Club of Wayne	11/1/94	Golf courses maintenance agreement
Rural Fire Board	9/12/50	Sharing equipment and facilities
Nebraska Expressways for Economic Development	6/21/09	Nebraska State Highway Expressway System
Wayne State College	7/15/08	Rugby field usage

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

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

CITY OF WAYNE, NEBRASKA
NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

5. Interlocal Agreements, continued

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

CITY OF WAYNE, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2017

NOTE D – OTHER NOTES, continued

6. Tax Abatements

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

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

Information relevant to the abatements granted by the CDA for the year ended September 30, 2017 is as follows:

<u>TIF Project:</u>	Years Remaining on <u>TIF Agreements</u>	2017 TIF <u>Valuation</u>	TIF Proceeds Received during the year <u>9-30-2017</u>
Angel Acres	12	\$ 926,300	\$ 15,051
MZRB, LLC	12	311,040	6,048
Progressive Properties – First Street	11	113,620	1,382
Western Ridge – Pick/Meyer	12	1,013,855	13,360
Sebade	12	214,065	4,067
Progressive Properties – 6 th Street	13	370,005	442
Wayne Rentals	13	693,360	13,356
Bomgaars	8	1,421,620	26,730
Western Ridge	6	3,678,255	52,724
Benscoter Development	7	1,018,620	22,119
Wayne Hospitality	8	2,179,230	41,970
Progressive Properties – Nebraska Street	12	423,835	4,167
Windom Ridge	7	524,680	10,202
Jorgensen – The Jug Store	14	1,341,860	<u>7,009</u>
			<u>\$ 218,627</u>

7. Subsequent Events

Management has evaluated subsequent events through January 11, 2018, the date on which the financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WAYNE, NEBRASKA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 733,500	\$ 743,007	\$ 9,507
Payments in lieu of taxes	890,032	890,120	88
Sales tax	1,030,000	689,183	(340,817)
Franchise	214,000	196,737	(17,263)
Intergovernmental	893,544	578,045	(315,499)
Charges for services	687,005	628,354	(58,651)
Interest income	6,000	8,415	2,415
Contributions	-	76,598	76,598
Sale of property	-	1,810	1,810
Other	<u>75,203</u>	<u>22,458</u>	<u>(52,745)</u>
Total resources	4,529,284	3,834,727	(694,557)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	1,616,913	248,390	(1,368,523)
Public buildings	88,849	134,650	45,801
Public safety	1,301,176	1,064,724	(236,452)
Senior citizens services	278,464	237,258	(41,206)
Library	269,133	254,000	(15,133)
Recreation	1,046,794	382,513	(664,281)
Community Activity Center	295,879	287,651	(8,228)
Capital outlay	665,198	622,117	(43,081)
Principal payments on debt	-	415,000	415,000
Interest expense	<u>-</u>	<u>86,536</u>	<u>86,536</u>
Total charges to appropriations	<u>5,562,406</u>	<u>3,732,839</u>	<u>(1,829,567)</u>
Resources over (under) charges to appropriations	(1,033,122)	101,888	1,135,010
OTHER FINANCING SOURCES (USES)			
Transfers in	65,785	36,572	(29,213)
Transfers out	<u>(670,800)</u>	<u>(313,800)</u>	<u>357,000</u>
Net transfers	<u>(605,015)</u>	<u>(277,228)</u>	<u>327,787</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS			
	<u>\$ (1,638,137)</u>	<u>\$ (175,340)</u>	<u>\$ 1,462,797</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
STREET FUND**

Year ended September 30, 2017

	Budget (Original and <u>Final</u>)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Taxes:			
Property	\$ 1,400	\$ 983	\$ (417)
Motor vehicle	79,000	84,794	5,794
Sales tax	-	115,727	115,727
Intergovernmental	2,217,206	636,376	(1,580,830)
Charges for services	1,300	4,182	2,882
Interest income	2,000	3,357	1,357
Sale of property	500	1,050	550
Other income	-	6,142	6,142
	<hr/>	<hr/>	<hr/>
Total resources	2,301,406	852,611	(1,448,795)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Public works	1,714,906	583,407	(1,131,499)
Capital projects	2,216,250	118,062	(2,098,188)
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	3,931,156	701,469	(3,229,687)
Resources over (under) charges to appropriations	(1,629,750)	151,142	1,780,892
OTHER FINANCING SOURCES (USES)			
Transfers in	1,102,000	200,000	(902,000)
	<hr/>	<hr/>	<hr/>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (527,750)</u>	<u>\$ 351,142</u>	<u>\$ 878,892</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
LB840 FUND**

Year ended September 30, 2017

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Sales tax	\$ 250,000	\$ 250,176	\$ 176
Interest income	125	10,663	10,538
Other income	<u>147,677</u>	<u>-</u>	<u>(147,677)</u>
Total resources	397,802	260,839	(136,963)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General government	620,635	169,191	(451,444)
Interest on long-term debt	<u>-</u>	<u>18,318</u>	<u>18,318</u>
Total charges to appropriations	<u>620,635</u>	<u>187,509</u>	<u>(433,126)</u>
RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (222,833)</u>	<u>\$ 73,330</u>	<u>\$ 296,163</u>

CITY OF WAYNE, NEBRASKA

**BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE FUND**

Year ended September 30, 2017

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
RESOURCES (INFLOWS)			
Property tax	\$ 100,000	\$ 101,283	\$ 1,283
Payments in lieu of taxes	150	225	75
Special assessments	37,754	22,484	(15,270)
Interest income	<u>42,567</u>	<u>19,836</u>	<u>(22,731)</u>
Total resources	180,471	143,828	(36,643)
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
Principal payments	280,000	280,000	-
Interest and fees	<u>65,893</u>	<u>69,225</u>	<u>3,332</u>
Total charges to appropriations	<u>345,893</u>	<u>349,225</u>	<u>3,332</u>
Resources over (under) charges to appropriations	(165,422)	(205,397)	(39,975)
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>100,301</u>	<u>100,300</u>	<u>(1)</u>
RESOURCES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) CHARGES TO APPROPRIATIONS	<u>\$ (65,121)</u>	<u>\$ (105,097)</u>	<u>\$ (39,976)</u>

CITY OF WAYNE, NEBRASKA

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

Year ended September 30, 2017

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

	<u>General Fund</u>	<u>Street Fund</u>	<u>LB840 Fund</u>	<u>Debt Service Fund</u>
Sources/inflows of resources:				
Actual amounts of resources (budgetary basis) from the budgetary comparison schedules	\$ 3,834,727	\$ 852,611	\$ 260,839	\$ 143,828
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>5,478</u>	<u>1,106</u>	<u>-</u>	<u>33,286</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,840,205</u></u>	<u><u>\$ 853,717</u></u>	<u><u>\$ 260,839</u></u>	<u><u>\$ 177,114</u></u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedules	\$ 3,732,839	\$ 701,469	\$ 187,509	\$ 349,225
Differences - budget to GAAP:				
Cash to accrual adjustments	<u>(26,433)</u>	<u>279,575</u>	<u>(145,468)</u>	<u>(1,098)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 3,706,406</u></u>	<u><u>\$ 981,044</u></u>	<u><u>\$ 42,041</u></u>	<u><u>\$ 348,127</u></u>

SUPPLEMENTARY INFORMATION

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

September 30, 2017

	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>	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 6,046	\$ 4,637	\$ 10,683
Investments	-	-	-	61,579	20,527	82,106
Grants receivable	85,351	-	-	-	-	85,351
Notes receivable	328,272	-	-	-	-	328,272
Interest receivable	103	138	-	4	4	249
Restricted assets:						
Cash and cash equivalents	89,654	6,986	24,115	-	-	120,755
Investments	183,388	154,754	-	-	-	338,142
Total assets	\$ 686,768	\$ 161,878	\$ 24,115	\$ 67,629	\$ 25,168	\$ 965,558
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 14,305	\$ -	\$ 1,737	\$ -	\$ -	\$ 16,042
Due to other funds	-	-	-	66,284	7,447	73,731
Total liabilities	14,305	-	1,737	66,284	7,447	89,773
Fund balances:						
Restricted for:						
Federal programs	672,463	-	-	-	-	672,463
Community Activity Center	-	161,878	-	-	-	161,878
Community betterment	-	-	22,378	-	-	22,378
Assigned for:						
Other purposes	-	-	-	1,345	17,721	19,066
Total fund balances	672,463	161,878	22,378	1,345	17,721	875,785
Total liabilities and fund balances	\$ 686,768	\$ 161,878	\$ 24,115	\$ 67,629	\$ 25,168	\$ 965,558

CITY OF WAYNE, NEBRASKA

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

For the year ended September 30, 2017

	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>	
REVENUES						
Intergovernmental	\$ 93,508	\$ -	\$ -	\$ -	\$ -	\$ 93,508
Charges for services	1,400	-	-	54,516	22,182	78,098
Contributions	-	2,199	-	-	-	2,199
Keno proceeds	-	-	24,326	-	-	24,326
Interest income	6,140	882	29	424	134	7,609
Total revenues	<u>101,048</u>	<u>3,081</u>	<u>24,355</u>	<u>54,940</u>	<u>22,316</u>	<u>205,740</u>
EXPENDITURES						
General government	217,003	-	-	-	-	217,003
Public safety	-	-	-	81,221	10,713	91,934
Recreation	-	-	7,089	-	-	7,089
Community Activity Center	-	(2,000)	-	-	-	(2,000)
Capital outlay	-	-	-	101,157	13,300	114,457
Total expenditures	<u>217,003</u>	<u>(2,000)</u>	<u>7,089</u>	<u>182,378</u>	<u>24,013</u>	<u>428,483</u>
Excess of revenues over expenditures	(115,955)	5,081	17,266	(127,438)	(1,697)	(222,743)
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	-	-	(18,572)	(18,000)	(36,572)
Net change in fund balances	(115,955)	5,081	17,266	(146,010)	(19,697)	(259,315)
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>
Fund balances - September 30, 2017	<u>\$ 672,463</u>	<u>\$ 161,878</u>	<u>\$ 22,378</u>	<u>\$ 1,345</u>	<u>\$ 17,721</u>	<u>\$ 875,785</u>

CITY OF WAYNE, NEBRASKA

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

September 30, 2017

	<u>Wayne Municipal Airport</u>	<u>Community Development Agency</u>	<u>Total Component Units</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 353,106	\$ 152,322	\$ 505,428
County treasurer cash	8,131	-	8,131
Receivables:			
Property tax	3,169	-	3,169
Accounts receivable	411	19,920	20,331
Grants receivable	17,892	-	17,892
TIF receivable-current portion	-	231,484	231,484
Fuel inventory	11,340	-	11,340
Prepaid insurance	6,133	-	6,133
Total current assets	<u>400,182</u>	<u>403,726</u>	<u>803,908</u>
Noncurrent assets:			
TIF receivable-noncurrent portion	-	2,113,938	2,113,938
Note receivable-noncurrent portion	-	160,000	160,000
Capital assets:			
Land	287,776	197,547	485,323
Construction in progress	252,029	-	252,029
Other capital assets, net of depreciation	6,160,719	-	6,160,719
Net capital assets	<u>6,700,524</u>	<u>197,547</u>	<u>6,898,071</u>
Total noncurrent assets	<u>6,700,524</u>	<u>2,471,485</u>	<u>9,172,009</u>
Total assets	7,100,706	2,875,211	9,975,917
LIABILITIES			
Current liabilities:			
Due to the City of Wayne	157	300,042	300,199
Accounts payable	85,679	-	85,679
Accrued interest payable	-	179,017	179,017
Unavailable property tax	1,809	-	1,809
Current portion of long-term debt	14,184	297,199	311,383
Total current liabilities	<u>101,829</u>	<u>776,258</u>	<u>878,087</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	<u>93,378</u>	<u>2,048,223</u>	<u>2,141,601</u>
Total liabilities	<u>195,207</u>	<u>2,824,481</u>	<u>3,019,688</u>
NET POSITION			
Net investment in capital assets	6,592,962	197,547	6,790,509
Unrestricted	312,537	(146,817)	165,720
Total net position	<u>\$ 6,905,499</u>	<u>\$ 50,730</u>	<u>\$ 6,956,229</u>

CITY OF WAYNE, NEBRASKA

**COMBINING STATEMENT OF ACTIVITIES -
COMPONENT UNITS**

For the year ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Wayne Municipal Airport:			
Airport	\$ 770,218	\$ 208,501	\$ 300,000
Community Development Agency:			
Economic development	223,892	-	-
Total component units	\$ 994,110	\$ 208,501	\$ 300,000

<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>
\$ 226,238	\$ (35,479)	\$ -	\$ (35,479)
-	-	(223,892)	(223,892)
<u>\$ 226,238</u>	<u>(35,479)</u>	<u>(223,892)</u>	<u>(259,371)</u>
General revenues:			
Taxes:			
Property	86,157	-	86,157
TIF proceeds	-	101,138	101,138
Interest income	663	9	672
Gain on disposal of assets	-	41,998	41,998
Other income	867	-	867
Transfer from City of Wayne	-	21,276	21,276
Total general revenues	<u>87,687</u>	<u>164,421</u>	<u>252,108</u>
Change in net position	52,208	(59,471)	(7,263)
Net position - beginning of year	<u>6,853,291</u>	<u>110,201</u>	<u>6,963,492</u>
Net position - end of year	<u>\$ 6,905,499</u>	<u>\$ 50,730</u>	<u>\$ 6,956,229</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, 2017, 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, 2018.

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, Mathyalm -
Galloway - Luth, D.C.*

Grand Island, Nebraska
January 11, 2018