

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2014

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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NORFOLK
NEBRASKA**

for the year ended

September 30, 2014

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2014*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 27, 2015

**Honorable Mayor, City Council,
and Citizens of Norfolk
City of Norfolk, Nebraska**

The comprehensive annual financial report of the City of Norfolk for the fiscal year ended September 30, 2014 is hereby submitted. State law requires cities to issue within six months of fiscal year end a set of audited financial statements. This report fulfills this requirement for the fiscal year ended September 30, 2014.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Hayes & Associates, L.L.C. a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Norfolk was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

GAAP requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

CITY PROFILE

The City of Norfolk is located in Madison County, a prime agricultural region in northeast Nebraska, approximately 112 miles northwest of Omaha and 121 miles north of the state capital of Lincoln.

The City was incorporated September 12, 1881, and utilizes the mayor and council form of government. The Council is elected on a nonpartisan basis. Council members serve four year staggered terms with four council members elected every two years. The mayor serves a four-year term. The City is divided into four wards and each ward is represented by two council members with staggered terms.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of streets and infrastructure; recreational activities; a public library; a system of parks; planning, zoning, health, and housing; water and sewer utilities; off-street parking facilities; and a solid waste transfer station. In addition to general government activities, the governing body oversees the City's various employee retirement systems and these activities are included in the reporting entity. The Community Development Agency created by the Mayor and Council to provide for redevelopment of blighted areas throughout the City is included because of the significance of its operational and financial relationships with the City. However, the Norfolk Housing Agency does not meet the established criteria for inclusion in the reporting entity, and is excluded from the report. The Agency issues its own financial statements which are available upon request from its office at 110 North Fourth Street.

The Council is required to adopt a final budget by no later than September 20 of the prior fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, and department. The budget includes all funds of the City except fiduciary funds (Retirement Funds) and component units (Community Development Agency and City of Norfolk Facilities Corporation).

The budget modification process depends on the type of modification being sought. If a department or division head wishes to purchase unbudgeted machinery, tools or equipment, he can choose to do so by exchanging it for another item within the same account. If an exchange is not possible and the item is not deferrable, the City Administrator must review and approve the request, or at his discretion, the Mayor and City Council. Exchanges of budgetary authority between accounts is generally not allowed. If any piece of equipment fails and was unforeseen at budget time, purchasing normally approves replacement up to \$1,500. Amounts over \$1,500 are approved by the City Administrator or the Mayor and City Council.

LOCAL ECONOMY

Norfolk continues to have low unemployment. Madison County's unemployment rate was 2.9% in December 2014, well below the national average of 5.6%. Real estate values are increasing. After 4 years of little increase in assessed valuation, Norfolk's 2014 assessed valuation increased 4.67%, most of which was due to increased value of existing property.

The most significant economic development news was the January 30, 2014 announcement that Tejas Tubular would locate a new manufacturing plant in Norfolk creating more than 200 jobs. Tejas Tubular is one of the leading manufacturers and suppliers of oil country tubular goods and operates several facilities in Texas and Indiana. Tejas will construct a 350,000 square foot plant with more than \$100 million of manufacturing equipment. The local Nucor steel mill is expected to be a major supplier of raw materials to the Tejas plant supplying over 150,000 tons of steel annually.

Making this project even more significant is the decision by Black Hills Energy to build a 50 mile natural gas pipeline to Norfolk from the east, connecting to the Northern Natural Gas interstate pipeline near Bancroft. This addresses one of the City's biggest economic development roadblocks, a lack of natural gas capacity. With construction of the Black Hills pipeline, Norfolk will be served by two different pipeline companies, one providing service from the west and the other from the east.

The City entered into a funding assistance agreement with Black Hills Energy to provide \$5 million for construction of this pipeline if certain conditions are met. \$3.6 million will come from the City's LB 840 economic development program approved by Norfolk citizens at the May, 2010 primary election. This program provides \$400,000 of property tax annually for 10 years to be used for economic development and allows for bonds to be issued in anticipation of these tax receipts. On June 4, 2014 the City issued a \$2,365,000 economic development fund bond. Bond proceeds, along with \$1,235,000 of cash held in the Economic Development Fund, will provide \$3.6 million of pipeline funding. The other \$1.4 million is contingent upon approval and receipt of \$1.4 million of grant proceeds from the State of Nebraska.

On February 4, 2015 Tejas Tubular announced it is postponing its plans to locate a manufacturing plant in Norfolk. Uncertainty in the oil market has delayed their aggressive timeline and caused the need to make adjustments in their strategic plan for growth. The company and all related parties remain committed to the project.

An \$11 million project to create Northeast Industrial Highway is nearing completion. The first phase was completed in July 2012. The first phase links Highway 35 to Victory Road via the Ethanol Road. Construction on the second phase created two more miles west to 1st Street, including bridges over the railroad and Victory Road. The last phase, currently in progress, connects 1st Street to US Highway 81 and is planned to be completed this summer. The roads will provide a solid means of transportation for trucks from the three industries in the area and greatly improve road safety. Funding is from: the City, the Madison County Railroad Transportation Safety District, Madison County, and Stanton County.

The City and Community Development Agency approved a Redevelopment Agreement in December 2012 which provides for using tax increment financing for infrastructure development and other costs in the redevelopment project area generally located on the southeast corner of 13th Street and Omaha Avenue. In 2013 the redeveloper constructed a 4,813 square foot commercial building which houses a Perkins restaurant. The building seats 176 people, with two smaller private gathering rooms. Extensive concrete parking and landscaping was done around the building. The restaurant opened in September 2013. The Community Development Agency issued a \$140,000 tax increment financing bond in early 2015 to reimburse the developer for infrastructure costs.

The Norfolk area is experiencing a housing shortage. A 2011 study found that with modest growth, Norfolk would need 873 more housing units over the next 10 years. Actual construction has lagged far behind with only 97 new home constructions between 2010 and 2012. Both single-family and multi-family housing is lacking.

Other economic indicators appear mainly positive. Norfolk's population increased from an estimated 24,332 in 2012 to an estimated 24,523 in 2013. Madison County's unemployment rate decreased .2% from 3.1% in December 2013 to 2.9% in December 2014. School enrollment decreased from 4,148 in 2013 to 4,069 in 2014. Construction permits were 59 permits valued at \$16.8 million in fiscal year 2012-2013 compared to 53 permits valued at \$24.2 million in fiscal year 2013-2014. The most recent assessed valuation which was released August 20, 2014, shows taxable property in Norfolk valued at \$1,259,342,469, a 4.67% increase from the prior year.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City's long-term financial planning process starts with the Council selecting the City's top priorities at a Council/Staff Retreat. These priorities are incorporated into the capital improvement program (CIP), budget, and long-term financial plan (LTFP). The LTFP monitors the effect of large capital projects, revenue and expenditure trends out ten years along with expected levy rates.

The City's maintenance level budget allows for a 3.5% expenditure growth and this is reflected in the LTFP with expenditures projected to grow slightly under 3.5% in most of the next ten years included in the LTFP. However the City's two largest revenue sources are projected to grow at a slower rate.

The City's largest revenue source is sales tax which is projected to grow at an annual rate of 2.1% in the LTFP. The City urged its congressmen to pass the Marketplace Fairness Act (MFA) to allow collection of sales tax on Internet purchases which would increase sales tax growth. Both Nebraska senators voted for the MFA which passed the Senate last year, but stalled in the House Judiciary Committee.

The City's second largest revenue source is lease revenue from Nebraska Public Power District (NPPD) which pays 12% of system revenue to lease the City-owned electrical distribution system. NPPD is making a major effort to hold down rate increases and based on NPPD rate projections, the LTFP shows 1% or less growth in NPPD lease revenue for the next four years and 3% growth thereafter.

Slow growth in the City's two largest revenue sources, puts pressure on property tax which is the third largest general revenue source. The LTFP shows the City's property tax rate going from .228065 in 2013-2014 to .304036 in 2022-2023. In 2013-2014 the City's property tax levy rate was 4th lowest of the 30 first class cities in Nebraska and would have been 5th lowest with the projected 2022-2023 levy rate. The 2014-2015 budget results in a levy rate of .246673 which is still the 4th lowest levy rate of the 30 first class cities.

The City annually prepares a ten-year CIP. This program outlines capital needs for the next ten years and identifies potential funding sources. These projects are prioritized in the categories of urgent, necessary, desirable or deferrable. The CIP is prepared so that capital items do not exceed funding sources provided in the revenue and expenditure trends. The CIP can change from year to year as the revenue and expenditure trends change. The Council determines its top goals and works with City staff to develop strategies to achieve these goals. An action plan is created and specifics are incorporated into the budget to carry out the action plan. The City also developed Water and Sewer Master Plans. These plans were updated several years ago by Black and Veatch.

One of the Council's top goals for the 2013-2014 budget year was recreation trails. The Council desires to add more recreation trails and have the additional trails connect existing trails. The Council formed a trail advisory board whose responsibility is to help identify, promote, and seek funding for new and expanding trails in and around Norfolk. Last summer the City finished a \$745,000 trail along the Elkhorn River in Ta-Ha-Zouka Park. It was funded 75% with federal funds through the Nebraska Department of Roads Enhancement Program and the Federal Highway Administration. The Council continues to have trail projects as one of its top goals in the 2014-2015 budget. The City was recently awarded a \$561,373 grant through the Nebraska Game and Parks Commission. This grant will fund 79% of the total project cost of \$707,966 for a 5,115 feet long trail in Johnson Park and along the north fork of the Elkhorn River.

A library expansion is another top goal of the Council. A half-cent sales tax increase was approved at the November 2014 general election. The sales tax increase will be in effect for 36 months and will provide funding for a \$7.4 million library expansion and renovation. The project includes a 2,500 square feet addition, expanded parking, drive-up access to the book

drop, improvements to the children's and teen's areas, expanded meeting rooms, and updated work spaces for the Library and Information Services staff.

A housing task force was formed last year to address the local housing shortage. The task force has discussed ideas to encourage speculative housing construction and the use of tax-increment financing to build streets, water, and sewer in an area. The City's Economic Development staff is also focusing on this issue, as it is difficult to recruit new businesses to the area if there is no supply of housing.

RELEVANT FINANCIAL POLICIES

The City's important financial policies are included in the City's budget document. During the current year, two of these policies were particularly relevant. The City has a policy that bond refundings for interest rate savings are not normally undertaken unless the present value of the interest rate savings is at least 4% of the refunded principal. During the year two bond issues were refunded because the interest rate savings was more than 4% of the refunded principal. The refundings reduce the City's debt service payments over the next 14 years by \$102,920.

In 1988 the City Council adopted a policy that requires a minimum budgeted General Fund ending balance of \$1 million. If adjusted for inflation this would be \$2 million. Over the last several years, the City has been increasing General Fund ending balance to bring it up to a more appropriate level.

AWARDS AND ACKNOWLEDGEMENTS

CERTIFICATE OF ACHIEVEMENT. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the twenty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION AWARD. In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last twenty-two years, the most recent for the 2014-2015 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

ACKNOWLEDGMENTS. The timely preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Division. Each member of the division has my sincere appreciation for the contributions made in the preparation of this report. I also thank the Mayor and City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Sincerely,

CITY OF NORFOLK

A handwritten signature in black ink, appearing to read "Randy Gates", written in a cursive style.

Randy Gates, CPA
Finance Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk, Nebraska for its comprehensive annual financial report for the fiscal year ended September 30, 2013.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

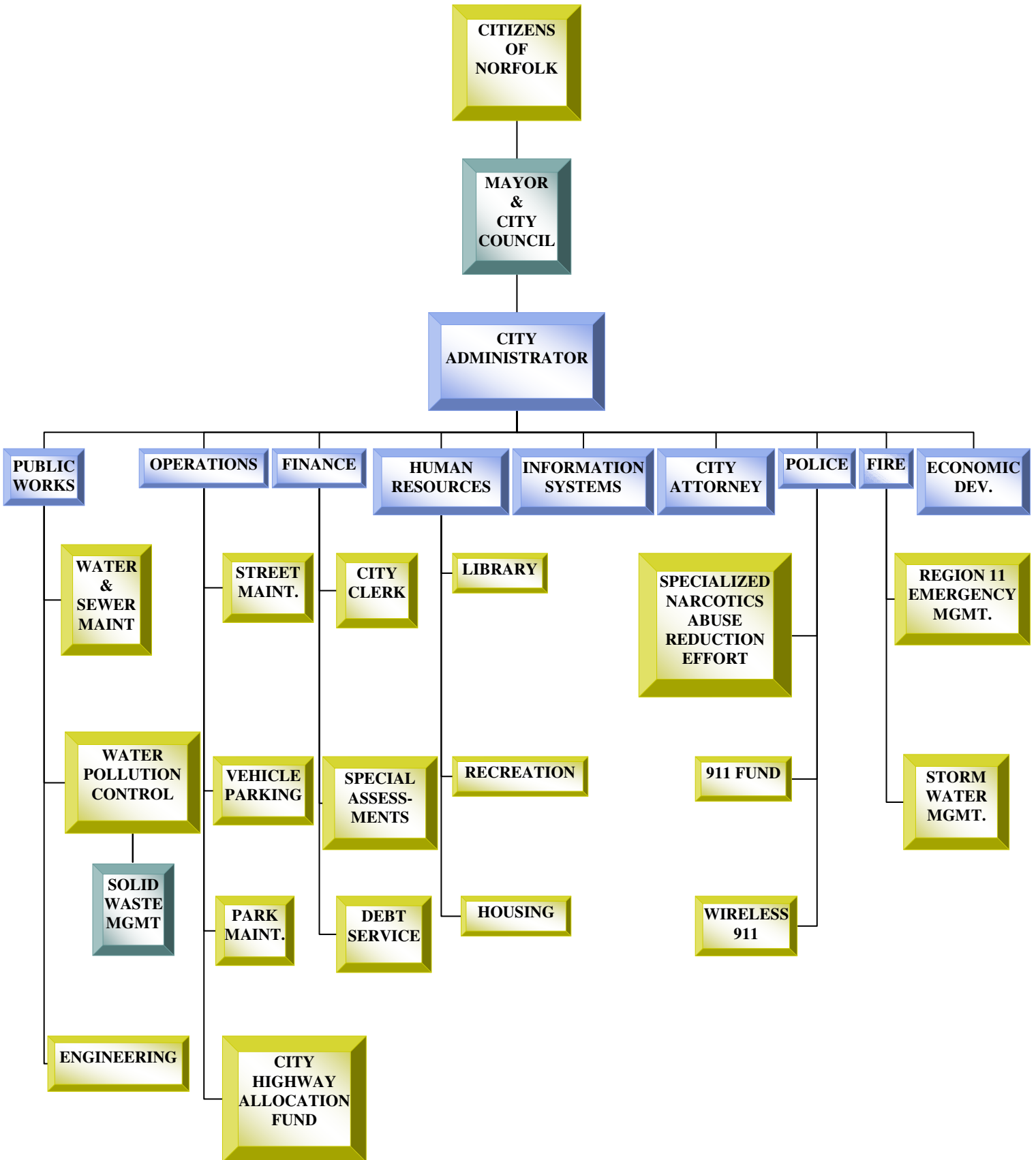
**City of Norfolk
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

City of Norfolk, Nebraska
Organizational Chart



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2014

<u>Title</u>	<u>Name</u>
Mayor	Sue Fuchtman
Council Member	Joshua Moenning
Council Member	Corey Granquist
Council Member	Dave Fauss
Council Member	Jim Lange
Council Member	Shane Clausen
Council Member	Dick Pfeil
Council Member	Rob Merrill
Council Member	Thad Murren
City Administrator	Shane Weidner
City Attorney	Clint Schukei
City Clerk	Elizabeth A. Deck
Director of Public Works	Dennis Smith
Finance Officer	Randy Gates
Fire Chief	Scott Cordes
Housing Director	Gary Hilkemann
Human Resources Director	Sheila Schukei
Information Systems Manager	Jim McKenzie
Library Director	Jessica Chamberlain
Operations Manager	Vacant
Park & Building Maintenance Superintendent	Pat Mrsny
Police Chief	William Mizner
Solid Waste Manager	Rob Mercer
Wastewater Plant Superintendent	Todd Boling
Water and Sewer Director	Dennis Watts



INDEPENDENT AUDITOR'S REPORT

Honorable Members
of the City Council
City of Norfolk, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Norfolk, Nebraska (the City), as of and for the year ended September 30, 2014, 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, and schedule of funding progress, as shown in the table of contents, 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's basic financial statements. The accompanying Introductory Section, Governmental Non-Major Funds Combining Financial Statements, Budget Schedules, Enterprise Fund Combining Departmental Financial Schedules, Fiduciary Fund Combining Financial Statements, and Statistical Section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Governmental Non-Major Funds Combining Financial Statements, Enterprise Fund Combining Departmental Financial Schedules, and Fiduciary Fund Combining Financial Statements 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 combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section, Budget Schedules, and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 27, 2015

FINANCIAL SECTION

Management Discussion and Analysis

September 30, 2014

This discussion and analysis of the City of Norfolk's financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2014. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report.

Financial Highlights:

- The assets and deferred outflows of resources of the City of Norfolk exceeded liabilities at September 30, 2014, by \$109,022,089. Of this amount, \$23,056,021 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$3,951,308 during the year. Of this amount, the net position of Governmental Activities increased \$2,192,314 and the net position of Business Activities increased \$1,758,994.
- Bonds payable decreased \$64,507. Outstanding revenue bonds total \$8,305,000, general obligation bonds \$20,076,275, and special assessment bonds \$1,195,000 backed by the City's full faith and credit.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and deferred outflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is "*Is the City of Norfolk in a better financial position at the end of this fiscal year, compared to last year?*" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and deferred outflows of resources and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net position, which is the difference between assets and deferred outflows of resources and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works, Parks and General Administration. Sales tax, revenue from lease of the City's electrical distribution system, property tax and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, and Solid Waste funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is

properly using certain revenues (such as grant revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City’s basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the “modified accrual basis” of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City’s general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported using the accrual basis of accounting, the same basis reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

THE CITY AS TRUSTEE

Reporting the City’s Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

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 can be found behind the Fiduciary Funds statements.

THE CITY AS A WHOLE

As stated earlier, net position may serve over time as a useful indicator of a government’s financial position. The largest part of the City’s net position reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt

used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the year ended September 30, 2014, net position was as follows:

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 29,029,190	\$ 26,302,124	\$ 13,058,754	\$ 16,288,058	\$ 42,087,944	\$ 42,590,182
Capital assets	58,710,573	58,883,110	42,179,573	38,012,022	100,890,146	96,895,132
Total assets	87,739,763	85,185,234	55,238,327	54,300,080	142,978,090	139,485,314
Deferred Loss on Refunding	8,793	11,724	28,937	38,583	37,730	50,307
Deferred Outflows of Resources	8,793	11,724	28,937	38,583	37,730	50,307
Long-Term Liabilities	23,157,254	22,261,523	8,611,733	9,443,600	31,768,987	31,705,123
Other liabilities	1,443,238	1,979,685	781,506	780,032	2,224,744	2,759,717
Total liabilities	24,600,492	24,241,208	9,393,239	10,223,632	33,993,731	34,464,840
Net Position:						
Net Investment in Capital Assets	39,846,176	38,561,536	36,984,047	33,609,113	76,830,223	72,170,649
Restricted	6,590,708	6,866,530	2,545,137	2,732,672	9,135,845	9,599,202
Unrestricted	16,711,180	15,527,684	6,344,841	7,773,246	23,056,021	23,300,930
Total net position	\$ 63,148,064	\$ 60,955,750	\$ 45,874,025	\$ 44,115,031	\$ 109,022,089	\$ 105,070,781

A portion of net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$23,056,021 and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City has positive balances in all three categories of net position, both for the City as a whole as well as for the separate Governmental and Business-Type Activities. The same situation held true for the prior fiscal year.

The biggest change in net position is the \$4,659,574 increase in net investment in capital assets. The increase is primarily in the Business-Type Activities which went from \$33,609,113 last year to \$36,984,047 this year, an increase of \$3,374,934. Sewer reconstruction and construction of a water transmission line, along with a reduction in outstanding debt, resulted in the increase in net investment in capital assets.

Total revenue reported in fiscal year 2014 was \$35,130,414. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

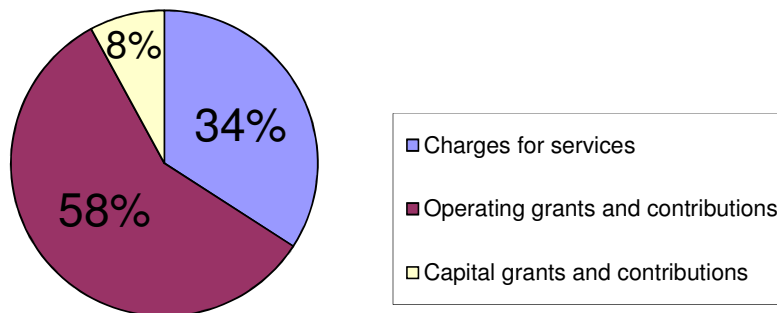
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 2,293,583	\$ 2,262,396	\$ 8,106,367	\$ 8,275,270	\$ 10,399,950	\$ 10,537,666
Operating grants and contributions	3,894,437	3,602,142	-	125,708	3,894,437	3,727,850
Capital grants and contributions	531,933	880,045	422,145	99,172	954,078	979,217
Total Program Revenues	6,719,953	6,744,583	8,528,512	8,500,150	15,248,465	15,244,733
General Revenues:						
Property taxes	3,097,189	3,117,062	-	-	3,097,189	3,117,062
Sales taxes	8,035,671	7,081,725	-	-	8,035,671	7,081,725
Other taxes	184,689	176,215	-	-	184,689	176,215
Occupation and franchise taxes	2,781,028	2,653,429	-	-	2,781,028	2,653,429
Interest	49,656	56,716	13,699	8,428	63,355	65,144
General intergovernmental revenues	276,969	394,575	-	-	276,969	394,575
Keno Revenues	572,632	547,095	-	-	572,632	547,095
Use of property	4,677,788	4,578,545	81,422	-	4,759,210	4,578,545
Revenue from Sale of Uncapitalized Property	42,511	55,625	-	-	42,511	55,625
Miscellaneous	40,009	57,054	32,190	-	72,199	57,054
Total General Revenues	19,758,142	18,718,041	127,311	8,428	19,885,453	18,726,469
Total Revenues	26,478,095	25,462,624	8,655,823	8,508,578	35,133,918	33,971,202
Expenses:						
General Government	2,552,931	1,851,020	-	-	2,552,931	1,851,020
Public Safety	8,912,927	8,750,908	-	-	8,912,927	8,750,908
Public Works	7,114,441	6,282,178	-	-	7,114,441	6,282,178
Public Library	1,409,728	1,308,791	-	-	1,409,728	1,308,791
Parks, Recreation and Public Property	2,674,471	3,012,478	-	-	2,674,471	3,012,478
Community Improvement and Development	994,906	1,199,963	-	-	994,906	1,199,963
Debt Service	626,377	673,495	-	-	626,377	673,495
Water System	-	-	2,386,409	2,448,790	2,386,409	2,448,790
Sewer System	-	-	2,770,537	2,999,679	2,770,537	2,999,679
Solid Waste	-	-	1,739,883	1,593,608	1,739,883	1,593,608
Total Expenses	24,285,781	23,078,833	6,896,829	7,042,077	31,182,610	30,120,910
Increase (Decrease) in Net Position before Transfer	2,192,314	2,383,791	1,758,994	1,466,501	3,951,308	3,850,292
Transfers	-	(66,125)	-	66,125	-	-
Increase (Decrease) in Net Position	2,192,314	2,317,666	1,758,994	1,532,626	3,951,308	3,850,292
Net Position - Beginning	60,955,750	58,638,084	44,115,031	42,582,405	105,070,781	101,220,489
Net Position - Ending	\$ 63,148,064	\$ 60,955,750	\$ 45,874,025	\$ 44,115,031	\$ 109,022,089	\$ 105,070,781

Program revenues totaled \$15,248,465. Of this total \$8,528,512 was program revenues from Business-Type Activities and \$6,719,953 was program revenues from General Governmental Activities. Program revenues from Business-Type Activities increased \$28,362 while program revenues from General Governmental Activities decreased \$24,630. Although program revenues from General Governmental Activities changed less than one percent from the prior year, there were variances within the program revenue categories. Operating grants and contributions increased \$292,295, primarily due to an increase in receipts from the State of Nebraska from gasoline tax and motor vehicle fees. Offsetting this increase was a \$348,112 decrease in capital grants and contributions. In the prior year the Norfolk Rural Fire District provided funding for the purchase of a rural pumper and a quick response fire truck. Program revenues from Business-Type Activities consist primarily of charges for services. Other Business-Type Activities program revenues in the current year include water and sewer contributed capital and receipts from the Federal Emergency Management Agency relating to flooding that occurred in 2010.

The following chart breaks down Program Revenues for General Governmental Activities by source:

Program Revenues General Governmental

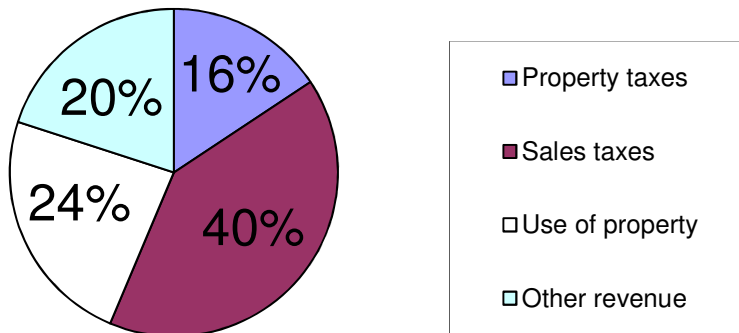


General revenues for Governmental Activities increased \$1,040,101 or 5.6% going from \$18,718,041 last year to \$19,758,142 in the current year. The largest general revenue source is sales tax, which increased \$953,946 or 13.5%. In the prior year there was a \$544,023 refund to a business that paid use tax in error for seven years. The remaining increase in sales tax can mostly be credited to a hail storm in June 2014 that caused widespread damage to property across the city. Toward the end of the fiscal year sales tax receipts increased as residents were fixing up their properties. Occupation and franchise taxes increased \$127,599 primarily due to an increase in lodging and food and beverage occupation tax. This can also be mostly credited to the hail storm as workers

were coming from out of town to repair properties and were staying in hotels and eating at restaurants. Use of property, the second largest general revenue source, increased \$99,243. The use of property revenue is primarily revenue from the Nebraska Public Power District (NPPD) lease. NPPD pays the City 12% of their revenues for use of the city-owned electrical distribution system. Fiscal year 2014 saw an increase of \$119,303 in NPPD lease revenue.

The following chart breaks down General Revenues for General Governmental Activities by source:

General Revenues General Governmental



Total expenses increased \$1,061,700 or 3.5% going from \$30,120,910 last year to \$31,182,610. Expenses in Governmental Activities increased \$1,206,948 or 5.2% and Business-Type Activities decreased \$145,248 or 2.1%.

The biggest increase in expenses was in public works which went from \$6,282,178 last year to \$7,114,441 in the current year, an increase of \$832,263. This increase is from infrastructure projects in the City Highway Allocation Fund, primarily street overlay projects on Victory Road, Norfolk Avenue, and 1st Street. There was also patch work on 20th Street and landscaping along 25th Street.

The second largest increase in expenses was in general government which went from \$1,851,020 last year to \$2,552,931 in the current year, an increase of \$701,911. This increase is primarily due to a \$565,663 increase in group benefit claims in the Internal Service Fund and the corresponding decrease in operating results included in general government expense.

Public safety increased \$162,019 while public library increased \$100,937. Public safety went from \$8,750,908 in the prior year to \$8,912,927 in the current year, an increase of

less than 2%. Public library increased due to an increase in library materials, normal personnel cost increases, and approximately \$26,000 for a space needs study. The space needs study was conducted prior to the proposed renovation being added to the ballot for the November 2014 general election.

Partially offsetting these increases were decreases in parks and recreation, community improvement and development, and debt service. These categories decreased a combined \$590,182. In the prior year there was approximately \$300,000 to repair damage to park property caused by an April 2012 hail storm. Most of this was at Veterans Memorial Park where new football and baseball fields and a waterpark had just been constructed. A decrease in expenses relating to the City’s grant programs resulted in a decrease in community improvement and development.

Expenses for Business-Type Activities decreased \$145,248 or 2.1% going from \$7,042,077 last year to \$6,896,829 this year. Expenses in the Sewer Division decreased \$229,142 primarily due to repairs to the grit loadout building in the prior year. The same hail storm that damaged park property at Veterans Memorial Park also damaged the grit loadout building at the water pollution control plant. In the Water Division expenses decreased \$62,381 primarily due to a decrease in repairs and maintenance from painting water storage tanks in the prior year. Partially offsetting these decreases is an increase in expenses in the Solid Waste Division of \$146,275. More garbage was received in fiscal year 2014 resulting in more purchased services to haul away the garbage and more fees at the landfill.

The following table shows the activities included within each program level:

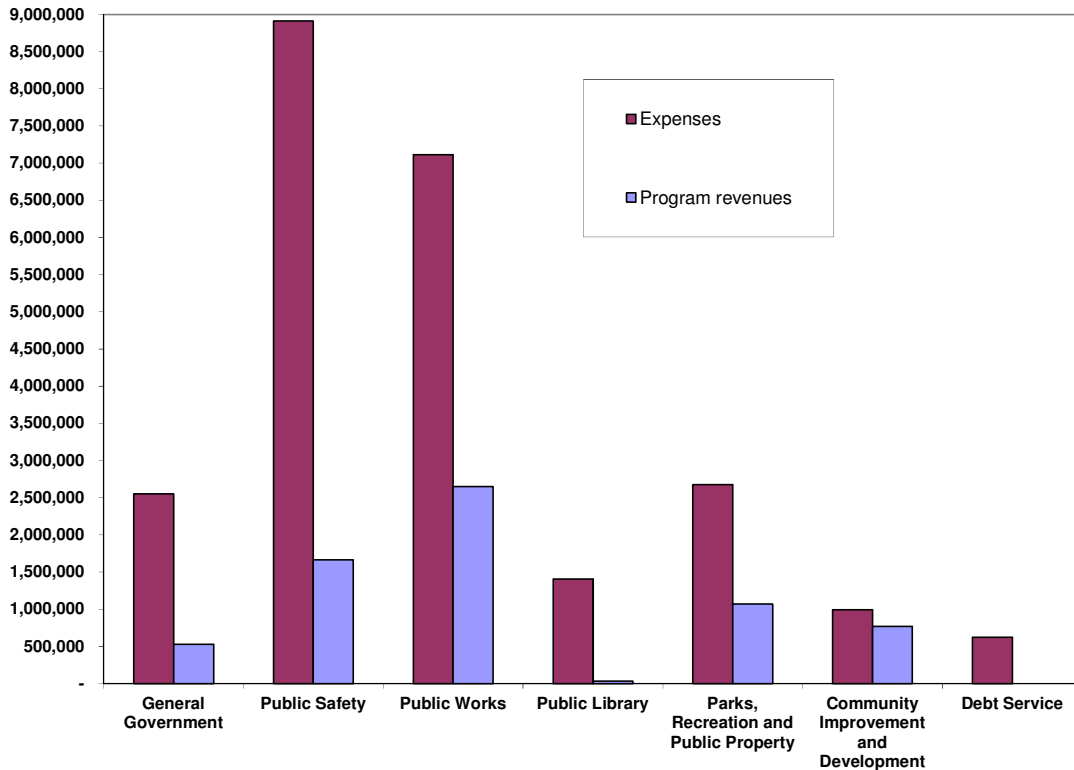
<u>Program Level</u>	<u>Activity</u>
General Government.....	Administration, Support Services
Public Safety.....	Emergency Medical Services, Police, Fire, Prevention and Codes, Planning and Zoning, Emergency Management
Public Works	Engineering, Streets, Drainage
Public Library	Operation of Public Library
Parks, Recreation, and Public Property	Parks, Auditorium, Recreation
Community Improvement and Development	Housing, Economic Development
Debt Service.....	Payment of Interest
Water System.....	Operation of Water Treatment Plant and Distribution System
Sewer System.....	Operation of the Waste Water Treatment Plant and Collection System
Solid Waste	Operation of Transfer Station

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers.

The following chart shows the relationship of program expense to program revenue for governmental activities in a graphical format. As would be expected, expenses exceed revenues for all governmental activities. For example, public safety had expenses of \$8,912,927 and total program revenues of only \$1,664,177 comprised of \$1,098,611 of charges for services, \$553,066 of operating grants and contributions, and \$12,500 of capital grants and contributions. The net cost of public safety was \$7,248,750 which must be funded by general revenues.

Expenses and Program Revenues - Governmental Activities



Some of the individual line item revenues reported for each function are:

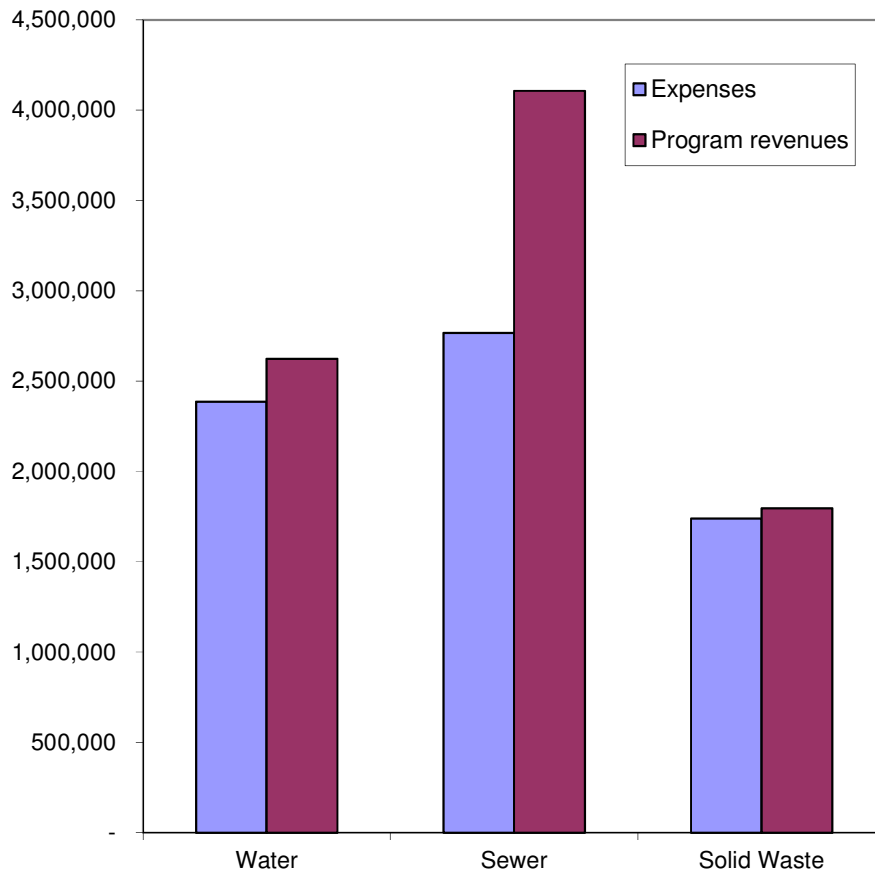
- General Government..... Fees
- Public Safety..... Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants
- Public Library..... Service Charges, Fees
- Parks, Recreation and Public Property..... Rent, Fees, Contributions
- Community Improvements and Development... Federal and State Grants, Contributions

Business-Type Activities

Business-Type Activities net position increased \$1,758,994, accounting for 45% of the growth in the City's net position.

The City operates three Business-Type Activities including water, sewer and solid waste. As can be seen by the following chart, revenues exceeded expenses in all three divisions during the year. Water Division revenues exceeded expenses by \$236,861. Water rates are set to fund the City's Water Master Plan which includes about \$20 million of improvements through 2020. The last water rate increase was effective October 1, 2009. The last sewer rate increase was effective October 1, 2012 based on the Sewer Master Plan completed by Black & Veatch. This plan showed an increase was needed in sewer revenues to meet the existing cost of service and also to provide for sewer capital requirements including expansion of sewer service south of the Elkhorn River. In fiscal year 2014 Sewer Division revenues exceeded expenses by \$1,339,444. Solid Waste Division revenues exceeded expenses by \$55,378.

Expenses and Program Revenues - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental funds reported combined ending fund balances of \$21,481,090. The combined Governmental Fund balance increased \$3,444,072 from the prior year.

The primary increase in fund balance was in the LB840 Economic Development Fund, which increased \$2.8 million going from \$1,153,723 last year to \$3,955,032 this year. As discussed in the letter of transmittal, Tejas Tubular announced opening a manufacturing plant in Norfolk and the City has entered into an assistance agreement with Black Hills Energy to provide funding for construction of a natural gas pipeline to the City. In June 2014 the City issue a \$2,365,000 economic development bond to be used along with cash on hand to provide \$3.6 million of funding for the pipeline. Tejas Tubular has since announced postponing the project and as a result no funds have been expended.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$623,620 increasing fund balance from \$7,496,976 last year to \$8,120,596 this year. As discussed earlier, there was a \$953,946 increase in sales tax due to a \$544,023 sales tax refund in the prior year and increased sales tax receipts from a hail storm in the current year.

The Debt Service Fund increased \$726,545. Of this increase approximately \$555,000 is occupation taxes. Occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2011 to pay debt service on a \$16.4 million bond issue to fund recreation facilities. The occupation tax receipts have been better than anticipated. The City is accumulating the occupation tax receipts until the bonds can be called in December 2015. At that time the City will pay a portion of the bonds with the accumulated occupation taxes. The remaining increase in fund balance is property taxes and special assessment collections to be used on future debt service.

The City Highway Allocation Fund decreased \$1 million going from \$2,655,275 last year to \$1,587,443 this year. The decline is due to spending fund balance on street projects including expenditure of over \$1 million on street maintenance projects during the year. Other significant street projects include Michigan Avenue improvements and Northeast Industrial Highway.

The only other major fund is the Community Development Block Grant Fund. This fund had an increase in fund balance of \$143,231. The increase is primarily due to the receipt of loan repayments.

Four nonmajor funds had a decrease in fund balance. The decreases ranged from \$1,271 to \$65,570. The largest decrease was in the Vehicle Parking Fund primarily due to lease payments to the Norfolk Area Chamber of Commerce for a parking lot.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$18.9 million of revenue and \$20.9 million of expenditures resulting in a budgeted decrease in fund balance of \$2 million. Actual fund balance increased \$350,612 because revenues exceeded budget by \$.5 million and expenditures were under budget by \$1.8 million. This combined with beginning fund balance exceeding budget by \$.8 million, resulted in an ending fund balance of about \$3.1 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$219,609. The majority of this excess is from sales tax receipts which exceeded budget by \$188,840. As discussed earlier a hail storm in June 2014 caused widespread damage to property across the city. The City saw an increase in sales tax receipts toward the end of the fiscal year as residents were fixing up their properties. Intergovernmental revenue exceeded budget by \$95,081. The excess is due to receipts from the State of Nebraska for property tax credit and homestead exemption. These receipts are not budgeted in intergovernmental revenue as they are budgeted as part of property taxes. Most other revenue categories exceeded budget since the City normally budgets conservatively. Two revenue categories, charges for services and rental income, were under budget by a total of \$66,514 due to ambulance charges and NPPD lease revenue being under budget.

Expenditures in all categories were under budget resulting in \$1,751,900 less expenditures than budgeted. Public safety had the largest amount of under budget expenditures followed by public works and then parks and recreation. The City always budgets conservatively and expenditures are normally under budget. Capital outlays are prioritized and lower priority items are often not purchased.

Transfers in were \$20,000 under budget due to a decrease in the amount transferred from the 911 Fund to the General Fund to reimburse a portion of dispatcher personnel costs. In the 911 Fund, revenues from the telecommunications occupation tax and 911 surcharge decreased resulting in less funds available to transfer to the General Fund. Insurance proceeds, an unbudgeted item, of \$121,083 were received primarily relating to damage caused by the June 2014 hail storm.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, water and sewer systems, drainage systems and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of September 30, 2014, was \$76,830,223 (net of

accumulated depreciation and outstanding financings). The gross additions to capital assets for the last two years follows:

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 28,128	\$ 300,316	\$ 35,118	\$ -	\$ 63,246	\$ 300,316
Buildings and improvements	36,989	212,769	-	324,155	36,989	536,924
Water distribution and sewage system	-	-	4,324,523	89,596	4,324,523	89,596
Equipment, furniture and fixtures	790,146	1,406,142	345,240	361,359	1,135,386	1,767,501
Infrastructure	1,944,443	2,616,885	-	-	1,944,443	2,616,885
Construction in progress	1,568,542	1,157,799	2,433,310	837,625	4,001,852	1,995,424
Total Gross Additions	\$ 4,368,248	\$ 5,693,911	\$ 7,138,191	\$ 1,612,735	\$ 11,506,439	\$ 7,306,646

Gross additions to capital assets for Governmental Activities were \$4,368,248 compared to \$5,693,911 of additions in the prior year. The prior year included a multi-million dollar project to widen 25th Street to five lanes. Significant additions in the current year include: Michigan Avenue improvements, youth baseball field improvements at Ta-Ha-Zouka Park, Elkhorn River trail, 911 equipment upgrades, and financial accounting software.

Total gross additions to capital assets for Business-Type activities were \$7,138,191 compared to \$1,612,735 in the prior year. Over half of the current year gross additions were from two projects in the water distribution and sewage system. One of the projects was an almost \$3 million project to install a water main from the west water treatment plant to 13th Street and Monroe Avenue. The second project was a \$1.3 million project for sewer system remediation west of the water pollution control plant. Significant additions to construction in progress include sewer extension south of the Elkhorn River, southwest sanitary sewer interceptor, and replacing SBR blowers.

See Note 5 to the financial statements for more information on the City's Capital Assets.

DEBT ADMINISTRATION

At year-end the City had \$29,576,275 of bonded debt outstanding, net of original issue discounts/premiums. This is a decrease of \$64,507 from the prior year. During the year the City issued a \$2,365,000 economic development bond to be used as an incentive to attract a manufacturing plant to the area. To realize interest savings, the City issued \$260,000 Off-street Parking Refunding Bonds and \$795,000 Various Purpose Refunding Bonds to refund two outstanding bond issues.

The City's last bond rating was in 2010. Moody's rated the City's general obligation bond issue dated December 22, 2010 Aa3. The ratio of general bonded debt to assessed real property value for the City has increased from .49% in 2005 to 1.55% currently due

to a \$16.4 million recreation bond issue in fiscal year 2010-2011. Total debt per capita was \$750.49 in 2005 compared to \$1,208.83 in 2013, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 3.04.

The City has no legal debt limit. Debt service payments are exempt from both the lid and levy limits under Nebraska law. More detailed information on debt administration is provided in Note 6 of the financial statements.

ECONOMIC FACTORS

Effective April 1, 2015 the sales tax rate increases one-half percent, bringing the combined city and state sales tax rate to 7 ½ percent. The one-half percent rate increase will be in effect for 36 months and will provide funding for a \$7.4 million library expansion and renovation.

The City was recently awarded a \$561,373 grant through the Nebraska Game and Parks Commission. This grant will fund 79% of a total project cost of \$707,966 for a 5,115 feet long trail in Johnson Park and along the north fork of the Elkhorn River.

In June 2014 a hail storm swept across the state and struck Norfolk causing approximately \$630,000 worth of damage to City property. The City has repaired some of the property and received approximately \$327,000 in insurance proceeds as of February 2015. The remaining property will be repaired and insurance proceeds received in fiscal year 2014-2015.

The City's property tax levy rate for the 2014-2015 budget increased 8.8%. The Police Division requested funding to hire two additional police officers to help with increased workload. The increase in property tax will also fund a portion of Park personnel previously funded from Keno revenue. The City is allowing its property tax to increase for the 4.67% increase in assessed valuation to partially offset inflation over the last four years when the property tax asking remained constant.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$8,003,963. The City has appropriated \$1,880,877 of this amount for spending in the 2014-2015 fiscal year budget. This action was taken as a precaution, given that the City budgets conservatively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 402-844-2000.

CITY OF NORFOLK, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2014

With Summarized Financial Information as of September 30, 2013

	Primary Government		Totals	
	Governmental	Business-Type		
	Activities	Activities	2014	2013
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 22,315,546	\$ 9,179,797	\$ 31,495,343	\$ 31,176,151
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	239,641	1,045,660	1,285,301	1,744,961
Taxes	1,826,538	-	1,826,538	1,633,499
Accrued Interest	-	-	-	14,846
Special Assessments	502,567	5,460	508,027	766,453
Notes Receivable	1,933,143	-	1,933,143	2,012,970
Due from Other Governmental Agencies	2,149,655	-	2,149,655	2,171,386
Inventories	52,338	223,104	275,442	265,385
Prepaid Assets	9,762	2,108	11,870	12,348
Restricted Assets:				
Cash and Cash Equivalents	-	2,602,625	2,602,625	2,792,183
Land	8,338,939	3,164,278	11,503,217	11,451,968
Construction in Progress	1,257,595	2,229,129	3,486,724	2,443,542
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	49,114,039	36,786,166	85,900,205	82,999,622
Total Assets	87,739,763	55,238,327	142,978,090	139,485,314
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	8,793	28,937	37,730	50,307
Total Deferred Outflows of Resources	8,793	28,937	37,730	50,307
LIABILITIES				
Accounts Payable	1,265,325	724,018	1,989,343	2,519,153
Unearned Revenue	6,695	-	6,695	19,596
Accrued Interest Payable	171,218	-	171,218	161,457
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	57,488	57,488	59,511
Revenue Bonds - Current	-	865,000	865,000	855,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	1,490,000	-	1,490,000	1,235,000
Various Purpose Bonds	205,000	-	205,000	215,000
Compensated Absences and Benefits	854,146	134,551	988,697	948,068
Due in more than one year:				
Revenue Bonds Payable	-	7,440,000	7,440,000	8,305,000
General Obligation Bonds	18,586,275	-	18,586,275	17,710,782
Various Purpose Bonds	990,000	-	990,000	1,320,000
Compensated Absences and Benefits	1,031,833	172,182	1,204,015	1,116,273
Total Liabilities	24,600,492	9,393,239	33,993,731	34,464,840
NET POSITION				
Net Investment in Capital Assets	39,846,176	36,984,047	76,830,223	72,170,649
Restricted for:				
Debt Service	1,718,817	1,948,905	3,667,722	3,490,429
Future Capital Assets	-	596,232	596,232	799,060
Road Projects	1,587,443	-	1,587,443	2,655,276
Community Programs & Services	3,284,448	-	3,284,448	2,654,437
Unrestricted	16,711,180	6,344,841	23,056,021	23,300,930
Total Net Position	\$ 63,148,064	\$ 45,874,025	\$ 109,022,089	\$ 105,070,781

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

With Summarized Financial Information for the Year Ended September 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Capital	Governmental Activities	Business-Type Activities	Totals	
		Charges for Services	Grants and Contributions	Grants and Contributions			2014	2013
Primary Government:								
Governmental Activities:								
General Government	\$ 2,552,931	\$ 514,625	\$ 16,236	\$ -	\$ (2,022,070)		\$ (2,022,070)	\$ (1,291,419)
Public Safety	8,912,927	1,098,611	553,066	12,500	(7,248,750)		(7,248,750)	(6,768,097)
Public Works	7,114,441	124,738	2,524,421	-	(4,465,282)		(4,465,282)	(3,590,072)
Public Library	1,409,728	28,627	7,200	-	(1,373,901)		(1,373,901)	(1,276,387)
Parks, Recreation and Public Property	2,674,471	446,982	104,301	519,433	(1,603,755)		(1,603,755)	(2,183,636)
Community Improvement and Development	994,906	80,000	689,213	-	(225,693)		(225,693)	(551,144)
Debt Service	626,377	-	-	-	(626,377)		(626,377)	(673,495)
Total governmental activities	<u>24,285,781</u>	<u>2,293,583</u>	<u>3,894,437</u>	<u>531,933</u>	<u>(17,565,828)</u>		<u>(17,565,828)</u>	<u>(16,334,250)</u>
Business-Type Activities:								
Water Division	2,386,409	2,578,265	-	45,005		236,861	236,861	466,255
Sewer Division	2,770,537	3,755,613	-	354,368		1,339,444	1,339,444	856,563
Solid Waste Division	1,739,883	1,772,489	-	22,772		55,378	55,378	135,255
Total Business-Type Activities:	<u>6,896,829</u>	<u>8,106,367</u>	<u>-</u>	<u>422,145</u>		<u>1,631,683</u>	<u>1,631,683</u>	<u>1,458,073</u>
Total Primary Government	<u>\$31,182,610</u>	<u>\$10,399,950</u>	<u>\$ 3,894,437</u>	<u>\$ 954,078</u>	<u>(17,565,828)</u>	<u>1,631,683</u>	<u>(15,934,145)</u>	<u>(14,876,177)</u>
General Revenues:								
Property taxes					3,097,189	-	3,097,189	3,117,062
Sales Taxes					8,035,671	-	8,035,671	7,081,725
Other taxes					184,689	-	184,689	176,215
Occupation and Franchise Taxes					2,781,028	-	2,781,028	2,653,429
Interest					49,656	13,699	63,355	65,144
General Intergovernmental Revenues Unrestricted					276,969	-	276,969	394,575
Unrestricted Keno Revenue					572,632	-	572,632	547,095
Use of property					4,677,788	81,422	4,759,210	4,578,545
Revenue from Sale of Uncapitalized Property					42,511	-	42,511	55,625
Miscellaneous					40,009	32,190	72,199	57,054
Total general revenues and transfers					<u>19,758,142</u>	<u>127,311</u>	<u>19,885,453</u>	<u>18,726,469</u>
Change in Net Position					2,192,314	1,758,994	3,951,308	3,850,292
Net Position - Beginning					<u>60,955,750</u>	<u>44,115,031</u>	<u>105,070,781</u>	<u>101,220,489</u>
Net Position - Ending					<u>\$ 63,148,064</u>	<u>\$ 45,874,025</u>	<u>\$109,022,089</u>	<u>\$105,070,781</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2014

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Equity in Pooled Investment Account	\$ 4,852,184	\$ 1,267,448	\$ 323,382	\$ 3,860,632	\$ 7,517,340	\$ 17,820,986
Cash at County Treasurer	274,176	-	-	109,451	74,477	458,104
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	176,176	192	-	-	63,273	239,641
Taxes	1,626,428	-	-	179,515	20,595	1,826,538
Special Assessments	25,846	-	-	476,721	-	502,567
Notes Receivable	-	-	1,870,070	-	63,074	1,933,144
Due from Other Funds	43,490	-	-	-	-	43,490
Due from Other Governmental Agencies	1,438,264	512,604	176,768	-	22,019	2,149,655
Inventories	37,154	-	-	-	-	37,154
Prepaid Assets	-	-	-	-	9,762	9,762
Total Assets	<u>8,473,718</u>	<u>1,780,244</u>	<u>2,370,220</u>	<u>4,626,319</u>	<u>7,770,540</u>	<u>25,021,041</u>
Liabilities						
Accounts Payable	291,288	192,801	182,756	3,155	314,876	984,876
Due to Other Funds	-	-	-	-	43,490	43,490
Unearned Revenue	-	-	-	-	6,695	6,695
Total Liabilities	<u>291,288</u>	<u>192,801</u>	<u>182,756</u>	<u>3,155</u>	<u>365,061</u>	<u>1,035,061</u>
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	35,988	-	-	16,600	16,591	69,179
Unavailable Revenue-Loan Repayments	-	-	1,870,070	-	63,074	1,933,144
Unavailable Revenue-Special Assessments	25,846	-	-	476,721	-	502,567
Total Deferred Inflows of Resources	<u>61,834</u>	<u>-</u>	<u>1,870,070</u>	<u>493,321</u>	<u>79,665</u>	<u>2,504,890</u>
Fund Balances (Deficits)						
Non Spendable	37,154	-	-	-	9,762	46,916
Restricted	38,291	1,587,443	317,394	1,890,035	5,293,763	9,126,926
Committed	31,144	-	-	2,239,808	712,824	2,983,776
Assigned	10,044	-	-	-	1,353,826	1,363,870
Unassigned	8,003,963	-	-	-	(44,361)	7,959,602
Total Fund Balances (Deficits)	<u>8,120,596</u>	<u>1,587,443</u>	<u>317,394</u>	<u>4,129,843</u>	<u>7,325,814</u>	<u>21,481,090</u>
Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 8,473,718</u>	<u>\$ 1,780,244</u>	<u>\$ 2,370,220</u>	<u>\$ 4,626,319</u>	<u>\$ 7,770,540</u>	<u>\$ 25,021,041</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2014

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 31)	\$ 21,481,090
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	58,710,573
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position.	3,756,012
Unavailable revenues that provide current financial resources for governmental activities	2,504,884
Donated land held for resale is not reported in the funds since a sales contract has not been established	15,184
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(171,218)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	8,793
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(23,157,254)</u>
Total Net Position - Governmental Activities (page 29)	<u><u>\$ 63,148,064</u></u>

CITY OF NORFOLK, NEBRASKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

For the Year Ended September 30, 2014

	General	City Highway Allocation	Community Dev elopment Block Grant	Debt Service	Other Gov ernmental Funds	Total Gov ernmental Funds
Revenue:						
Taxes	\$ 9,971,011	\$ -	\$ -	\$ 678,024	\$ 469,909	\$ 11,118,944
Special Assessments	1,074	-	-	199,580	-	200,654
Licenses and Permits	271,175	-	-	-	-	271,175
Intergovernmental Revenue	501,410	2,428,931	527,697	48,330	573,119	4,079,487
Charges for Services	1,890,616	-	-	-	-	1,890,616
Keno Revenue	572,632	-	-	-	-	572,632
Occupation and Franchise Taxes	763,725	-	-	1,748,304	269,000	2,781,029
Contributions	9,902	30,182	-	-	519,433	559,517
Payments in Lieu of Taxes	108,705	-	-	48,117	27,867	184,689
Parking Fees and Rentals	4,675,018	-	-	-	6,661	4,681,679
Loan Repayments	-	-	94,453	-	10,330	104,783
Interest	2,222	3,045	317	34,163	9,908	49,655
Miscellaneous	107,533	-	1,300	-	15,382	124,215
Total Revenue	18,875,023	2,462,158	623,767	2,756,518	1,901,609	26,619,075
Current Expenditures:						
Public Safety	8,412,738	-	-	-	554,794	8,967,532
Public Works	2,951,488	3,114,990	176,372	9,162	345,368	6,597,380
Public Library	1,355,079	-	-	-	-	1,355,079
Parks, Recreation and Public Property	1,919,825	-	-	34,966	862,039	2,816,830
Community Improvement and Development	445,725	-	304,164	-	281,955	1,031,844
General Government	2,478,221	-	-	-	220,761	2,698,982
Debt Service:						
Debt Service	-	-	-	2,998,720	270,414	3,269,134
Total Expenditures	17,563,076	3,114,990	480,536	3,042,848	2,535,331	26,736,781
Excess (Deficiency) of Revenues Over Expenditures	1,311,947	(652,832)	143,231	(286,330)	(633,722)	(117,706)
Other Financing Sources (Uses):						
Proceeds of Debt	-	-	-	795,000	2,625,000	3,420,000
Insurance Proceeds	121,083	-	-	-	20,695	141,778
Transfers In	680,000	-	-	217,875	1,274,004	2,171,879
Transfers Out	(1,489,410)	(415,000)	-	-	(267,469)	(2,171,879)
Total Other Financing Sources (Uses)	(688,327)	(415,000)	-	1,012,875	3,652,230	3,561,778
Net Change in Fund Balance	623,620	(1,067,832)	143,231	726,545	3,018,508	3,444,072
Fund Balances Beginning of Year	7,496,976	2,655,275	174,163	3,403,298	4,307,306	18,037,018
Fund Balances End of Year	\$ 8,120,596	\$ 1,587,443	\$ 317,394	\$ 4,129,843	\$ 7,325,814	\$ 21,481,090

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 33) \$ 3,444,072

Governmental funds report capital outlay, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,996,365	
Depreciation expense	<u>(3,138,022)</u>	(141,657)

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain on the sale of capital assets. This is the effect on the change in net position on the statement of activities. (30,880)

Revenues reported in the funds that are not available to provide current financial resources (321,900)

Accrued interest expense that does not require current financial resources (9,761)

Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was: (105,237)

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair, and replacement of the City's automotive equipment and are included in the statement of net position. The net revenue of the internal service funds is reported with governmental activities. 151,101

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was: (3,420,000)

The effect of bond premiums and deferred refunding charges when new debt is issued, whereas, these amounts are deferred and amortized in the statement of activities 6,576

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was: 2,620,000

Change in net position of governmental activities (page 30) \$ 2,192,314

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2014

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 9,179,797	\$ 4,036,456
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,045,660	-
Special Assessments	5,460	-
Restricted Cash		
Cash and Cash Equivalents	922,488	-
Inventories	223,104	-
Prepaid Assets	2,108	-
Total Current Assets	<u>11,378,617</u>	<u>4,036,456</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,680,137	-
Capital Assets:		
Land	3,164,278	-
Construction in Progress	2,229,129	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	36,786,166	-
Total Noncurrent Assets	<u>43,859,710</u>	<u>-</u>
Total Assets	<u>55,238,327</u>	<u>4,036,456</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	28,937	-
Total Deferred Outflows of Resources	<u>28,937</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	724,018	280,444
Accrued Wages and Compensated Absences	134,551	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	57,488	-
Revenue Bonds - Current	865,000	-
Total Current Liabilities	<u>1,781,057</u>	<u>280,444</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	7,440,000	-
Compensated Absences and Benefits, Long-Term	172,182	-
Total Noncurrent Liabilities	<u>7,612,182</u>	<u>-</u>
Total Liabilities	<u>9,393,239</u>	<u>280,444</u>
NET POSITION		
Net Investment in Capital Assets	36,984,047	-
Restricted for:		
Debt Service	1,948,905	-
Future Capital Assets	596,232	-
Unrestricted	6,344,841	3,756,012
Total Net Position	<u>\$ 45,874,025</u>	<u>\$ 3,756,012</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended September 30, 2014

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 8,102,862	\$ 2,725,601
Rental Income	81,422	-
Intergovernmental Revenue	280,275	-
Miscellaneous Income	32,190	-
Total Operating Revenue	8,496,749	2,725,601
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,069,629	-
Purchased Services	1,076,640	-
General and Administration	682,230	2,582,187
Repairs and Maintenance	774,067	-
Utilities	704,522	-
Depreciation and Amortization	1,374,005	-
Total Operating Expenses	6,681,093	2,582,187
Operating Income	1,815,656	143,414
Non-Operating Income (Expense):		
Interest Income	13,699	7,687
Gain (Loss) on Disposal of Capital Assets	(13,731)	-
Insurance Proceeds	-	-
Interest Expense	(198,500)	-
Total Non-Operating Income (Expenses)	(198,532)	7,687
Income before Contributions	1,617,124	151,101
Capital Contributions	141,870	-
Change in Net Position	1,758,994	151,101
Net Position - Beginning	44,115,031	3,604,911
Net Position - Ending	\$ 45,874,025	\$ 3,756,012

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2014

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,422,784	\$ 2,725,601
Cash Paid to Suppliers for Goods and Services	(3,272,081)	(2,659,267)
Cash Paid to Employees for Services	(2,046,495)	-
Net Cash Provided by Operating Activities	<u>3,104,208</u>	<u>66,334</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(5,434,399)	-
Proceeds of Grants	355,412	-
Proceeds from Sales of Capital Assets	5,761	-
Principal Paid on Notes and Bonds	(855,000)	-
Interest Paid on Notes and Bonds	(200,523)	-
Net Cash Provided for Capital and Related Financing Activities	<u>(6,128,749)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>20,341</u>	<u>9,465</u>
Net Increase in Cash and Cash Equivalents	(3,004,200)	75,799
Cash and Cash Equivalents at Beginning of Year	<u>14,786,622</u>	<u>3,960,657</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,782,422</u>	<u>\$ 4,036,456</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2014

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,815,656	\$ 143,414
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,374,005	-
Intergovernmental Revenue	(280,275)	-
(Increase) Decrease in Assets:		
Accounts Receivable	214,142	-
Special Assessments	2,997	-
Prepaid Assets	1,324	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(46,686)	(77,080)
Accrued Compensated Absences	23,133	-
Unavailable Revenue	(88)	-
Total Adjustments	<u>1,288,552</u>	<u>(77,080)</u>
Net Cash Provided by Operating Activities	<u><u>3,104,208</u></u>	<u><u>66,334</u></u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>66,733</u>	-
Accounts Payable Exchanged for Capital Assets	<u><u>429,134</u></u>	<u><u>-</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	9,179,797	4,036,456
Restricted Cash - Current	922,488	-
Restricted Cash - Noncurrent	1,680,136	-
	<u><u>\$ 11,782,422</u></u>	<u><u>\$ 4,036,456</u></u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2014

	<u>Pension Trust Funds</u> Employee Retirement Funds	<u>Agency Fund</u> Community Development Agency
ASSETS		
Current Assets:		
Cash	\$ -	\$ 527,944
Cash at County Treasurer	-	301
Guaranteed Insurance Contracts Managed by Trustee	13,087,841	-
Open Ended Mutual Funds Managed by Trustee	<u>25,347,790</u>	<u>-</u>
Total Current Assets	<u>38,435,631</u>	<u>528,245</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	<u>-</u>	<u>528,245</u>
Total Current Liabilities	<u>-</u>	<u>528,245</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>\$ 38,435,631</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2014

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 807,512
Employee	888,581
	<hr/>
Total Contributions	1,696,093
	<hr/>
Investment Income:	
Interest, Dividends and Market Gain	3,176,184
	<hr/>
Total Additions	4,872,277
	<hr/>
DEDUCTIONS	
Pension Benefits	547,200
Contribution Refunds	702,562
Administrative Costs	4,460
	<hr/>
Total Deductions	1,254,222
	<hr/>
Net Increase	3,618,055
	<hr/>
Net Position -- Beginning of Period	34,817,576
	<hr/>
Net Position -- End of Period	\$ 38,435,631
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Norfolk, Nebraska is a political subdivision of the state of Nebraska located in Madison County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City administers the following programs as authorized by its charter: General Government, Public Library, Public Works, Public Safety, Parks, Recreation, and Public Property, Community Improvement and Development. It also provides municipal utility services including: water, sewer and solid waste.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

For financial reporting purposes, the City of Norfolk, Nebraska, has included all funds, organizations, agencies, boards, commissions and authorities. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Any discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Units

Community Development Agency (CDA)

The CDA is included in the City's reporting entity as a blended component unit because of the significance of its operational and financial relationships with the City.

The Mayor and Council to provide for redevelopment of various blighted areas within the City created the CDA. Members of the CDA consist of the Mayor and City Council with the Mayor serving as Chairman. Officers of the CDA are also officers of the City. Although it is legally separate from the City, the CDA is reported as if it were part of the primary government because its sole purpose is to provide redevelopment of various areas within the City. The CDA does not issue separate financial statements.

City of Norfolk Facilities Corporation (NFC)

In 2011 the City created the City of Norfolk Facilities Corporation, a not-for-profit corporation under the laws of the State of Nebraska, for the purpose of assisting and promoting the development of public facilities to be used by the City in the furtherance of its governmental functions. The governing body is appointed by the City's governing body. The services provided by the NFC are so intertwined with the City that it is in substance the same as the City and is reported as part of the City and blended in the City's financial statements. The NFC does not issue separate financial statements.

Joint Venture – Northeast Nebraska Solid Waste Coalition (NNSWC)

The City, in conjunction with twenty-four other cities and counties in Northeast Nebraska, has created the NNSWC. The NNSWC's Board is composed of a member from each of the participating cities and counties. The Purpose of the NNSWC is to provide solid waste management by means of building and operating a solid waste disposal facility, commonly referred to as a landfill. The NNSWC issued \$2,325,000 of revenue bonds on June 8, 2010. As the three largest participants in NNSWC, the cities of Fremont, Norfolk, and Columbus each guaranteed one third of the NNSWC bond issue. It anticipated

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

these bonds will be paid by revenue from the NNSWC landfill, which began operation October 30, 1995. The City does not have an equity interest in the NNSWC. The NNSWC issues its own financial statements, which are available upon request from its offices at 309 North Fifth Street in Norfolk Nebraska.

Related Entities

Norfolk Housing Agency

The Norfolk Housing Agency is governed by a seven member board which is appointed by the Mayor and City Council. The mission of the Norfolk Housing Agency is to provide decent, safe and quality housing to Norfolk's low to moderate-income families and to assist in providing improved housing in a responsible way with social awareness and community needs a constant goal and commitment. In addition to owning and operating the Kensington Apartments, Meadow Ridge Estates L.P., they also offer Section 8 Rental Assistance Program and Royal Oaks Estate rent-to-own homes. The Norfolk Housing Agency issues its own financial statements, which are available upon request from its offices at 108 North Fourth Street in Norfolk Nebraska.

Norfolk Airport Authority

The Norfolk Airport Authority is governed by a five member board which one member is a City of Norfolk employee. The amount of property tax that the Airport Authority can levy must be approved by the Mayor and City Council. The Norfolk Airport Authority issues its own financial statements, which are available upon request from its offices at 4100 South 13th Street in Norfolk Nebraska.

B. Basic Financial Statements-Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primarily activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects and internal service funds are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual basis of accounting using the economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, parks, recreation and public property, community improvement and development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The City does not allocate indirect costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and other charges between the government's combined utilities function and various other functions of the government.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City can electively add funds, as major funds, which have a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, state allocations, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, parks, recreation and public property, public safety, public works, housing, public libraries and planning, permits and health.
- 2) Special Revenue Funds
 - City Highway Allocation Fund* – To account for the City's share of motor fuel tax revenues that are legally restricted to street expenditures.
 - Community Development Block Grant Fund* – To account for various community development grants and related program income. The use of these funds is restricted to community and economic development activities, as defined in the grant agreements.
- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of general obligation bond, principal and interest from governmental resources, and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City includes the following utilities within its combined utilities fund:

Water Division – The water division accounts for the operation of a municipally owned water system, which provides services to the residents of the City.

Sewer Division – The sewer division accounts for the operation of a municipally owned sewage collection, which provides services to the residents of the City.

Solid Waste Management Division – The solid waste management division accounts for the operations of the City's solid waste transfer station.

- 2) Internal Service Fund – The Internal Service Fund is used to account for the operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

The City's internal service fund is presented in the proprietary fund financial statements. Because the principal user of the internal service is the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of this service is reported in the appropriate functional activity.

Group Insurance Fund- The Group Insurance Fund is used to account for the accumulation of Resources used to fund claims under the City's self-insured health and dental plans.

Fiduciary Fund Types – These funds account for assets held by the government in a trustees capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

- 1) Pension Trust Funds – The Pension Trust Funds represent the resources accumulated for pension benefit payments to qualified City employees. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting, so that revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City includes the firefighter, police and civilian retirement funds in its combined retirement fund.
- 2) Agency Fund – The Community Development Agency Fund is used to account for the resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for the redevelopment of the Southwest Norfolk Redevelopment Plan area and the Meadow Ridge Housing Development area. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. The City considers sales and use taxes and gasoline taxes as available when in the hands of the State of Nebraska, the intermediary collecting government. The City normally collects these taxes within 30 days of year-end.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Budgetary basis of accounting is used by the general fund and all major special revenue funds in the required supplementary information section of the comprehensive annual financial report. Under the budgetary basis of accounting, revenues are recognized when received and expenditures are recognized when paid.

Those revenues susceptible to accrual are taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The Agency Fund is custodial in nature and does not involve the measurement of results of operations.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Assets, Liabilities and Fund Equity

1. Pooled Investment Account – The City maintains a commingled pool of cash and investments for all funds, except the Community Development Agency. This pool is under the management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the principal balance of this pooled investment account, which is recorded at cost. Interest income received is allocated to each fund based on its proportionate interest in the pool.
2. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2014, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Proprietary Fund Types – Contributions of capital assets are treated as revenue and capital assets. Contributions and grants received for operating purposes are included in revenues when earned.
5. Governmental Fund Types – Contributions and grants for both capital and operating purposes are included in revenues when earned.
6. Estimated Unbilled Enterprise Revenue – Within the City's enterprise fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year involved. The receivable was arrived at by taking the cycle billings the City sent the customer in October and November and prorating the amount of days applicable to the current year.
7. Inventories – Purchases of materials and supplies are recorded as expenditures as incurred except for items (e.g. fuel and certain office supplies) held in central storage for the use of several of the City's funds. Inventories held in central storage are valued at cost, which approximates market, using the first-in/first-out (FIFO) method are recorded as expenditures when consumed rather than when purchased.
8. Restricted Assets - Proceeds from debt and funds set aside for payment of enterprise fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.
9. Property and Equipment – Assets with an initial individual cost of \$500 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	40 – 50 Years
Utility Plant	20 – 100 Years
Machinery & Equipment	3 – 25 Years
Infrastructure	30 – 100 Years

10. Accrued Compensated Absences - These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary fund types are accrued as liabilities on the government-wide statement for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental fund types because they do not represent amounts that are expected to be liquidated with expendable available financial resources. Other long term obligations are recognized as fund liability when amounts are due and payable rather than when amounts are expected to be liquidated with expendable available financial resources. A liability is recognized for that portion of accumulating sick leave benefits in which the employee becomes vested after twenty years of service. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2014. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Long-Term Obligations – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. Other long-term obligations (e.g. compensated absences, claims and judgments, etc.) are recognized as fund liabilities when amounts are due and payable. The remaining portion of such obligations is reported in the government-wide financial statement. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.

12. Net Position/Fund Balances The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets- This category groups all capital assets, including Infrastructure, into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position- This category represents net position of the City with external restrictions imposed by creditors, grantors, contributors, or laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City not restricted for any purpose.

In 2011 the City of Norfolk implemented GASB 54 standards for the classification of fund balances in governmental fund. The fund balances of governmental funds are defined as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form, such as inventory or prepaid items or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes pursuant to ordinances adopted by formal action of the Mayor and Council. Amendments or modifications of the commitments must also be approved by ordinances adopted by the Mayor and Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes as determined by the City's Finance Officer or his or her designee. Resolution 2011-43 adopted by the Mayor and Council on October 3, 2011 authorizes the City's Finance Officer or his or her designee to determine assigned amounts. General fund amounts that are encumbered by departments are classified as assigned.

Unassigned – all other amounts remaining after allocation to the non-spendable, restricted, committed and assigned fund balances. These amounts can be used for any purpose.

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Bond Premiums/Discounts - Bond premiums/discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method.
14. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two equal installments. These taxes are due December 31. The first and second half of the taxes becomes delinquent on the following May 1 and September 1, respectively. Real estate taxes collected within 60 days after year-end are recognized as revenues in accordance with the revenue recognition policy described in Note 1.D. Real estate taxes become a lien against the property on the levy date. Personal property taxes are levied on October 15 of each year and are due November 1 of each year and may be paid in two equal installments. The first and second half of the taxes become delinquent on December 1 and July 1, respectively. Motor vehicle taxes are due when an application is made for registration of a motor vehicle.
15. Interfund Transactions – Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.
16. Encumbrances – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City in its governmental funds; the subsequent year's appropriation provides authority to complete these transactions as expenditures. Encumbrances at year-end do not constitute expenditures or liabilities. See Note 9 for current year encumbrances.

G. Landfill Closure Costs

The City is not currently responsible for any landfill closure or post-closure care costs.

H. Statement of Cash Flows

As described in Note 2.A., the City maintains a cash and investment pool for all funds except the Community Development Agency. The funds use their equity in the pooled investment account as a demand deposit account and, for purposes of the statements of cash flows, the interest in the pooled investment account is considered cash. Restricted cash consists of equity in the pooled investment account that is also considered cash for the Statement of Cash Flows.

I. Recent Accounting Pronouncements

Adoption of New Accounting Pronouncement

During the year, the City adopted GASB Statement No. 67 *Financial Reporting for Pension Plans-An Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. See Note 10 for information on the City's pension plans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Not Adopted

In June 2012, GASB issued Statement No. 68 *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for pensions. In November 2013, GASB issued Statement No. 71, *Pension Transition for Contribution Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. These Statements are effective for the City's year ending September 30, 2015.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2014, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$22,249,718
Money Market Account (at cost)	<u>11,848,250</u>
	<u>\$34,097,968</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2014 and throughout the year, the City's bank deposits, including certificates of deposit, were entirely covered by federal deposit insurance or by collateral held in joint custody in the City's name at third party banks acting as the City's agent (in most cases Federal Reserve Banks).

B. Investments Managed by Trustee:

An insurance company administers the City's Pension Trust Funds. For investment purposes, certain pension assets are pooled with the general assets of the insurance company and invested in guaranteed insurance accounts.

Under this arrangement, the insurance company guarantees the City a minimum rate of return. If the rate of return on the general assets of the insurance company exceeds the guaranteed rate of return, the City's investments are credited with the actual rate of return. These guaranteed insurance contracts are not marketable. Any withdrawals from these accounts are at cost plus accumulated earnings and these insurance contracts are valued on that basis. At September 30, 2014, \$13,087,841 was held in these guaranteed insurance contracts. The other pension assets are invested in open-ended mutual funds, which are stated at fair value, and, at September 30, 2014, amounted to \$25,347,790.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT (CONTINUED)

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2014:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 920,482
Revenue bond account	612,911
Operation and maintenance account	<u>473,000</u>
	2,006,393
 Pursuant to grant agreements:	
Improvement and extension account	<u>596,232</u>
	<u><u>\$2,602,625</u></u>

Restricted cash is recorded at cost, which approximates fair value, and consists of equity in the pooled investment account in the form of interest bearing accounts held by the City's agent in the City's name.

Interest Rate Risk: The City's investment policy for operating funds is limited to certificates of deposit with a maturity of 1 year or less.

Concentration of Credit Risk: The City's investment policy places no limits on the amounts that may be invested in any one issuer.

NOTE 3 – RECEIVABLES

Receivables at September 30, 2014, are net of allowance for uncollectable. The allowance for uncollectable in the general fund was \$208,000 at September 30, 2014.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2014, short-term interfund borrowings were as follows:

<u>Fund Due to</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Non-major Governmental Funds	<u>\$43,490</u>

The purpose of this interfund balance is to reflect short-term payables.

As of September 30, 2014, there were no long-term advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,322,808	\$28,128	\$ 11,997	\$ 8,338,939
Construction in Progress	1,060,936	1,568,542	1,371,883	1,257,595
Total capital assets not being depreciated	<u>9,383,744</u>	<u>1,596,670</u>	<u>1,383,880</u>	<u>9,596,534</u>
Capital assets being depreciated:				
Buildings and improvements	22,207,251	36,989	-	22,244,240
Equipment, furniture and fixtures	13,005,281	790,146	176,312	13,619,115
Infrastructure	47,361,435	1,944,443	-	49,305,878
Total capital assets being depreciated	<u>82,573,967</u>	<u>2,771,578</u>	<u>176,312</u>	<u>85,169,233</u>
Less: Accumulated Depreciation for:				
Buildings and improvements	6,171,337	744,562	-	6,915,899
Equipment, furniture and fixtures	8,343,344	738,002	157,429	8,923,917
Infrastructure	18,559,920	1,655,458	-	20,215,378
Total accumulated depreciation	<u>33,074,601</u>	<u>3,138,022</u>	<u>157,429</u>	<u>36,055,194</u>
Total capital assets being depreciated, net	<u>49,499,366</u>	<u>(366,444)</u>	<u>18,883</u>	<u>49,114,039</u>
Governmental activities capital assets, net	<u>58,883,110</u>	<u>1,230,226</u>	<u>1,402,763</u>	<u>58,710,573</u>

Construction in progress at September 30, 2014 for the governmental activities consisted of costs associated with Prospect Ave Improvements, 5th Street Improvements, Trail Projects, Fire Truck, Police Cruisers and Central Park Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,129,160	\$ 35,118	\$ -	\$ 3,164,278
Construction in Progress	1,382,606	2,433,310	1,586,787	2,229,129
Total capital assets not being depreciated	4,511,766	2,468,428	1,586,787	5,393,407
Capital assets being depreciated:				
Water and pollution control plant	26,660,240	-	-	26,660,240
Water distribution and sewage system	26,800,119	4,324,523	-	31,124,642
Equipment	4,606,352	345,240	201,256	4,750,336
Total capital assets being depreciated	58,066,711	4,669,763	201,256	62,535,218
Less: Accumulated Depreciation for:				
Water and pollution control plant	17,152,740	826,537	-	17,979,277
Water distribution and sewage system	5,143,255	334,869	-	5,478,124
Equipment, furniture and fixtures	2,270,460	202,953	181,762	2,291,651
Total accumulated depreciation	24,566,455	1,364,359	181,762	25,749,052
Total capital assets being depreciated, net	33,500,256	3,305,404	19,494	36,786,166
Business-type activities capital assets, net	38,012,022	5,753,832	1,606,281	42,179,573

Construction in progress at September 30, 2014 consisted of costs associated with the Southwest Interceptor Routing Study, Southwest Water Transmission Line, replacing SBR Blowers, Grit DeWATERing system improvements, sewer reconstruction, Northeast Industrial 20" Water Main and US Hwy 81 Sewer Service Extension.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 164,480
Public Safety	432,402
Public Works	1,590,326
Parks, Recreation, and Public Property	869,623
Public Library	70,730
Community Improvement and Development	10,461
Total depreciation expense – governmental activities	<u>\$ 3,138,022</u>
Business-Type Activities:	
Solid Waste Management	\$ 97,043
Water	580,835
Sewer	686,481
Total depreciation expense – business-type activities	<u>\$ 1,364,359</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,338,939	\$ 3,164,278
Construction in Progress	1,257,595	2,229,129
Capital Assets (Net of Accumulated Depreciation)	49,114,039	36,786,166
Unspent Bond Proceeds for Capital Assets	33,085	3,080,537
Deferred Refunding on Early Retirement of Debt	8,793	28,937
Less: General Obligation Bonds Payable	17,711,275	-
Various Purpose Bonds Payable	1,195,000	-
Revenue Bonds Payable	-	8,305,000
	<u>\$ 39,846,176</u>	<u>\$ 36,984,047</u>

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bonds payable and other long-term obligations for the period ended September 30, 2014 were as follows:

	Balance October 1, 2013	Additions	Retirements	Balance September 30, 2014	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assess- ment bonds) .30% to 4.25%, Various maturities through 2031	\$18,960,000	\$2,625,000	\$1,485,000	\$20,100,000	\$ 1,490,000
Bond Issuance Premium/Discount	(14,218)	-	9,507	(23,275)	-
Total General Obligation Bonds	18,945,782	2,625,000	1,494,507	20,076,275	1,490,000
Special assessment bonds, with City commitment, .40% to 2.20%, various maturities through 2022	1,535,000	795,000	1,135,000	1,195,000	205,000
Accrued compensated absences	1,780,741	925,923	820,685	1,885,979	854,146
Total Governmental Activities	<u>22,261,523</u>	<u>4,345,923</u>	<u>3,450,192</u>	<u>23,157,254</u>	<u>2,549,146</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Business Type Activities:	Balance October 1, 2013	Additions	Retirements	Balance September 30, 2014	Due Within One Year
Revenue Bonds, .80% to 4.05%, various maturities through 2033	\$ 9,160,000	\$ -	\$855,000	\$8,305,000	\$865,000
Accrued Compensated absences	283,600	150,516	127,383	306,733	134,551
Total Business Type Activities	9,443,600	150,516	982,383	8,611,733	999,551
Grand Total	\$31,705,123	\$4,496,439	\$4,432,575	\$31,768,987	\$3,548,697

Annual debt service requirements as of September 30, 2014 for general obligation and enterprise fund debt, is as follows:

Fiscal Year Ending	Governmental Activities				Business Type Activities	
	General Obligation Debt		Various Purpose Bonds		Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$1,490,000	\$ 641,664	\$ 205,000	\$ 12,821	\$ 865,000	\$ 192,357
2016	1,520,000	615,188	205,000	11,888	845,000	181,280
2017	1,480,000	582,853	210,000	10,635	895,000	167,893
2018	1,175,000	546,587	210,000	8,775	290,000	159,034
2019	1,210,000	514,791	210,000	6,310	290,000	155,034
2020	1,235,000	478,343	50,000	3,135	300,000	150,216
2021	1,270,000	439,106	50,000	2,235	305,000	144,421
2022	935,000	396,004	55,000	1,210	310,000	137,730
2023	940,000	364,499	-	-	320,000	130,244
2024	980,000	331,654	-	-	330,000	121,903
2025	1,010,000	295,919	-	-	340,000	112,624
2026	1,045,000	257,854	-	-	340,000	102,611
2027	1,085,000	216,839	-	-	355,000	91,911
2028	1,125,000	172,944	-	-	365,000	80,430
2029	1,170,000	127,215	-	-	380,000	68,173
2030	1,190,000	79,361	-	-	390,000	55,115
2031	1,240,000	28,835	-	-	400,000	41,313
2032	-	-	-	-	565,000	24,252
2033	-	-	-	-	420,000	7,140
	<u>\$20,100,000</u>	<u>6,089,656</u>	<u>\$ 1,195,000</u>	<u>\$ 57,009</u>	<u>\$8,305,000</u>	<u>\$2,123,681</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

General obligation bonds and other general long-term obligations represent indebtedness secured by the full faith and credit of the City. Special assessment bonds represent indebtedness supported by the full faith and credit of the City and are payable from the collection of special assessment receivables. The City has no legal debt limit; therefore, a computation of the legal debt margin is not required.

Revenue bonds are the obligation of the Enterprise Fund and are payable solely from the revenues of that fund. The City has pledged future utility customer revenues to repay \$8.3 million in various Water, Sewer, and Solid Waste bonds issued in July 2011, December 2011, January 2012 & December 2012. The bonds are paid solely from utility revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 13% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$10,428,681. Principal and interest for the current year and total customer net revenues were \$1,055,523 and \$3,203,360, respectively.

The City has pledged a portion of future sales tax revenues to repay \$700,000 in revenue bonds issued in October 2003 to finance the construction of the 2nd fire station including equipment and continued staffing. The bonds are paid solely from the half cent sales tax revenues and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 2% of net revenues. The total principal and interest remaining to be paid on the bonds is \$0. Principal and interest paid for the current year and total sales tax revenues were \$81,720 and \$8,035,671, respectively.

On November 2, 2010 the voters of City of Norfolk approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council passed an ordinance on November 15, 2010 to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011. The total principal and interest remaining to be paid on the bonds is \$19,586,823. Principal and interest paid for the current year and total occupation tax revenues were \$1,181,109 and \$1,748,304 respectively.

The City of Norfolk Facilities Corporation (NFC) issued \$1,900,000 of building bonds on September 30, 2011 to purchase a building to be used as the City administration office. The City has entered into a Lease Purchase Agreement with the NFC. The terms of the agreement require the City to make lease payments to the NFC in an amount equal to debt service on the bonds until September 15, 2031, the date of final maturity of the bonds. Upon final payment of all lease-purchase obligations the building will be conveyed to the City. Principal and interest paid for the current year is \$136,155.

The City of Norfolk issued \$260,000 off-street parking refunding bonds to refund the series 2008 general obligation off-street parking bonds on February 25, 2014. The interest rates on the bonds range from 0.30% to 3.75% with a maturity date of December 15, 2028. The outstanding 2008 refunded bonds have interest rates ranging from 3.5% to 5.3% with a maturity date of December 15, 2028. The City anticipates reducing debt service payments over the next 15 years by \$37,756 and obtaining a net present value benefit of \$35,559. The net present value benefit of the refunding is 14.2% of the refunded principal.

The City of Norfolk issued \$2,365,000 of economic development bonds on June 4, 2014 to provide funding for construction of a natural gas pipeline to Norfolk from the east, connecting to the Northern Natural Gas interstate near Bancroft. The bonds will be paid from property tax collected from the City's LB 840 economic development program approved by Norfolk's citizens at the May 2010 primary election. The total principal and interest to be paid on the bonds is \$2,657,876. Property tax revenue collected for the current year is \$391,989.

The City of Norfolk issued \$795,000 various purpose refunding bonds on June 19, 2014 to refund the series 2009 various purpose bonds on August 25, 2014, the earliest call date. The interest rates on the bonds range from 0.40% to 1.50% with a maturity date of September 1, 2019. The outstanding 2009 refunded bonds have interest rates ranging from 2.6% to 3.7% with a maturity date of September 1, 2019. The City anticipates

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

reducing debt service payments over the next 5 years by \$59,606 and obtaining a net present value benefit of \$52,885. The net present value benefit of the refunding is 5.7% of the refunded principal.

NOTE 7 - CONDUIT DEBT

Prior to 1995, the City authorized a number of limited obligation industrial development revenue bonds. Although these bonds bear the name of the City of Norfolk, the City has no obligation for such debt beyond the resources provided by the leases securing this debt. This debt was issued on behalf of companies for the purchase of business assets and was done in order to provide lower tax-exempt interest rates. Since the City has no obligation for this debt, this debt is not reported as a liability on the balance sheet. Two of these issues remain outstanding with an original principal amount of \$4,000,000. The current amount outstanding is not readily determinable.

NOTE 8 - TRANSFERS

The following is a summary of transfers between funds:

	Transfer in: Governmental Funds			Total
	General	Debt Service	Nonmajor Governmental	
Transfer out:				
General	-	217,875	1,271,535	1,489,410
CHAF	415,000	-	-	415,000
Nonmajor Governmental	<u>265,000</u>	-	<u>2,469</u>	<u>267,469</u>
Total	<u><u>680,000</u></u>	<u><u>217,875</u></u>	<u><u>1,274,004</u></u>	<u><u>2,171,879</u></u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To use sales tax revenues collected in the general fund for property tax relief in the debt service fund as well as to fund capital construction.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 9 – NET POSITION/FUND BALANCES

The following schedule reflects all Fund Balances as presented in the Fund level Statements:

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Other Governmental Funds	Total
Nonspendable:						
Fuel Inventory	\$ 37,154	\$ -	\$ -	\$ -	\$ -	\$ 37,154
Prepaid Items	-	-	-	-	9,762	9,762
Restricted For:						
Road Projects	-	1,587,443	-	-	-	1,587,443
Storm Water	-	-	-	-	69,234	69,234
Vehicle Parking	-	-	-	-	145,298	145,298
Hazardous Materials	29,970	-	-	-	-	29,970
WWII Memorial	8,321	-	-	-	-	8,321
Grant Programs	-	-	317,394	-	397,878	715,272
911 Operations	-	-	-	-	172,566	172,566
Recreation Projects	-	-	-	-	62,713	62,713
Community Betterment	-	-	-	-	4,446,074	4,446,074
Debt Service	-	-	-	1,890,035	-	1,890,035
Committed For:						
Recreation Projects	31,144	-	-	-	712,824	743,968
2010 Bond Debt Service	-	-	-	2,239,808	-	2,239,808
Assigned to:						
Public Improvements	10,044	-	-	-	-	10,044
Capital Improvements	-	-	-	-	819,327	819,327
Council Priority Projects	-	-	-	-	534,499	534,499
Unassigned:	8,003,963	-	-	-	(44,361)	7,959,602
Total	\$8,120,596	\$1,587,443	\$317,394	\$ 4,129,843	\$ 7,325,814	\$ 21,481,090

NOTE 10 - EMPLOYEE PENSION PLANS

The City has three single-employer retirement systems covering City employees. The City and covered employees make contributions to these retirement plans. Employees are allowed to invest their participant account balances in certain stock and/or bond mutual funds as well as guaranteed insurance accounts. Participants in the Civilian Employee Retirement System can direct their entire account balance to mutual funds. Participants in the Police and Firemen's Retirement Systems can only direct a portion of their accounts into these funds. Nonemployee directed investments are directed by the City Council, whose policy is to direct them to guaranteed insurance accounts. All of these funds are invested through Ameritas Life Insurance Corporation. All investments are valued at market or contract value as more fully discussed in note 2. B. to these statements. Forfeitures of non-vested employer contributions are used to pay for administrative costs. If forfeitures are insufficient, costs are financed through investment earnings.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are withheld from pay and due to the plan. Employer contributions to each plan are recognized when due. Benefits and refunds

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

are recognized when due and payable in accordance with the terms of each plan. Publicly issued financial reports are not available for any of the pension plans.

Civilian Employee Retirement System

The City of Norfolk's Civilian Employee Retirement System is a defined contribution plan, which covers substantially all regular employees working greater than 1,000 hours per year. Plan provisions, including contribution requirements, are established and amended by City ordinances. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. The City contributes an amount up to 6 1/2% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employer contributions to this plan totaled \$413,755, and employee contributions totaled \$637,826.

Employees become fully vested in the employer contributions and related earnings after seven years of service. Current membership is comprised of the following:

Vested inactive plan members	16
Active plan members:	
Non-vested	15
Partially vested	23
Fully vested	<u>105</u>
Total membership	<u>159</u>

Police and Firemen's Retirement Systems

The Police Retirement System, a single employer defined benefit plan, covers all regular uniformed employees of the Norfolk Police Division, as required by State statutes and City ordinances. Effective January 1, 1984, the plan was changed from a defined benefit plan to a defined contribution plan. The City matches employee contributions, up to 6 1/2% of compensation. State statutes require that beginning October 1, 2015 police officers contribute 7% of compensation to the plan. The Firemen's Retirement System, a single employer defined benefit plan, covers all regular uniformed employees of the Norfolk Fire Division, as required by State statutes and City ordinances. The Firemen's Retirement Plan was also changed, effective January 1, 1984, from a defined benefit plan to a defined contribution plan in which the City contributes twice the employees' contribution, which is 6 1/2% of base pay.

Both plans stipulate that, for participants employed prior to January 1, 1984, retirement benefits shall not be less than 50% of final earnings, as defined. The benefits shall not be less than 40% of final earnings, as defined in the event a police officer elects early retirement. Because of these minimum benefit guarantees for participants employed prior to January 1, 1984, these plans are treated as defined benefit plans for financial reporting purposes.

Participants in both the Police and Firemen's Retirement Systems are fully vested in the amounts they contribute to the plans, together with the related earnings. Participants become fully vested in employer contributions and related earnings after seven years of service. Current membership is comprised of the following:

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

	Police Retirement System	Firemen's Retirement System	Total
Active plan members:			
Non-vested	5	9	14
Partially vested	7	3	10
Fully vested	28	24	52
	40	36	76
Inactive plan members or beneficiaries currently receiving benefits	-	7	7
Inactive plan members entitled to but not yet receiving benefits	13	4	17
Total active and inactive participants	<u>53</u>	<u>47</u>	<u>100</u>

State statutes require a retirement committee be established for both Police and Firemen's Retirement Systems to supervise the general operations of the Retirement Systems. The committees consist of six members, of which four members are selected by police officers for the police retirement committee and paid firefighters for the retirement committee and two members are designated by the City Council. The City Council has designated the Human Resource Director and Finance Officer as ex-officio members. The retirement committees are responsible for establishing and amending investment policies related to investment options offered to employees in the plan.

For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.67% for the Police Retirement System and 8.81% for the Firemen's Retirement System. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability at September 30, 2014 were as follows:

	Police	Fire
Total pension liability	\$7,673,117	\$8,100,446
Plan fiduciary net position	<u>\$7,673,117</u>	<u>\$8,100,446</u>
Net pension liability	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%

Actuarial valuations of the Police and Firemen's Retirement Plans are performed annually, with the most recent as of October 1, 2014. The actuarial value of assets is market or contract value as more fully discussed in note 2. B. to these statements. The City uses the entry age actuarial method for reporting and disclosure purposes. Any actuarial gains or losses are amortized, as a level percentage of projected payroll, over the future working careers of covered participants using closed amortization periods. The City annually contributes actuarially determined amounts in addition to the matching contributions. Significant actuarial assumptions include a 6% return on plan assets and 4% annual salary increases, 3% of which is assumed to be due to inflation and 1% assumed to be due to merit pay increases. Mortality rates are based on the 1994 Group Annuity Mortality-Static Table.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments is determined using a method in which best-estimate ranges of expected future rates of return are developed for each major asset class based on past performance. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the asset allocation percentage. Expected real rates of return are determined by subtracting expected inflation from expected rates of return. Expected real rates of return for each major asset class and asset allocation as of September 30, 2014 are as summarized in the following table:

<u>Asset Class</u>	<u>Police</u>		<u>Fire</u>	
	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Guaranteed Investment Account	76%	2.69%	67%	2.69%
Domestic equity	18%	7.24%	18%	6.23%
International equity	2%	1.75%	2%	2.69%
Fixed income	0%	0.00%	1%	5.12%
Real estate	4%	6.72%	3%	6.72%
Balance funds	0%	0.00%	6%	5.85%
Target date funds	0%	0.00%	3%	5.22%

The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumes the plan members and the City make contributions as detailed earlier in this section and the City makes any actuarial required contributions. Based on those assumptions, both the Police and Firemen's Retirement Systems net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. There was no change in the discount rate from the prior year.

The City has no net pension liability in either the Police or Firemen's Retirement Systems when using a discount rate of 6%. The City would also have no net pension liability if the discount rate was 1-percentage-point lower (5%) or 1-percentage-higher (7%) than the current rate.

Multiyear trend information of the Police and Firemen's Retirement Systems are presented as Required Supplementary Information following the Notes to the Financial Statements.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The City has received financial assistance from federal, state and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and the Single Audit Act, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds, however, such disallowed claims, if any, are not expected to have a materially adverse effect on the City's financial position at September 30, 2014.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$1,361,151. Of this amount, \$593,573 will be paid from the City Highway Allocation Fund, \$491,133 will be paid from Capital Construction Fund and \$276,445 will be

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

paid from the Community Development Block Grant Fund. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$2,404,819, of which \$171,186 will be paid by the Water Division and \$2,233,633 will be paid by the Sewer Division.

The City of Norfolk passed a resolution on May 5, 2008 to make quarterly payments in the amount of \$50,000 each over a 5 year period to Northeast Community College Foundation declaring its intent to support the College of Nursing Northern Division Capital Campaign. The commitment will be paid from the revenue generated from the leasing of the City's electrical distribution system to NPPD after September 30, 2009. As of September 30, 2014 the City has paid \$950,000 towards the College of Nursing Northern Division Capital Campaign.

In May 2011 the City entered into a Loan Agreement with the Norfolk Housing Agency (the Agency) in conjunction with the Agency issuing \$675,000 of Revenue and Refunding Bonds to refund existing debt and pay costs of improvements on the Kensington building. The debt is expected to be paid with revenues of the Agency; however, the City has agreed to lend to the Agency a sum of up to \$1,092,000 if the Agency's revenues are insufficient to pay principal and interest on the bonds. The maximum amount the Agency can draw in any fiscal year is \$53,850. Any amounts drawn by the Agency are due on September 30, 2031, the date of final maturity of the bonds.

As discussed in Note 1. A., the City has guaranteed one-third of the Northeast Nebraska Solid Waste Coalition \$2,325,000 Revenue Bonds dated June 8, 2010 under a Service Agreement last amended March 1, 2010. The term of the agreement continues until May 15, 2027, provided that the City has the right to terminate the Service Agreement at any time after the 2010 Bonds are no longer outstanding. These issues are expected to be paid from landfill revenues or future bond issues and any amounts paid by the City are not required to be repaid by the Northeast Nebraska Solid Waste Coalition.

NOTE 12 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

- A.** The following fund had a deficit balance as of September 30, 2014:

Capital Project Fund	Special Assessment	(\$44,361)
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- B.** The City maintains the following insurance coverage on the water and sewage treatment and solid waste facilities of the Enterprise Fund:

Fire and extended coverage with a \$25,000 deductible on various water and sewage treatment and solid waste facilities. Scheduled values for related buildings and contents were \$61,572,537.

The City carries a blanket limit of 102 million.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

The City provides water, sewer, and solid waste management services (transfer station) through the Enterprise Fund. These services are financed through user charges. Segment information for the Enterprise Fund is as follows:

CONDENSED STATEMENT OF NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Assets:				
Current assets	\$ 4,816,888	\$5,970,851	\$ 590,878	\$ 11,378,617
Restricted assets	282,431	1,269,715	127,991	1,680,137
Capital assets	26,536,189	14,498,493	1,144,891	42,179,573
Total assets	<u>31,635,508</u>	<u>21,739,059</u>	<u>1,863,760</u>	<u>55,238,327</u>
Deferred outflows of resources:	-	28,937	-	28,937
Liabilities:				
Current liabilities	473,761	1,056,356	250,940	1,781,057
Noncurrent liabilities	2,318,971	5,239,697	53,514	7,612,182
Total liabilities	<u>2,792,732</u>	<u>6,296,053</u>	<u>304,454</u>	<u>9,393,239</u>
Net position:				
Net Investment in Capital Assets	24,141,189	11,713,967	1,128,891	36,984,047
Restricted	412,431	1,988,715	143,991	2,545,137
Unrestricted	4,289,156	1,769,261	286,424	6,344,841
Total net position	<u>\$28,842,776</u>	<u>\$15,471,943</u>	<u>\$ 1,559,306</u>	<u>\$45,874,025</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$2,674,020	\$4,021,230	\$1,801,499	\$ 8,496,749
Depreciation and amortization	580,835	696,127	97,043	1,374,005
Other operating expenses	1,732,639	1,931,943	1,642,506	5,307,088
Operating income	<u>360,546</u>	<u>1,393,160</u>	<u>61,950</u>	<u>1,815,656</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(55,700)	(142,467)	(333)	(195,800)
Interest income	6,562	8,371	(1,234)	13,699
Gain (Loss) on disposal of Capital Assets	(17,235)	3,504	-	(13,731)
Contributions	45,005	96,865	-	141,870
Change in net position	339,178	1,359,433	60,383	1,758,994
Beginning net position	28,503,598	14,112,510	1,498,923	44,115,031
Ending net position	<u>\$28,842,776</u>	<u>\$15,471,943</u>	<u>\$1,559,306</u>	<u>\$45,874,025</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Net cash provided (used) by:				
Operating activities	\$1,067,221	\$1,886,101	\$150,886	\$ 3,104,208
Capital and related financing activities	(2,923,454)	(3,192,338)	(12,957)	(6,128,749)
Investing activities	9,408	12,005	(1,072)	20,341
Net increase (decrease)	(1,846,825)	(1,294,232)	136,857	(3,004,200)
Beginning cash and cash equivalents	6,336,624	8,089,914	360,084	14,786,622
Ending cash and cash equivalents	<u>\$4,489,799</u>	<u>\$6,795,682</u>	<u>\$469,941</u>	<u>\$11,782,422</u>

Individual Fund Information for the Employee Retirement Funds follows:

COMBINING STATEMENT OF NET POSITION

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$2,825,498	\$2,654,493	\$7,607,850	\$13,087,841
Open Ended Mutual Funds	<u>5,274,948</u>	<u>5,018,624</u>	<u>15,054,218</u>	<u>25,347,790</u>
Total Assets	<u>8,100,446</u>	<u>7,673,117</u>	<u>22,662,068</u>	<u>38,435,631</u>
NET POSITION				
Held in Trust for Pension Benefits	<u>8,100,446</u>	<u>7,673,117</u>	<u>22,662,068</u>	<u>38,435,631</u>
Total Net Position	<u><u>\$8,100,446</u></u>	<u><u>\$7,673,117</u></u>	<u><u>\$22,662,068</u></u>	<u><u>\$38,435,631</u></u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

COMBINING STATEMENT OF CHANGES IN NET POSITION

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 253,096	\$ 140,661	\$ 413,755	\$ 807,512
Employee	110,094	140,661	637,826	888,581
Total Contributions	<u>363,190</u>	<u>281,322</u>	<u>1,051,581</u>	<u>1,696,093</u>
Investment Income:				
Interest, Dividends and Market Gains	642,141	606,061	1,927,982	3,176,184
Total Additions	<u>1,005,331</u>	<u>887,383</u>	<u>2,979,563</u>	<u>4,872,277</u>
DEDUCTIONS				
Pension Benefits	103,794	14,400	429,006	547,200
Administration	1,246	1,367	1,847	4,460
Contribution Refunds	2,378	529,717	170,467	702,562
Total Deductions	<u>107,418</u>	<u>545,484</u>	<u>601,320</u>	<u>1,254,222</u>
Change in Net Position	897,913	341,889	2,378,243	3,618,055
Net Position-Beginning of Period	<u>7,202,533</u>	<u>7,331,218</u>	<u>20,283,825</u>	<u>34,817,576</u>
Net Position-End of Period	<u>\$8,100,446</u>	<u>\$7,673,117</u>	<u>\$22,662,068</u>	<u>\$38,435,631</u>

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and group health and dental claims. Through an interlocal agreement, the City participates in the League Association of Risk Management (LARM) a public entity risk pool formed under the Intergovernmental Risk Management Act, *Neb. Rev. Stat. Sections 44-4301 et seq.*, to cover the risk of loss except for health and dental coverage, which is self-insured. The City pays an annual premium contribution to LARM for its insurance coverage membership in the self-insurance pool. LARM purchases reinsurance through commercial companies for claims in excess of \$100,000 per occurrence and \$350,000 in annual aggregate for property, or in excess of \$300,000 per single loss for liability. Workers Compensation reinsurance covers claims in excess of \$750,000 for a single loss or an annual aggregate losses of \$5 million. The retentions meet the actuarially determined requirements of reducing the risk assessments over premiums. The policy period is October 1, 2013 to September 30, 2014. The terms of coverage did not change substantially in the current fiscal year from the prior fiscal year and settled claims have not exceeded this coverage in any of the past three fiscal years.

Group health and dental coverage provided by the City is accounted for in the Internal Service Fund, which is used to accumulate resources to fund claims under the City's self-insured health and

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2014

NOTE 13 - RISK MANAGEMENT CONTINUED

dental plans. City contributions to fund this coverage are reported by the respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$50,000 and limits City payments for claims during the year to a maximum of \$998,999. The September 30, 2014 claims liability of \$243,244 is included in accounts and contracts payable for the Internal Service Fund. This claims liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of financial statements and the amount of loss can be reasonably estimated. This claims liability includes accruals for claims incurred but not paid and claims incurred but not reported. Changes in the claims liability amount for the year ending September 30, 2014 and the year ending September 30, 2013 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2013	\$297,782	\$1,722,872	\$1,693,548	\$327,109
2014	\$327,109	\$2,250,885	\$2,334,750	\$243,244

NOTE 14 – RELATED PARTY TRANSACTIONS

As discussed in Note 1. A., the City, along with twenty-four other cities and counties in Northeast Nebraska, created the Northeast Nebraska Solid Waste Coalition (NNSWC). Waste from the City's transfer station is taken to the NNSWC. During the year, the City paid the NNSWC \$738,380 in garbage fees and at September 30, 2014, \$79,752 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$31,821 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$3,769 for NNSWC expenses paid by the City and at September 30, 2014, \$4,045 was due from the NNSWC.

The Norfolk Housing Agency is fully staffed with City of Norfolk employees. In the current year the City was reimbursed \$80,000 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$16,329 was received from the Housing Agency.

NOTE 15 – SUBSEQUENT EVENTS

On December 23, 2014 the City of Norfolk issued special assessment bond anticipation notes in the amount of \$340,000 for paving improvements in Paving Districts 505, 506, and 507. Interest rate is 0.83% with a final maturity of November 1, 2017.

On December 30, 2014 the City of Norfolk issued public safety tax anticipation bonds in the amount of \$1,340,000 to fund E911 equipment upgrade, Police Station heating/ventilation/air conditioning upgrade, pumper, ambulance, and mobile data computer upgrades. This is a 15 year bond issue with a 5 year call provision. Interest rates range from .40% to 3.150% with final maturity on December 15, 2029.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2014

SCHEDULE OF CHANGES IN POLICE NET PENSION LIABILITY AND RELATED RATIOS
 LAST 10 FISCAL YEARS

	2014
Total pension liability	
Service cost	\$ 255,940
Interest	450,130
Differences between expected and actual experience	179,946
Benefit payments, including refunds of member contributions	(544,117)
Net change in total pension liability	341,899
Total pension liability-beginning	7,331,218
Total pension liability-ending (a)	\$ 7,673,117
 Plan fiduciary net position	
Contributions-employer	\$ 140,661
Contributions-member	140,661
Net investment income	606,061
Benefit payments, including refunds of member contributions	(544,117)
Administrative expense	(1,367)
Net change in plan fiduciary net position	341,899
Plan fiduciary net position-beginning	7,331,218
Plan fiduciary net position-ending (b)	\$ 7,673,117
 Police net pension liability-ending (a) - (b)	\$ -
 Plan fiduciary net position as a percentage of the total pension liability	100%
 Covered-employee payroll	\$ 2,164,021
 City's net pension liability as a percentage of covered-employee payroll	0%

This schedule is being built prospectively until it contains ten years of data. Data for fiscal years 2005 to 2013 are unavailable.

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2014

SCHEDULE OF CHANGES IN FIREMEN'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2014
Total pension liability	
Service cost	\$ 366,976
Interest	459,089
Differences between expected and actual experience	178,020
Benefit payments, including refunds of member contributions	(106,172)
Net change in total pension liability	897,913
Total pension liability-beginning	7,202,533
Total pension liability-ending (a)	\$ 8,100,446
 Plan fiduciary net position	
Contributions-employer	\$ 253,096
Contributions-member	110,094
Net investment income	642,141
Benefit payments, including refunds of member contributions	(106,172)
Administrative expense	(1,246)
Net change in plan fiduciary net position	897,913
Plan fiduciary net position-beginning	7,202,533
Plan fiduciary net position-ending (b)	\$ 8,100,446
 Firemen's net pension liability-ending (a) - (b)	\$ -
 Plan fiduciary net position as a percentage of the total pension liability	100%
 Covered-employee payroll	\$ 1,872,966
 City's net pension liability as a percentage of covered-employee payroll	0%

This schedule is being built prospectively until it contains ten years of data. Data for fiscal years 2005 to 2013 are unavailable.

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2014

SCHEDULE OF POLICE CONTRIBUTIONS
 LAST 10 FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	-	-	37,700	-	25,001	39,413	23,716	-	20,259	8,497
Contributions in relation to the actuarially determined contribution	-	-	37,700	-	25,001	39,413	23,716	-	20,259	8,497
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$2,164,021	\$2,130,319	\$2,032,175	\$2,052,810	\$1,966,089	\$1,882,616	\$1,878,457	\$1,787,394	\$1,845,749	\$1,867,048
City's net pension liability as a percentage of covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Inflation	3%
Salary increases	4%, including inflation
Investment rate of return	6%, net of pension plan expense, including inflation
	Prior to the 10-1-2008 actuarial valuation, the investment rate of return was 7%
Withdrawal	Advanced Pension Table Handbook, Turnover Scale W-70
Mortality	1994 Group Annuity Mortality-Static

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2014

**SCHEDULE OF FIREMEN'S CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	32,906	39,593	26,382	18,604	14,794	8,750	-	-	-	-
Contributions in relation to the actuarially determined contribution	32,906	39,593	26,382	18,604	14,794	8,750	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$1,872,966	\$1,810,613	\$1,695,426	\$1,830,424	\$1,771,313	\$1,650,093	\$1,540,421	\$1,481,147	\$1,431,156	\$1,375,689
City's net pension liability as a percentage of covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Inflation	3%
Salary increases	4%, including inflation
Investment rate of return	6%, net of pension plan expense, including inflation Prior to the 10-1-2012 actuarial valuation, the investment rate of return was 7%, except for the 10-1-2010 actuarial valuation which was 6%
Withdrawal	Advanced Pension Table Handbook, Turnover Scale W-70
Mortality	1994 Group Annuity Mortality-Static

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2014

SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS

Police	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	8.67%
Fire	
Annual money-weighted rate of return, net of investment expense	8.81%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2005 to 2013 are unavailable

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	General Fund		
	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 9,567,071	\$ 9,786,680	\$ 219,609
Special Assessments	-	1,074	1,074
Licenses and Permits	204,975	267,946	62,971
Intergovernmental Revenue	408,627	503,708	95,081
Charges for Services	1,883,031	1,838,729	(44,302)
Occupation and Franchise Taxes	716,800	752,551	35,751
Payments in Lieu of Taxes	88,000	108,705	20,705
Contributions	1,000	9,902	8,902
Loan Repayments	-	-	-
Rental Income	4,746,622	4,724,410	(22,212)
Interest	4,200	4,293	93
Keno Revenue	545,000	570,891	25,891
Miscellaneous	55,000	107,519	52,519
Total Revenue	<u>18,220,326</u>	<u>18,676,408</u>	<u>456,082</u>
Current Expenditures:			
Public Safety	9,160,399	8,525,381	635,018
Public Works	3,359,818	2,940,256	419,562
Public Library	1,408,376	1,346,973	61,403
Parks, Recreation and Public Property	2,268,353	1,904,506	363,847
Communtiy Improvement and Development	515,798	444,915	70,883
General Government	2,676,625	2,475,438	201,187
Total Expenditures	<u>19,389,369</u>	<u>17,637,469</u>	<u>1,751,900</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,169,043)</u>	<u>1,038,939</u>	<u>2,207,982</u>
Other Financing Sources (Uses):			
Insurance Proceeds	-	121,083	121,083
Transfers In	700,000	680,000	(20,000)
Transfers Out	(1,498,909)	(1,489,410)	9,499
Total other Financing Sources (Uses)	<u>(798,909)</u>	<u>(688,327)</u>	<u>110,582</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,967,952)</u>	<u>\$ 350,612</u>	<u>\$ 2,318,564</u>
Fund Balances-Beginning of Year		<u>4,819,238</u>	
Fund Balances- End of Year		<u>\$ 5,169,850</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, MAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2014

	City Highway Allocation Fund			Community Development Block Grant Fund		
	Budgeted	Actual	Variance with	Budgeted	Actual	Variance with
	Original & Final		Final Budget Positive (Negative)	Original & Final		Final Budget Positive (Negative)
Revenue:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Intergovernmental Revenue	2,350,000	2,419,560	69,560	1,409,580	517,403	(892,177)
Charges for Services	-	-	-	-	-	-
Occupation and Franchise Taxes	-	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Loan Repayments	-	-	-	20,900	94,453	73,553
Rental Income	-	-	-	-	-	-
Interest	2,200	4,238	2,038	100	1,658	1,558
Keno Revenue	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenue	<u>2,352,200</u>	<u>2,423,798</u>	<u>71,598</u>	<u>1,430,580</u>	<u>613,514</u>	<u>(817,066)</u>
Current Expenditures:						
Public Safety	-	-	-	-	-	-
Public Works	2,339,500	3,394,575	(1,055,075)	-	-	-
Public Library	-	-	-	-	-	-
Parks, Recreation and Public Property	-	-	-	-	-	-
Community Improvement and Development	-	-	-	1,539,911	380,657	1,159,254
General Government	-	-	-	-	-	-
Total Expenditures	<u>2,339,500</u>	<u>3,394,575</u>	<u>(1,055,075)</u>	<u>1,539,911</u>	<u>380,657</u>	<u>1,159,254</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12,700</u>	<u>(970,777)</u>	<u>(983,477)</u>	<u>(109,331)</u>	<u>232,857</u>	<u>342,188</u>
Other Financing Sources (Uses):						
Insurance Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(415,000)	(415,000)	-	-	-	-
Total other Financing Sources (Uses)	<u>(415,000)</u>	<u>(415,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (402,300)</u>	<u>\$ (1,385,777)</u>	<u>\$ (983,477)</u>	<u>\$ (109,331)</u>	<u>\$ 232,857</u>	<u>\$ 342,188</u>
Fund Balances-Beginning of Year		<u>2,653,225</u>			<u>90,525</u>	
Fund Balances- End of Year		<u>\$ 1,267,448</u>			<u>\$ 323,382</u>	

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2014

Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At or around May 1, the City's department and division heads prepare and submit budget requests for the following fiscal year to the City Administrator who then reviews the requests with the department and division heads.
2. After this review process has been completed, the City Administrator presents these budget requests to the Mayor and City Council along with his recommendations as to what changes, if any should be made. These budget requests and recommendations are reviewed by the Finance Committee of the City Council at meetings open to the public.
3. A public hearing on the budget is then conducted at a City Council meeting to obtain citizen comments.
4. Prior to October 1, the City Council legally enacts the ensuing fiscal year's budget for all funds, except Fiduciary Funds, the Community Development Capital Project Fund and City of Norfolk Facilities Corporation (NFC) through the passage of an ordinance, which establishes the legal level of control (the level on which expenditures may not legally exceed appropriations) at the total governmental fund level.

Proposed expenditures, which are expected to exceed the fund's total appropriation, require amendment by the City Council. The legal level of budgetary control is at the total governmental fund level. Expenditures in excess of the amount budgeted within individual funds do not require amendment by the City Council.

Appropriations lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balance and generally are re-appropriated in the next fiscal year.

5. Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Funds.
6. The budgets adopted are stated on a cash basis. Budgetary comparisons are presented in the financial statements for the governmental funds and are on this budgetary basis, which is not in accordance with U.S. generally accepted accounting principles.
7. There were no budget amendments during the year.

BUDGETARY CONTROL

The annual appropriated budget adopted by the City is prepared on a cash basis and, therefore, the budgetary basis differs from that used to present the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Such differences and their effect on the respective funds reported operations are summarized as follows:

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2014

	General	City Highway Allocation	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$350,612	(\$1,385,777)	\$232,857
Basis differences:			
To adjust revenues from recognition on a cash basis	198,615	38,360	(99,879)
To adjust total expenditures from recognition on a cash basis	74,393	279,585	10,253
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$623,620	(\$1,067,832)	\$143,231

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	(\$28,830,462)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	(78,198)
Expenditures and other financing uses, on a GAAP basis	(\$28,908,660)

The following schedule demonstrates the City's legal compliance to the budget

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$36,174,913	\$28,830,462	\$(7,344,451)

OTHER SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

VEHICLE PARKING FUND - This fund is used to account for the revenues and expenditures of Parking District No. 1. This is a special taxing district, encompassing the downtown area, created for the purpose of providing and maintaining off-street parking lots for employees and customers of the downtown businesses. This fund also is involved with downtown promotions and beautification.

911 FUND – This fund is used to account for proceeds from a \$1.00 per month surcharge on each local exchange access telephone line which physically terminates within the City of Norfolk's designated 911 telephone service area. These funds are used for the provision of 911 emergency telephone services to various emergency response agencies in the City of Norfolk's 911 telephone service area. This service area covers parts of four (4) counties and receives emergency phone calls for the provision of law enforcement, fire, and rescue services.

SNARE FUND - This fund is used to account for the proceeds of a law enforcement grant.

REGION 11 EMERGENCY MANAGEMENT FUND – This fund is used to account for revenue received for emergency management in Antelope County, Pierce County, Madison County and the City of Norfolk. These governments contribute to the fund based upon population. This fund also accounts for emergency management grants received for the area.

STORM WATER MANAGEMENT – This fund is used to account for revenue to implement the Storm Water Management Plan required by the Nebraska Legislature in 2006. The Nebraska Department of Environmental Quality (NDEQ) grants funds according to population size and there must be a 20% match from the community.

WIRELESS 911 FUND – This fund was created pursuant to an agreement with the Nebraska Public Service Commission to track receipts from the State for wireless 911 taxes. The funds are used for equipment, software, maintenance, and any other expenditure necessary for the provision of wireless 911 service.

LB840 ECONOMIC DEVELOPMENT FUND – This fund is used to account for receipts from the levy of property taxes on real and personal property for the LB 840 economic development program. LB 840 was the legislative bill approved by the Nebraska Legislature in 1991 adopting the Local Option Municipal Economic Development Act. This Act authorizes cities to spend local sales or property tax revenue for economic development including offering incentives to attract business.

ECONOMIC DEVELOPMENT OPERATING FUND -- This fund was created to account for the operations of the Economic Development Fund. Madison County and the City of Norfolk both contribute \$100,000 to fund personnel costs, travel, and other necessary operating expenses relating to economic development.

CAPITAL CONSTRUCTION FUND – This fund is used to account for the acquisition and construction of major capital items other than those financed by proprietary funds and trust funds, or special assessments.

COMMUNITY DEVELOPMENT AGENCY FUND – This fund is used to account for the construction of fixed assets financed by the issuance of tax increment financing bonds by the Community Development Agency of the City of Norfolk.

SPECIAL ASSESSMENT FUND – This fund is used to account for the construction of infrastructure fixed assets financed through the creation of special assessment districts.

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2014

	Special Revenue Funds				
	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Assets					
Cash and Equity in Pooled Investment Account	\$ 135,288	\$ 6,429	\$209,971	\$ 162,359	\$ 70,234
Cash at County Treasurer	11,088	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	285	53,147	9,365	-	-
Taxes	7,970	-	-	-	-
Notes Receivable	61,516	-	-	-	-
Due from Other Governmental Agencies	-	-	-	22,019	-
Prepaid Assets	-	-	-	-	-
Total Assets	216,147	59,576	219,336	184,378	70,234
Liabilities					
Accounts Payable	2,350	195	883	764	1,000
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	4,189	-	-
Total Liabilities	2,350	195	5,072	764	1,000
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	6,983	-	-	-	-
Unavailable Revenue-Loan Repayments	61,516	-	-	-	-
Total Deferred Inflows of Resources	68,499	-	-	-	-
Fund Balances (Deficits)					
Non Spendable	-	-	-	-	-
Restricted	145,298	59,381	214,264	183,614	69,234
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	145,298	59,381	214,264	183,614	69,234
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 216,147	\$ 59,576	\$219,336	\$ 184,378	\$ 70,234

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET (CONTINUED)
Governmental Nonmajor Funds
September 30, 2014

Special Revenue Funds			Capital Projects			Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Development Operating	Capital Construction	Community Development Agency	Special Assessments	
\$ 113,839	\$ 3,891,132	\$ 118,040	\$ 2,435,551	\$ 374,497	\$ -	\$ 7,517,340
-	63,389	-	-	-	-	74,477
-	-	-	476	-	-	63,273
-	12,625	-	-	-	-	20,595
-	1,558	-	-	-	-	63,074
-	-	-	-	-	-	22,019
9,762	-	-	-	-	-	9,762
123,601	3,968,704	118,040	2,436,027	374,497	-	7,770,540
654	-	1,495	306,664	-	871	314,876
-	-	-	-	-	43,490	43,490
-	2,506	-	-	-	-	6,695
654	2,506	1,495	306,664	-	44,361	365,061
-	9,608	-	-	-	-	16,591
-	1,558	-	-	-	-	63,074
-	11,166	-	-	-	-	79,665
9,762	-	-	-	-	-	9,762
113,185	3,955,032	116,545	62,713	374,497	-	5,293,763
-	-	-	712,824	-	-	712,824
-	-	-	1,353,826	-	-	1,353,826
-	-	-	-	-	(44,361)	(44,361)
122,947	3,955,032	116,545	2,129,363	374,497	(44,361)	7,325,814
\$ 123,601	\$ 3,968,704	\$ 118,040	\$ 2,436,027	\$ 374,497	\$ -	\$ 7,770,540

CITY OF NORFOLK, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Nonmajor Funds

For the Year Ended September 30, 2014

	Special Revenue Funds				
	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Revenue:					
Taxes	\$ 77,920	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,081	-	64,126	112,820	36,913
Occupation & Franchise Taxes	-	269,000	-	-	-
Contributions	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Rental Income	6,661	-	-	-	-
Loan Repayments	10,330	-	-	-	-
Interest	2,445	133	-	248	120
Miscellaneous	-	-	15,382	-	-
Total Revenue	99,437	269,133	79,508	113,068	37,033
Expenditures:					
Public Safety	-	9,297	62,462	157,861	-
Public Works	165,362	-	-	-	19,262
Parks, Recreation and Public Property	-	-	-	-	-
Community Improvement and Development	-	-	-	-	-
General Government	-	-	-	-	-
Debt Service	270,414	-	-	-	-
Total Expenditures	435,776	9,297	62,462	157,861	19,262
Excess (Deficiency) of Revenues over Expenditures	(336,339)	259,836	17,046	(44,793)	17,771
Other Financing Sources (Uses):					
Proceeds of Debt	260,000	-	-	-	-
Insurance Proceeds	10,769	-	-	-	-
Transfers In	-	-	-	32,074	7,383
Transfers Out	-	(265,000)	-	-	-
Total other Financing Sources (Uses)	270,769	(265,000)	-	32,074	7,383
Net Change in Fund Balance	(65,570)	(5,164)	17,046	(12,719)	25,154
Fund Balances - Beginning of Year	210,868	64,545	197,218	196,333	44,080
Fund Balances - End of Year	\$ 145,298	\$ 59,381	\$214,264	\$ 183,614	\$ 69,234

CITY OF NORFOLK, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)

Governmental Nonmajor Funds

For the Year Ended September 30, 2014

Special Revenue Funds			Capital Projects			Total
Wireless 911	LB 840 Economic Development	Economic Economic Development	Capital Construction	Community Development Agency	Special Assessments	Governmental Nonmajor Funds
\$ -	\$ 391,989	\$ -	\$ -	\$ -	\$ -	\$ 469,909
91,665	28,545	150,000	86,969	-	-	573,119
-	-	-	-	-	-	269,000
-	-	-	519,433	-	-	519,433
-	27,867	-	-	-	-	27,867
-	-	-	-	-	-	6,661
-	-	-	-	-	-	10,330
121	2,908	210	2,827	896	-	9,908
-	-	-	-	-	-	15,382
91,786	451,309	150,210	609,229	896	-	1,901,609
26,958	-	-	298,216	-	-	554,794
-	-	-	159,473	-	1,271	345,368
-	-	-	862,039	-	-	862,039
-	15,000	266,955	-	-	-	281,955
-	-	-	220,761	-	-	220,761
-	-	-	-	-	-	270,414
26,958	15,000	266,955	1,540,489	-	1,271	2,535,331
64,828	436,309	(116,745)	(931,260)	896	(1,271)	(633,722)
-	2,365,000	-	-	-	-	2,625,000
-	-	-	9,926	-	-	20,695
-	-	150,000	1,084,547	-	-	1,274,004
(2,469)	-	-	-	-	-	(267,469)
(2,469)	2,365,000.00	150,000	1,094,473	-	-	3,652,230
62,359	2,801,309	33,255	163,213	896	(1,271)	3,018,508
60,588	1,153,723	83,290	1,966,150	373,601	(43,090)	4,307,306
\$ 122,947	\$ 3,955,032	\$ 116,545	\$ 2,129,363	\$ 374,497	\$ (44,361)	\$ 7,325,814

CITY OF NORFOLK, NEBRASKA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS**

For the Year Ended September 30, 2014

	Vehicle Parking			911		
	Budgeted		Variance with	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:						
Taxes	\$ 76,605	\$ 79,193	\$ 2,588	\$ -	\$ -	\$ -
Intergovernmental Revenue	300	2,082	1,782	-	-	-
Occupation and Franchise Taxes	-	-	-	295,000	\$ 278,434	(16,566)
Loan Repayments	9,558	10,330	772	-	-	-
Rental Income	25,000	14,307	(10,693)	-	-	-
Interest	2,130	2,543	413	20	134	114
Miscellaneous	-	-	-	-	-	-
Total Revenue	<u>113,593</u>	<u>108,455</u>	<u>(5,138)</u>	<u>295,020</u>	<u>278,568</u>	<u>(16,452)</u>
Current Expenditures:						
Public Safety	-	-	-	10,082	9,322	760
Public Works	206,775	191,387	15,388	-	-	-
Debt Service	22,200	270,414	(248,214)	-	-	-
Total Expenditures	<u>228,975</u>	<u>461,801</u>	<u>(232,826)</u>	<u>10,082</u>	<u>9,322</u>	<u>760</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(115,382)</u>	<u>(353,346)</u>	<u>(237,964)</u>	<u>284,938</u>	<u>269,246</u>	<u>(15,692)</u>
Other Financing Sources (Uses):						
Proceeds from Debt Financing	-	260,000	260,000	-	-	-
Insurance Proceeds	-	10,768	10,768	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	(285,000)	(265,000)	20,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>270,768</u>	<u>270,768</u>	<u>(285,000)</u>	<u>(265,000)</u>	<u>20,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (115,382)</u>	<u>\$ (82,578)</u>	<u>\$ 32,804</u>	<u>\$ (62)</u>	<u>\$ 4,246</u>	<u>\$ 4,308</u>
Fund Balances-Beginning of Year		<u>228,954</u>			<u>2,183</u>	
Fund Balances- End of Year		<u>\$ 146,376</u>			<u>\$ 6,429</u>	

CITY OF NORFOLK, NEBRASKA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET (CONTINUED)

AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS

For the Year Ended September 30, 2014

	SNARE			REGION 11			Storm Water Management		
	Budgeted		Variance with Final Budget Positive (Negative)	Budgeted		Variance with Final Budget Positive (Negative)	Budgeted		Variance with Final Budget Positive (Negative)
	Original & Final	Actual		Original & Final	Actual		Original & Final	Actual	
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	96,900	59,609	(37,291)	63,111	100,299	37,188	36,912	36,913	1
Occupation and Franchise Taxes	-	-	-	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-	-	-
Interest	-	-	-	300	333	33	-	140	140
Miscellaneous	-	15,382	15,382	-	-	-	-	-	-
Total Revenue	<u>96,900</u>	<u>74,991</u>	<u>(21,909)</u>	<u>63,411</u>	<u>100,632</u>	<u>37,221</u>	<u>36,912</u>	<u>37,053</u>	<u>141</u>
Current Expenditures:									
Public Safety	94,749	65,390	29,359	125,185	160,023	(34,838)	-	-	-
Public Works	-	-	-	-	-	-	103,641	19,262	84,379
Debt Service	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>94,749</u>	<u>65,390</u>	<u>29,359</u>	<u>125,185</u>	<u>160,023</u>	<u>(34,838)</u>	<u>103,641</u>	<u>19,262</u>	<u>84,379</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,151</u>	<u>9,601</u>	<u>7,450</u>	<u>(61,774)</u>	<u>(59,391)</u>	<u>2,383</u>	<u>(66,729)</u>	<u>17,791</u>	<u>84,520</u>
Other Financing Sources (Uses):									
Proceeds from Debt Financing	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	32,074	32,074	-	7,382	7,383	1
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,074</u>	<u>32,074</u>	<u>-</u>	<u>7,382</u>	<u>7,383</u>	<u>1</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 2,151</u>	<u>\$ 9,601</u>	<u>\$ 7,450</u>	<u>\$ (29,700)</u>	<u>\$ (27,317)</u>	<u>\$ 2,383</u>	<u>\$ (59,347)</u>	<u>\$ 25,174</u>	<u>\$ 84,521</u>
Fund Balances-Beginning of Year		<u>200,370</u>			<u>189,676</u>			<u>45,060</u>	
Fund Balances- End of Year		<u>\$ 209,971</u>			<u>\$ 162,359</u>			<u>\$ 70,234</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS (CONTINUED)
For the Year Ended September 30, 2014

	Wireless 911			LB 840 Economic Development			Economic Development Operating		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ 400,167	\$ 394,770	\$ (5,397)	\$ -	\$ -	\$ -
Intergovernmental Revenue	91,730	91,665	(65)	1,600	27,991	26,391	150,000	150,000	-
Payments in Lieu of Taxes	-	-	-	26,557	27,867	1,310	-	-	-
Interest	30	144	114	800	5,908	5,108	100	248	148
Total Revenue	<u>91,760</u>	<u>91,809</u>	<u>49</u>	<u>429,124</u>	<u>456,536</u>	<u>27,412</u>	<u>150,100</u>	<u>150,248</u>	<u>148</u>
Current Expenditures:									
Public Safety	28,697	27,778	919	-	-	-	-	-	-
Community Improvement and Development	-	-	-	1,500,000	15,000	1,485,000	271,993	266,560	5,433
Total Expenditures	<u>28,697</u>	<u>27,778</u>	<u>919</u>	<u>1,500,000</u>	<u>15,000</u>	<u>1,485,000</u>	<u>271,993</u>	<u>266,560</u>	<u>5,433</u>
Excess (deficiency) of revenues over expenditures	63,063	64,031	968	(1,070,876)	441,536	1,512,412	(121,893)	(116,312)	5,581
Other financing sources (uses):									
Proceeds from Debt Financing	-	-	-	-	2,365,000	2,365,000	-	-	-
Transfers In	-	-	-	-	-	-	150,000	150,000	-
Transfers Out	(105,000)	(2,469)	102,531	-	-	-	-	-	-
Total other financing sources (uses)	<u>(105,000)</u>	<u>(2,469)</u>	<u>102,531</u>	<u>-</u>	<u>2,365,000</u>	<u>2,365,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (41,937)</u>	<u>\$ 61,562</u>	<u>\$ 103,499</u>	<u>\$(1,070,876)</u>	<u>\$ 2,806,536</u>	<u>\$ 3,877,412</u>	<u>\$ 28,107</u>	<u>\$ 33,688</u>	<u>\$ 5,581</u>
Fund balances-beginning of year		<u>52,277</u>			<u>1,147,985</u>			<u>84,352</u>	
Fund balances- end of year		<u>\$ 113,839</u>			<u>\$ 3,954,521</u>			<u>\$ 118,040</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, CAPITAL PROJECT FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Capital Construction			Special Assessments		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 284,043	\$ 319,008	\$ 34,965	\$ -	\$ -	\$ -
Contributions	4,800	6,237	1,437	-	-	-
Interest	2,000	3,773	1,773	4	-	(4)
Total Revenue	<u>290,843</u>	<u>329,018</u>	<u>38,175</u>	<u>4</u>	<u>-</u>	<u>(4)</u>
Expenditures:						
Public Safety	1,305,143	287,916	1,017,227	-	-	-
Public Works	870,271	209,715	660,556	1,652,000	41,587	1,610,413
Parks, Recreation and Public Property	1,686,275	538,549	1,147,726	-	-	-
General Government	590,000	99,397	490,603	-	-	-
Debt Service	-	-	-	16,800	-	16,800
Total Expenditures	<u>4,451,689</u>	<u>1,135,577</u>	<u>3,316,112</u>	<u>1,668,800</u>	<u>41,587</u>	<u>1,627,213</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,160,846)</u>	<u>(806,559)</u>	<u>3,354,287</u>	<u>(1,668,796)</u>	<u>(41,587)</u>	<u>1,627,209</u>
Other Financing Sources (Uses):						
Proceeds from Debt Financing	1,090,000	-	(1,090,000)	1,680,000	-	(1,680,000)
Insurance Proceeds	-	52,576	52,576	-	-	-
Transfers In	1,187,078	1,084,547	(102,531)	-	-	-
Total Other Financing Sources (Uses)	<u>2,277,078</u>	<u>1,137,123</u>	<u>(1,139,955)</u>	<u>1,680,000</u>	<u>-</u>	<u>(1,680,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,883,768)</u>	<u>\$ 330,564</u>	<u>\$ 2,214,332</u>	<u>\$ 11,204</u>	<u>\$ (41,587)</u>	<u>\$ (52,791)</u>
Fund Balances-Beginning of Year		<u>2,104,987</u>			<u>(1,903)</u>	
Fund Balances- End of Year		<u>\$ 2,435,551</u>			<u>\$ (43,490)</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, DEBT SERVICE FUND - BUDGETARY BASIS
For the Year Ended September 30, 2014

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 690,676	\$ 681,869	\$ (8,807)
Special Assessments	119,650	199,580	79,930
Intergovernmental Revenue	-	48,330	48,330
Occupation and Franchise Taxes	1,596,000	1,756,790	160,790
Payments in Lieu of Taxes	40,000	48,117	8,117
Interest	38,363	35,579	(2,784)
Total Revenue	<u>2,484,689</u>	<u>2,770,265</u>	<u>285,576</u>
Current Expenditures:			
Public Works	-	9,163	(9,163)
Parks, Recreation and Public Property	31,920	35,699	(3,779)
Debt Service	2,086,493	2,998,720	(912,227)
Total Expenditures	<u>2,118,413</u>	<u>3,043,582</u>	<u>(925,169)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>366,276</u>	<u>(273,317)</u>	<u>(639,593)</u>
Other Financing Sources (Uses):			
Proceeds from Debt Financing	-	795,000	795,000
Transfers In	217,875	217,875	-
Total Other Financing Sources (Uses)	<u>217,875</u>	<u>1,012,875</u>	<u>795,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 584,151</u>	<u>\$ 739,558</u>	<u>\$ 155,407</u>
Fund Balances-Beginning of Year		<u>3,230,525</u>	
Fund Balances- End of Year		<u>\$ 3,970,083</u>	

BUSINESS TYPE ACTIVITIES

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

COMBINED UTILITY FUND - This fund is used to account for the operations of the City's water and sewer utilities and the solid waste transfer station.

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2014

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Assets:				
Cash and Equity in Pooled Investment Account	\$4,061,202	\$4,765,710	\$352,885	\$9,179,797
Receivables:				
Accounts	380,240	443,492	221,928	1,045,660
Special Assessments	5,122	338	-	5,460
Restricted Cash:				
Cash & Cash Equivalents	146,166	760,257	16,065	922,488
Inventories:				
Fiber Optic System Held for Resale	223,104	-	-	223,104
Prepaid Assets	1,054	1,054	-	2,108
Total Current Assets	4,816,888	5,970,851	590,878	11,378,617
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	282,431	1,269,715	127,991	1,680,137
Property, Plant and Equipment:				
Land	2,353,977	758,017	52,284	3,164,278
Water and Pollution Control Plant	9,569,640	16,094,344	996,256	26,660,240
Water Distribution and Sewage System Equipment	21,660,482	9,464,160	-	31,124,642
Construction in Progress	2,019,320	1,721,715	1,009,301	4,750,336
	70,370	2,158,759	-	2,229,129
	35,673,789	30,196,995	2,057,841	67,928,625
Less Accumulated Depreciation	9,137,600	15,698,502	912,950	25,749,052
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	26,536,189	14,498,493	1,144,891	42,179,573
Total Noncurrent Assets	26,818,620	15,768,208	1,272,882	43,859,710
Total Assets	31,635,508	21,739,059	1,863,760	55,238,327
Deferred Outflows of Resources:				
Deferred Loss on Refunding	-	28,937	-	28,937
Total Deferred Outflows of Resources	-	28,937	-	28,937

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Liabilities:				
Accounts and Contracts Payable	\$275,623	\$243,601	\$204,794	\$724,018
Accrued Compensated Absences	51,972	52,498	30,081	134,551
Payables from Restricted Assets:				
Accrued Interest Payable	16,166	41,257	65	57,488
Revenue Bonds - Current	130,000	719,000	16,000	865,000
Total Current Liabilities	473,761	1,056,356	250,940	1,781,057
Noncurrent Liabilities:				
Revenue Bonds	2,265,000	5,175,000	-	7,440,000
Accrued Compensated Absences	53,971	64,697	53,514	172,182
Total Noncurrent Liabilities	2,318,971	5,239,697	53,514	7,612,182
Total Liabilities	2,792,732	6,296,053	304,454	9,393,239
Net Position				
Net Investment in Capital Assets	\$24,141,189	\$11,713,967	\$1,128,891	36,984,047
Restricted for:				
Debt Service	412,431	1,392,483	143,991	1,948,905
Future Capital Assets	-	596,232	-	596,232
Unrestricted	4,289,156	1,769,261	286,424	6,344,841
Total Net Position	\$ 28,842,776	\$ 15,471,943	\$ 1,559,306	\$ 45,874,025

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2014

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating Revenues:				
User Charges	\$2,578,265	\$3,752,108	\$1,772,489	\$8,102,862
Intergovernmental Revenue	-	257,503	22,772	280,275
Rental Income	76,610	4,812	-	81,422
Miscellaneous Income	19,145	6,807	6,238	32,190
Total Operating Revenues	2,674,020	4,021,230	1,801,499	8,496,749
Operating Expenses:				
Payroll and Related Taxes and Benefits	780,481	861,100	428,048	2,069,629
Utilities	255,327	421,347	27,848	704,522
Repairs and Maintenance	418,715	305,162	50,190	774,067
Purchased Services	-	-	1,076,640	1,076,640
General and Administration	278,116	344,334	59,780	682,230
Depreciation and Amortization	580,835	696,127	97,043	1,374,005
Total Operating Expenses	2,313,474	2,628,070	1,739,549	6,681,093
Operating Income	360,546	1,393,160	61,950	1,815,656
Nonoperating Revenues (Expenses):				
Interest on Bonds and Other Debt	(55,700)	(142,467)	(333)	(198,500)
Interest Income	6,562	8,371	(1,234)	13,699
Gain (Loss) on Disposal of Capital Assets	(17,235)	3,504	-	(13,731)
Total Nonoperating Revenues (Expenses)	(66,373)	(130,592)	(1,567)	(198,532)
Income before Capital Contributions	294,173	1,262,568	60,383	1,617,124
Capital Contributions	45,005	96,865	-	141,870
Change in Net Position	339,178	1,359,433	60,383	1,758,994
Net Position - Beginning of Period	28,503,598	14,112,510	1,498,923	44,115,031
Net Position - End of Period	\$28,842,776	\$15,471,943	\$1,559,306	\$45,874,025

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2014

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,835,705	\$ 3,839,822	\$ 1,747,257	\$ 8,422,784
Cash Paid to Suppliers for Goods and Services	(996,903)	(1,099,154)	(1,176,024)	(3,272,081)
Cash Paid to Employees for Services	(771,581)	(854,567)	(420,347)	(2,046,495)
Net Cash Provided by Operating Activities	1,067,221	1,886,101	150,886	3,104,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(2,737,507)	(2,675,542)	(21,350)	(5,434,399)
Capital Grants and Contributions	-	332,640	22,772	355,412
Proceeds from Sales of Capital Assets	-	5,761	-	5,761
Principal Paid on Notes and Bonds	(130,000)	(711,000)	(14,000)	(855,000)
Interest Paid on Notes and Bonds	(55,947)	(144,197)	(379)	(200,523)
Net Cash Provided (Used) Provided for Capital and	(2,923,454)	(3,192,338)	(12,957)	(6,128,749)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	9,408	12,005	(1,072)	20,341
Net Cash Provided (Used) for Investing Activities	9,408	12,005	(1,072)	20,341
Net Increase (Decrease) in Cash and Cash Equivalents	(1,846,825)	(1,294,232)	136,857	(3,004,200)
Cash and Cash Equivalents at Beginning of Year	6,336,624	8,089,914	360,084	14,786,622
Cash and Cash Equivalents at End of Year	\$ 4,489,799	\$ 6,795,682	\$ 496,941	\$ 11,782,422

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2014

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 360,546	\$ 1,393,160	\$ 61,950	\$ 1,815,656
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	580,835	696,127	97,043	1,374,005
Intergovernmental Revenue	-	(257,503)	(22,772)	(280,275)
(Increase) Decrease in Assets:				
Accounts Receivable	164,343	81,181	(31,382)	214,142
Special Assessments	1,738	1,259	-	2,997
Prepaid Assets	662	662	-	1,324
Increase (Decrease) in Liabilities:				
Accounts and Contracts Payable	(49,802)	(35,318)	38,434	(46,686)
Accrued Compensated Absences	8,899	6,533	7,701	23,133
Unavailable Revenue	-	-	(88)	(88)
Total Adjustments	706,675	492,941	88,936	1,288,552
Net Cash Provided by Operating Activities	\$ 1,067,221	\$ 1,886,101	\$ 150,886	\$ 3,104,208

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Developers Contribution of Distribution System	\$ 45,005	\$ 21,728	\$ -	\$ 66,733
Accounts Payable Exchanged for Capital Assets	\$ 182,314	\$ 176,083	\$ 70,737	\$ 429,134

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	\$ 4,061,202	\$ 4,765,710	\$ 352,885	\$ 9,179,797
Restricted Cash - Current	146,166	760,257	16,065	922,488
Restricted Cash - Noncurrent	282,431	1,269,715	127,991	1,680,136
	\$ 4,489,799	\$ 6,795,682	\$ 496,941	\$ 11,782,422

FIDUCIARY FUNDS

Trust Funds are used to account for assets held by the City in a trustee capacity. **Agency Funds** are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

PENSION TRUST FUNDS:

FIREMEN'S RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighters.

POLICE RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified police officers.

CIVILIAN RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees of the City.

AGENCY FUND:

COMMUNITY DEVELOPMENT AGENCY FUND – This fund is used to account for the accumulation of resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for the redevelopment of the Southwest Norfolk Redevelopment Plan area and the Meadow Ridge Housing Development area. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2014

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$ 2,825,498	\$ 2,654,493	\$ 7,607,850	\$ 13,087,841
Open Ended Mutual Funds	5,274,948	5,018,624	15,054,218	25,347,790
Total Assets	<u>8,100,446</u>	<u>7,673,117</u>	<u>22,662,068</u>	<u>38,435,631</u>
NET POSITION				
Held in Trust for Pension Benefits	8,100,446	7,673,117	22,662,068	38,435,631
Total Net Position	<u>\$ 8,100,446</u>	<u>\$ 7,673,117</u>	<u>\$ 22,662,068</u>	<u>\$ 38,435,631</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2014

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 253,096	\$ 140,661	\$ 413,755	\$ 807,512
Employee	110,094	140,661	637,826	888,581
Total Contributions	363,190	281,322	1,051,581	1,696,093
Investment Income:				
Interest, Dividends and Market Gains	642,141	606,061	1,927,982	3,176,184
Total Additions	1,005,331	887,383	2,979,563	4,872,277
DEDUCTIONS				
Pension Benefits	103,794	14,400	429,006	547,200
Contribution Refunds	2,378	529,717	170,467	702,562
Administration	1,246	1,367	1,847	4,460
Total Deductions	107,418	545,484	601,320	1,254,222
Change in Net Position	897,913	341,899	2,378,243	3,618,055
Net Position -- Beginning of Period	7,202,533	7,331,218	20,283,825	34,817,576
Net Position -- End of Period	\$ 8,100,446	\$ 7,673,117	\$ 22,662,068	\$ 38,435,631

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2014

	Balance September 30, 2013	Additions	Deductions	Balance September 30, 2014
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 526,990	\$ 34,691	\$ 33,737	\$ 527,944
Cash at County Treasurer	350	301	350	301
Total Assets	<u>527,340</u>	<u>34,992</u>	<u>34,087</u>	<u>528,245</u>
<u>Liabilities</u>				
Due to Bondholders	<u>527,340</u>	<u>34,992</u>	<u>34,087</u>	<u>528,245</u>
Total Liabilities	<u>\$ 527,340</u>	<u>\$ 34,992</u>	<u>\$ 34,087</u>	<u>\$ 528,245</u>

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

This part of the City of Norfolk's Comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	1-4
Revenue Capacity These tables contain information that may assist the reader in assessing the City's most significant local revenue sources, property tax and sales tax.	5-11
Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	12-15
Economic & Demographic Information These tables offer economic and demographic indicators to assist the reader in understanding the environment within the government's financial activities take place	16-17
Operating Information These tables contain service and infrastructure indicators that can inform on'e understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.	18-20

Source:

Unless otherwise noted the information in these tables is derived from the annual financial report for the revelant year.

CITY OF NORFOLK NEBRASKA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE 1

	Fiscal Year				
	2014	2013	2012	2011	2010
Governmental Activities					
Net Investment in Capital Assets	\$ 39,846,176	\$ 38,561,536	\$ 37,538,073	\$ 36,664,204	\$ 36,774,090
Restricted for:					
Debt Service	1,718,817	1,556,817	1,117,646	504,468	1,193,594
Road Projects	1,587,443	2,655,276	2,761,835	2,787,524	-
Community Programs and Services	3,284,448	2,654,437	2,469,929	1,869,768	-
Unrestricted	16,711,180	15,527,684	14,750,599	13,682,990	14,066,386
Total Governmental Activities Net Position	63,148,064	60,955,750	58,638,082	55,508,954	52,034,070
Business-Type Activities					
Net Investment in Capital Assets	36,984,047	33,609,113	33,789,528	33,161,053	29,797,795
Restricted	2,545,137	2,732,672	2,233,386	1,723,206	2,570,858
Unrestricted	6,344,841	7,773,246	6,559,493	5,251,421	6,555,425
Total Business-Type Activities Net Position	45,874,025	44,115,031	42,582,407	40,135,680	38,924,078
Primary Government:					
Net Investment in Capital Assets	76,830,223	72,170,649	71,327,601	69,825,257	66,571,885
Restricted	9,135,845	9,599,202	8,582,796	6,884,966	2,570,858
Unrestricted	23,056,021	23,300,930	21,310,092	18,934,411	20,621,811
Total Primary Government Net Position	\$ 109,022,089	\$ 105,070,781	\$ 101,220,489	\$ 95,644,634	\$ 89,764,554

CITY OF NORFOLK NEBRASKA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE 1 (CONT.)

2009	2008	2007	2006	2005
\$ 36,650,941	\$ 35,777,924	\$ 34,084,125	\$ 35,743,248	\$ 16,357,346
1,218,131	1,255,485	1,318,671	1,283,781	1,273,539
-	-	-	-	-
-	-	-	-	-
14,205,078	13,841,116	13,935,043	11,243,475	9,872,675
52,074,150	50,874,525	49,337,839	48,270,504	27,503,560
28,504,434	28,220,779	28,660,480	27,771,725	24,975,734
2,513,381	2,479,789	1,637,751	1,639,618	1,690,576
6,831,206	6,545,033	6,467,537	5,873,732	6,762,586
37,849,021	37,245,601	36,765,768	35,285,075	33,428,896
65,155,375	63,998,703	62,744,605	63,514,973	41,333,080
2,513,381	2,479,789	1,637,751	1,639,618	1,690,576
21,036,284	20,386,149	20,402,580	17,117,207	16,635,261
\$ 88,705,040	\$ 86,864,641	\$ 84,784,936	\$ 82,271,798	\$ 59,658,917

CITY OF NORFOLK, NEBRASKA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities										
General Government	\$ 2,552,931	\$ 1,851,020	\$ 2,434,382	\$ 1,660,197	\$ 2,940,797	\$ 2,363,397	\$ 1,984,006	\$ 2,062,088	\$ 3,263,794	\$ 1,635,190
Public Safety	8,912,927	8,750,908	8,507,028	8,473,093	8,137,286	7,841,533	7,638,269	7,663,541	7,408,066	7,113,536
Public Works	7,114,441	6,282,178	5,426,164	6,877,940	5,477,606	5,664,242	4,513,410	4,162,060	3,202,666	2,535,262
Public Library	1,409,728	1,308,791	1,258,780	1,203,191	1,163,623	1,173,863	1,123,880	1,051,044	1,043,951	1,047,321
Parks, Recreation and Public Property	2,674,471	3,012,478	2,176,083	1,468,214	1,599,713	1,604,612	1,383,166	1,283,585	1,233,518	1,246,438
Community Improvement & Development	994,906	1,199,963	825,295	686,717	1,287,249	999,898	543,549	1,133,491	1,213,623	779,952
Debt Service	626,377	673,495	699,623	565,025	218,415	272,480	296,199	258,179	265,219	258,982
Total Governmental Activities Expenses	24,285,781	23,078,833	21,327,355	20,934,377	20,824,689	19,920,025	17,482,479	17,613,988	17,630,837	14,616,681
Business-Type Activities										
Water Division	2,386,409	2,448,790	2,078,471	1,990,118	1,977,520	1,877,440	1,925,737	1,856,242	1,870,805	1,730,215
Sewer Division	2,770,537	2,999,679	2,709,764	2,644,975	2,696,190	2,529,041	2,691,318	2,627,136	2,443,955	2,524,819
Solid Waste Division	1,739,883	1,593,608	1,659,361	1,649,899	1,668,167	1,579,945	1,672,295	1,666,120	1,717,494	1,733,917
Total Business-Type Activities	6,896,829	7,042,077	6,447,596	6,284,992	6,341,877	5,986,426	6,289,350	6,149,498	6,032,254	5,988,951
Total Primary Government Expenses	\$ 31,182,610	\$ 30,120,910	\$ 27,774,951	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829	\$ 23,763,486	\$ 23,663,091	\$ 20,605,632
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 514,625	\$ 544,417	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626	391,281	\$ 377,825
Public Safety	1,098,611	1,013,391	965,103	978,401	922,686	991,781	1,149,353	906,560	944,002	964,306
Public Works	124,738	113,369	182,375	109,797	122,459	132,948	125,042	80,856	93,846	77,702
Public Library	28,627	25,820	27,149	26,970	24,134	25,588	28,091	28,220	29,686	32,046
Parks, Recreation and Public Property	446,982	445,399	471,172	113,352	139,042	145,293	149,314	146,157	158,053	138,722
Community Improvement and Development	80,000	120,000	120,000	115,146	115,146	84,000	61,000	66,000	66,000	66,000
Operating Grants & Contributions	3,894,437	3,602,142	3,285,816	3,315,948	3,124,585	2,849,515	2,805,130	3,031,310	3,496,950	2,821,686
Capital Grants & Contributions	531,933	880,045	530,453	1,723,050	337,404	1,942,912	757,509	864,556	378,175	1,832,950
Total Governmental Activities Program Revenues	6,719,953	6,744,583	6,066,218	6,870,486	5,171,798	6,603,649	5,442,289	5,492,285	5,557,993	6,311,237
Business-Type Activities:										
Charges for Services:										
Water Division	2,578,265	2,900,045	3,201,639	2,615,148	2,487,553	2,210,112	2,243,427	2,559,572	2,495,101	2,426,990
Sewer Division	3,755,613	3,740,332	3,562,527	3,120,580	2,838,860	2,343,513	2,320,624	2,457,164	2,523,573	2,486,428
Solid Waste	1,772,489	1,634,893	1,716,396	1,731,288	1,759,703	1,699,431	1,742,372	1,811,596	1,737,503	1,750,821
Operating Grants & Contributions	-	125,708	23,545	15,544	-	-	-	-	-	-
Capital Grants & Contributions	422,145	99,172	263,456	-	263,880	144,210	175,807	403,630	791,145	493,256
Total Business-Type Activities Program Revenues	8,528,512	8,500,150	8,767,563	7,482,560	7,349,996	6,397,266	6,482,230	7,231,962	7,547,322	7,157,495
Total Primary Government Program Revenues	\$ 15,248,465	\$ 15,244,733	\$ 14,833,781	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519	\$ 12,724,247	\$ 13,105,315	\$ 13,468,732
Net (Expense)/Revenue										
Governmental Activities	\$ (17,565,828)	\$ (16,334,250)	\$ (15,261,137)	\$ (14,063,891)	\$ (15,652,891)	\$ (13,316,376)	\$ (12,040,190)	\$ (12,121,703)	\$ (12,072,843)	\$ (8,305,444)
Business-Type Activities	1,631,683	1,458,073	2,319,967	1,197,568	1,008,119	410,840	192,880	1,082,464	1,515,068	1,168,544
Total Primary Government Net Expense	\$ (15,934,145)	\$ (14,876,177)	\$ (12,941,170)	\$ (12,866,323)	\$ (14,644,772)	\$ (12,905,536)	\$ (11,847,310)	\$ (11,039,239)	\$ (10,557,775)	\$ (7,136,900)

(Continued)

CITY OF NORFOLK, NEBRASKA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 3,097,189	\$ 3,117,062	\$ 3,129,497	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912	\$ 1,625,182	\$ 1,392,282	\$ 893,417
Sales Tax	8,035,671	7,081,725	7,629,397	7,072,877	6,919,663	6,760,144	6,750,098	6,427,716	6,548,082	6,593,166
Other Taxes	184,689	176,215	270,292	254,665	240,021	199,591	199,225	191,073	209,536	184,404
Occupation and Franchise Taxes	2,781,028	2,653,429	2,514,570	2,030,762	971,022	873,472	883,195	787,763	618,984	589,118
Interest	49,656	56,716	123,026	99,146	106,069	251,126	430,171	561,205	461,182	325,101
General Intergovernmental Revenues Unrestricted	276,969	394,575	124,392	295,309	289,270	260,190	282,997	248,438	242,041	224,482
Unrestricted Keno Revenues	572,632	547,095	494,447	432,584	359,060	428,302	29,141	-	-	-
Use of Property	4,677,788	4,578,545	4,471,873	4,186,984	3,822,961	3,418,900	3,270,414	3,209,969	3,170,236	2,723,425
Revenue from Sale of Uncapitalized Property	42,511	55,625	14,162	17,747	57,219	44,059	9,985	77,072	83,761	-
Gain on Sale of Assets	-	-	-	-	-	-	8,170	27,532	-	43,800
Miscellaneous	40,009	57,054	32,379	51,113	153,345	363,181	47,709	33,088	68,035	64,353
Interfund Transfers	-	(66,125)	(158,646)	-	-	(27,194)	-	-	-	-
Total Governmental Activities	\$ 19,758,142	\$ 18,651,916	\$ 18,645,389	\$ 17,538,775	\$ 15,612,901	\$ 14,516,001	\$ 13,606,017	\$ 13,189,038	\$ 12,794,139	\$ 11,641,266
Business Type of Activities:										
Interest	13,699	8,428	18,008	14,034	66,938	165,386	286,953	398,229	332,022	190,177
Gain on Sale of Assets	-	-	-	-	-	-	-	-	9,089	5,500
Use of Property	81,422	-	-	-	-	-	-	-	-	-
Miscellaneous	32,190	-	-	-	-	-	-	-	-	-
Interfund Transfers	-	66,125	158,646	-	-	27,194	-	-	-	-
Total Business-Type Activities	127,311	74,553	176,654	14,034	66,938	192,580	286,953	398,229	341,111	195,677
Total Primary Government	\$ 19,885,453	\$ 18,726,469	\$ 18,822,043	\$ 17,552,809	\$ 15,679,839	\$ 14,708,581	\$ 13,892,970	\$ 13,587,267	\$ 13,135,250	\$ 11,836,943
Change in Net Position										
Governmental Activities	\$ 2,192,314	\$ 2,317,666	\$ 3,384,252	\$ 3,474,884	\$ (40,080)	\$ 1,199,625	\$ 1,565,827	\$ 1,067,335	\$ 721,295	\$ 3,335,822
Business-Type Activities	1,758,994	1,532,626	2,496,621	1,211,602	1,075,057	603,420	479,833	1,480,693	1,856,179	1,364,221
Total Primary Government	\$ 3,951,308	\$ 3,850,292	\$ 5,880,873	\$ 4,686,486	\$ 1,034,977	\$ 1,803,045	\$ 2,045,660	\$ 2,548,028	\$ 2,577,474	\$ 4,700,043

City of Norfolk, Nebraska
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 3

	Fiscal Year				
	2014	2013	2012	2011	2010
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 120,187
Non Spendable	37,154	27,097	42,528	51,342	-
Restricted	38,291	38,785	111,041	205,522	-
Committed	31,144	141,536	196,394	192,587	-
Unreserved	-	-	-	-	5,989,588
Assigned	10,044	138,401	1,934,062	1,848,271	-
Unassigned	8,003,963	7,151,157	5,438,679	5,008,200	-
Total General Fund	8,120,596	7,496,976	7,722,704	7,305,922	6,109,775
All Other Governmental Funds					
Reserved	-	-	-	-	1,943,994
Non Spendable	9,762	8,916	8,561	9,505	-
Restricted	9,088,635	7,136,685	6,974,935	15,196,509	-
Committed	2,952,632	1,973,057	1,436,837	809,108	-
Unreserved, Reported in:					
Special Revenue Funds	-	-	-	-	2,817,380
Capital Project Funds	-	-	-	-	737,259
Assigned	1,353,826	1,464,474	1,220,280	717,619	-
Unassigned	(44,361)	(43,090)	(300)	(269,619)	-
Total All Other Governmental Funds	\$ 13,360,494	\$ 10,540,042	\$ 9,640,313	\$ 16,463,122	\$ 5,498,633
Total Governmental Funds					
Reserved	-	-	-	-	2,064,181
Non Spendable	46,916	36,013	51,089	60,847	-
Restricted	9,126,926	7,175,470	7,085,976	15,402,031	-
Committed	2,983,776	2,114,593	1,633,231	1,001,695	-
Unreserved	-	-	-	-	9,544,227
Assigned	1,363,870	1,602,875	3,154,342	2,565,890	-
Unassigned	7,959,602	7,108,067	5,438,379	4,738,581	-
Total Governmental Fund	\$ 21,481,090	\$ 18,037,018	\$ 17,363,017	\$ 23,769,044	\$ 11,608,408

City of Norfolk, Nebraska
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 3 (CONT.)

	Fiscal Year				
	2009	2008	2007	2006	2005
General Fund					
Reserved	\$ 132,221	\$ 225,910	\$ 177,324	\$ 95,529	\$ 118,407
Non Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unreserved	5,568,550	5,322,046	5,122,971	4,725,445	4,506,250
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>5,700,771</u>	<u>5,547,956</u>	<u>5,300,295</u>	<u>4,820,974</u>	<u>4,624,657</u>
All Other Governmental Funds					
Reserved	1,609,878	2,107,669	1,451,727	1,541,024	2,376,709
Non Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	3,400,398	3,521,157	4,251,381	3,222,836	1,838,962
Capital Project Funds	540,066	(1,591,264)	(951,132)	(480,858)	(237,724)
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>5,550,342</u>	<u>4,037,562</u>	<u>4,751,976</u>	<u>4,283,002</u>	<u>3,977,947</u>
Total Governmental Funds					
Reserved	1,742,099	2,333,579	1,629,051	1,636,553	118,407
Non Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unreserved	9,509,014	7,251,939	8,423,220	7,467,423	4,506,250
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Governmental Fund	<u>11,251,113</u>	<u>9,585,518</u>	<u>10,052,271</u>	<u>9,103,976</u>	<u>4,624,657</u>

City of Norfolk, Nebraska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2013	2012	2011	2010
Revenues					
Taxes	\$11,118,944	\$10,142,968	\$10,758,892	\$10,178,587	\$ 9,613,934
Special Assessments	200,654	289,216	325,136	472,266	151,392
Licenses & Permits	271,175	244,733	224,947	201,651	233,786
Intergovernmental Revenue	4,079,487	4,330,390	3,619,939	4,414,712	3,846,761
Keno Revenue	572,632	547,095	494,447	432,584	359,060
Charges for Services	1,890,616	1,865,085	1,863,308	1,464,667	1,330,223
Occupation & Franchise Taxes	2,781,029	2,653,429	2,621,917	2,138,542	1,093,679
Contributions	559,517	54,942	35,293	54,228	72,234
Payments in Lieu of Taxes	184,689	176,215	162,944	146,885	117,364
Parking Fees and Rentals	4,681,679	4,584,494	4,474,023	4,204,014	3,830,046
Loan Repayments	104,783	78,073	557,448	136,519	82,419
Interest	49,655	54,192	114,312	90,235	71,269
Miscellaneous	124,215	138,377	84,580	105,741	232,156
Total Revenue	<u>26,619,075</u>	<u>25,159,209</u>	<u>25,337,186</u>	<u>24,040,631</u>	<u>21,034,323</u>
Expenditures					
General Government	2,698,982	2,543,757	2,491,369	4,263,408	2,419,970
Public Safety	8,967,532	9,138,087	8,194,543	8,238,009	7,974,899
Public Works	6,597,380	5,658,796	5,353,264	5,588,853	4,853,161
Public Library	1,355,079	1,288,130	1,204,614	1,329,905	1,485,872
Parks, Recreation & Public Property	2,816,830	2,661,914	11,655,476	8,267,527	1,519,769
Community Improvement & Development	1,031,844	1,322,343	963,266	794,940	1,560,058
Debt Service					
Principal Retirement	2,620,000	1,453,810	1,928,649	1,179,881	870,714
Interest	649,134	677,052	442,032	442,032	234,421
Capital Outlay	-	-	-	-	159,664
Total Expenditure	<u>26,736,781</u>	<u>24,743,889</u>	<u>32,233,213</u>	<u>30,104,555</u>	<u>21,078,528</u>
Excess (Deficiency) of Revenues over expenditures	<u>(117,706)</u>	<u>415,320</u>	<u>(6,896,027)</u>	<u>(6,063,924)</u>	<u>(44,205)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	141,778	308,069	-	-	-
Proceeds from Debt Financing	2,625,000	-	490,000	20,305,000	401,500
Premium on Bonds	-	-	-	49,560	-
Bonds Refunded	795,000	-	-	(2,130,000)	-
Transfers In	2,171,879	2,272,954	-	1,919,961	2,068,596
Transfers Out	(2,171,879)	(2,322,342)	2,272,954	(1,919,961)	(2,068,596)
Total Other Financing Sources (Uses)	<u>3,561,778</u>	<u>258,681</u>	<u>2,762,954</u>	<u>18,224,560</u>	<u>401,500</u>
Net Change in Fund Balances	<u>\$ 3,444,072</u>	<u>\$ 674,001</u>	<u>\$ (4,133,073)</u>	<u>\$ 12,160,636</u>	<u>\$ 357,295</u>
Debt Service as a Percentage of Noncapital Expenditures	13.77%	9.72%	11.69%	7.81%	5.76%

City of Norfolk, Nebraska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 4 (CONT.)

	Fiscal Year				
	2009	2008	2007	2006	2005
Revenues					
Taxes	\$ 9,027,255	\$ 8,765,893	\$ 8,299,868	\$ 8,089,424	\$ 7,640,946
Special Assessments	685,607	82,426	238,417	170,769	539,200
Licenses & Permits	323,800	430,258	305,364	347,386	369,424
Intergovernmental Revenue	3,805,003	3,743,612	4,036,117	3,878,013	4,439,050
Keno Revenue	428,302	29,141	-	-	-
Charges for Services	1,374,689	1,358,621	1,195,069	1,236,475	1,184,021
Occupation & Franchise Taxes	667,778	686,840	666,704	618,984	589,118
Contributions	81,360	100,005	-	-	3,154
Payments in Lieu of Taxes	82,402	74,697	65,162	60,477	30,851
Parking Fees and Rentals	3,422,615	3,272,094	3,211,734	3,173,556	2,728,535
Loan Repayments	120,700	289,700	103,469	131,383	24,778
Interest	186,036	338,732	432,788	364,385	272,344
Miscellaneous	434,854	112,561	177,839	227,609	163,005
Total Revenue	<u>20,640,401</u>	<u>19,284,580</u>	<u>18,732,531</u>	<u>18,298,461</u>	<u>17,984,426</u>
Expenditures					
General Government	2,580,140	2,409,948	2,434,218	2,348,104	1,761,517
Public Safety	7,475,999	7,367,551	7,659,058	7,263,047	6,948,410
Public Works	5,585,140	4,789,513	3,127,771	3,209,134	4,250,718
Public Library	1,139,770	1,097,450	1,039,277	1,014,735	1,006,569
Parks, Recreation & Public Property	1,828,716	1,392,253	1,193,539	1,126,493	1,237,366
Community Improvement & Development	976,102	805,175	1,156,157	1,430,551	874,048
Debt Service					
Principal Retirement	773,690	755,714	708,691	840,952	770,000
Interest	275,001	304,002	258,047	268,402	268,360
Capital Outlay	370,248	829,727	587,478	295,671	954,227
Total Expenditure	<u>21,004,806</u>	<u>19,751,333</u>	<u>18,164,236</u>	<u>17,797,089</u>	<u>18,071,215</u>
Excess (Deficiency) of Revenues over expenditures	<u>(364,405)</u>	<u>(466,753)</u>	<u>568,295</u>	<u>501,372</u>	<u>(86,789)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	-	-	-	-	-
Proceeds from Debt Financing	2,030,000	-	380,000	-	630,000
Premium on Bonds	-	-	-	-	-
Bonds Refunded	-	-	-	-	-
Transfers In	1,840,990	1,237,142	980,558	900,999	1,569,494
Transfers Out	(1,840,990)	(1,237,142)	(980,558)	(900,999)	(1,569,494)
Total Other Financing Sources (Uses)	<u>2,030,000</u>	<u>-</u>	<u>380,000</u>	<u>-</u>	<u>630,000</u>
Net Change in Fund Balances	<u>\$ 1,665,595</u>	<u>\$ (466,753)</u>	<u>\$ 948,295</u>	<u>\$ 501,372</u>	<u>\$ 543,211</u>
Debt Service as a Percentage of	5.59%	6.36%	5.90%	6.34%	6.07%

CITY OF NORFOLK, NEBRASKA
TOTAL CITY TAXABLE SALES
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year Ended September 30,	Total City Taxable Sales	Total Direct Tax Rate
2014	\$ 522,866,921	1.50%
2013	510,892,339	1.50%
2012	504,008,240	1.50%
2011	467,925,125	1.50%
2010	459,698,781	1.50%
2009	448,552,315	1.50%
2008	445,836,912	1.50%
2007	422,052,129	1.50%
2006	433,872,362	1.50%
2005	438,658,575	1.50%

Source: City of Norfolk Finance Office

CITY OF NORFOLK, NEBRASKA
SALES TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year	<u>Direct</u>	<u>Overlapping (1)</u>	Total Tax Rate
	City of Norfolk	State of Nebraska	
2014	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%
2012	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%
2005	1.50%	5.50%	7.00%

Note: (1) Overlapping rates are those of other governments that apply to consumers within the City of Norfolk.

CITY OF NORFOLK, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
CURRENT YEAR

TABLE 7

Business Classifications	2014		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 313,479,841	1	52.49%
Accommodation & Food Services	60,319,040	2	10.10%
Other	223,419,334	-	37.41%
Total	<u>\$ 597,218,214</u>		100.00%

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis. Percentages are not available for Utilities to avoid disclosure of confidential information but are included in the Total. Numbers are not available for nine years ago.

Source: Nebraska Dept of Revenue

City of Norfolk, Nebraska
 Assessed and Estimated Actual Value of Taxable Property (1)
 Last Ten Fiscal Years

TABLE 8

FISCAL YEAR (2)	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
2014	\$ 1,214,361,524	\$ 44,813,004	\$ 1,259,174,528	0.5967
2013	1,160,166,057	42,955,400	1,203,121,457	0.5781
2012	1,145,320,208	44,351,377	1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
2008	1,097,676,042	44,580,420	1,142,256,462	0.4830
2007	1,053,427,738	42,317,597	1,095,745,335	0.4628
2006	1,011,187,900	41,021,639	1,052,209,539	0.4605
2005	978,737,063	30,215,824	1,008,952,887	0.4419

(1) TAXABLE PROPERTY IS ASSESSED AT 100% OF ITS ESTIMATED ACTUAL VALUE.

(2) THE ASSESSED VALUATIONS ARE EFFECTIVE ON SEPTEMBER 1 OF EACH YEAR.

SOURCE: MADISON COUNTY ASSESSOR'S OFFICE

City of Norfolk, Nebraska
Property Tax Rates-Direct and Overlapping Governments (1)
Last Ten Fiscal Years

TABLE 9

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
CITY OF NORFOLK										
GENERAL FUND	0.1549	0.1320	0.1335	0.1341	0.1341	0.1345	0.0689	0.0460	0.0433	0.0251
DEBT SERVICE	0.0581	0.0609	0.0615	0.0618	0.0618	0.0620	0.0641	0.0668	0.0696	0.0726
ECONOMIC DEVELOPMENT FUND	0.0337	0.0352	0.0356	0.0358	0.0358	0.0000	0.0000	0.0000	0.0000	0.0000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3476	0.3442
TOTAL CITY OF NORFOLK	<u>0.5967</u>	<u>0.5781</u>	<u>0.5806</u>	<u>0.5817</u>	<u>0.5817</u>	<u>0.5466</u>	<u>0.4830</u>	<u>0.4628</u>	<u>0.4605</u>	<u>0.4419</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3557	0.4255	0.4249	0.4211	0.4090	0.3990	0.3872	0.4250	0.4049	0.4083
SCHOOL DISTRICT NO 2	1.2154	1.2154	1.2589	1.3182	1.3240	1.3062	1.2230	1.2336	1.2112	1.2176
NORTHEAST COMMUNITY COLLEGE	0.0990	0.0993	0.0983	0.0953	0.0985	0.0935	0.0900	0.0823	0.0904	0.0896
NORFOLK AIRPORT AUTHORITY	0.0306	0.0310	0.0313	0.0315	0.0330	0.0228	0.0236	0.0236	0.0236	0.0447
LOWER ELKHORN NRD	0.0251	0.0266	0.0296	0.0340	0.0379	0.0341	0.0339	0.0356	0.0354	0.0369
AGRICULTURAL SOCIETY MADISON COUNTY	0.0116	0.0131	0.0139	0.0144	0.0145	0.0144	0.0147	0.0155	0.0158	0.0168
EDUCATIONAL SERVICES UNIT #8	0.0126	0.0150	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150	0.0149	0.0149
NORFOLK SANITARY DISTRICT	0.0099	0.0100	0.0098	0.0095	0.0091	0.0087	0.0066	0.0067	0.0067	0.0068
RAILROAD TRANSPORTATION SAFETY DIST.	0.0060	0.0060	0.0050	0.0106	0.0036	0.0039	0.0040	0.0041	0.0046	0.0046
TOTAL OVERLAPPING RATES	<u>1.7661</u>	<u>1.8419</u>	<u>1.8867</u>	<u>1.9496</u>	<u>1.9445</u>	<u>1.8975</u>	<u>1.7980</u>	<u>1.8414</u>	<u>1.8075</u>	<u>1.8402</u>
TOTAL PROPERTY TAXES	2.3627	2.4199	2.4673	2.5313	2.5262	2.4441	2.2810	2.3042	2.2680	2.2821

(1) TAX RATES ARE PER \$100 OF ASSESSED VALUATION, AND EFFECTIVE ON SEPTEMBER 1 OF EACH YEAR

(2) OVERLAPPING RATES ARE THOSE OF LOCAL AND COUNTY GOVERNMENTS THAT APPLY TO PROPERTY OWNERS WITHIN THE CITY OF NORFOLK NE.

(3) TAX APPLIES TO PROPERTY IN VEHICLE PARKING DISTRICT IN DOWNTOWN NORFOLK NEBRASKA. DISTRICT ASSESSED VALUATION IS ABOUT 2% OF THE CITY ASSESSED VALUATION.

City of Norfolk, Nebraska
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2014			2005		
		TAXABLE ASSESSED	RANK	% OF TOTAL CITY TAXABLE ASSESSED	TAXABLE ASSESSED	RANK	% OF TOTAL CITY TAXABLE ASSESSED
		VALUE		VALUE	VALUE		VALUE
N S P LLC	SHOPPING MALL	\$ 13,165,843	1	1.05%	\$ 13,242,523	1	1.31%
WAL-MART STORES INC	RETAIL STORE	9,792,578	2	0.78%	9,652,773	2	0.96%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,329,320	3	0.74%	7,684,035	4	0.76%
HEARTLAND PANTRY INC	RETAIL STORE	8,800,461	4	0.70%	8,642,212	3	0.86%
HERITAGE OF NORFOLK INC	NURSING HOME	6,565,133	5	0.52%	6,109,779	7	0.61%
MENARD INC	RETAIL STORE	6,244,800	6	0.50%	5,708,817	8	0.57%
WIS-PAK OF NORFOLK INC	BOTTLING DISTRIBUTION	6,217,370	7	0.49%	4,912,758	10	0.49%
TIMM VILLAGE GREEN LLC	APARTMENTS	5,808,872	8	0.46%	-	-	0.00%
UNION PACIFIC RAILROAD CO	RAILROAD	4,814,472	9	0.38%	-	-	0.00%
QWEST CORPORATION	TELEPHONE	4,788,479	10	0.38%	6,929,794	6	0.69%
PERKINS LLC	RETAIL STORE	-	-	0.00%	7,203,896	5	0.71%
MC MEADOWS LLC	APARTMENTS	-	-	0.00%	4,925,431	9	0.49%
TOTAL		\$ 75,527,328		6.00%	\$ 75,012,018		7.43%

Source: MADISON COUNTY ASSESSOR'S OFFICE

CITY OF NORFOLK, NEBRASKA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 11

Fiscal Year Ended Sep 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 2,827,106	\$ 2,747,980	97.20%	\$ -	\$ 2,747,980	97.20%
2013	2,825,242	2,736,874	96.87%	88,368	2,825,242	100.00%
2012	2,823,416	2,737,455	96.96%	83,488	2,820,943	99.91%
2011	2,825,657	2,726,631	96.50%	97,533	2,824,164	99.95%
2010	2,404,312	2,317,303	96.38%	83,615	2,400,918	99.86%
2009	1,603,272	1,557,427	97.14%	45,552	1,602,979	99.98%
2008	1,317,224	1,268,047	96.27%	49,177	1,317,224	100.00%
2007	1,269,573	1,214,170	95.64%	55,403	1,269,573	100.00%
2006	1,061,657	1,028,673	96.89%	32,033	1,060,706	99.91%
2005	498,288	476,127	95.55%	22,161	498,288	100.00%

CITY OF NORFOLK, NEBRASKA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			
	GENERAL	SPECIAL	BOND	NOTES PAYABLE
	OBLIGATION BONDS	ASSESSMENT BONDS	ANTICIPATION NOTES	
2014	\$20,100,000	\$ 1,195,000	-	-
2013	18,960,000	1,535,000	-	-
2012	20,180,000	1,745,000	-	23,809
2011	21,210,000	1,415,000	525,000	255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954
2008	3,895,000	935,000	2,335,000	169,644
2007	4,365,000	1,185,000	2,320,000	205,358
2006	4,410,000	1,430,000	755,000	244,048
2005	4,805,000	1,870,000	495,000	-

Notes: (1) See Table 16 for income and population data. 2014 population and 2014 and 2013 personal income numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12 (CONT.)

<u>BUSINESS-TYPE ACTIVITIES</u>				
REVENUE	STATE	TOTAL	DEBT PER	PERCENTAGE
BONDS	REVOLVING	PRIMARY	CAPITA (1)	OF PERSONAL
	LOAN	GOVERNMENT		INCOME (1)
\$ 8,305,000	-	\$ 29,600,000	N/A	N/A
9,160,000	-	29,655,000	1,208.83	N/A
6,065,000	-	28,013,809	1,151.32	2.03
3,550,000	710,008	27,665,367	1,140.93	2.12
6,110,000	827,066	13,347,306	551.31	1.10
6,820,000	940,690	14,356,644	616.91	1.20
7,510,000	1,050,980	15,895,624	692.92	1.35
8,175,000	1,158,035	17,408,393	752.11	1.60
8,825,000	1,261,949	16,925,997	709.24	1.65
9,455,000	1,362,814	17,987,814	750.49	1.78

CITY OF NORFOLK, NEBRASKA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

FISCAL YEAR	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS-GENERAL OBLIGATION PORTION	GENERAL BONDED DEBT	LESS: AMOUNTS RESTRICTED FOR DEBT SERVICE	NET GENERAL BONDED DEBT	NET BONDED DEBT PER CAPITA (1)	VALUATION OF TAXABLE REAL PROPERTY
2014	\$ 20,100,000	\$ 407,083	20,507,083	\$ 1,718,817	\$ 18,788,266	N/A	1.55%
2013	18,960,000	470,340	19,430,340	1,556,817	17,873,523	728.85	1.54%
2012	20,180,000	532,264	20,712,264	1,117,646	19,594,618	805.30	1.71%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	1.85%
2010	3,480,000	618,952	4,098,952	1,193,594	2,905,358	120.01	0.26%
2009	3,720,000	729,722	4,449,722	1,218,131	3,231,591	138.86	0.29%
2008	3,895,000	394,928	4,289,928	1,255,485	3,034,443	132.28	0.29%
2007	4,365,000	508,914	4,873,914	1,318,671	3,555,243	153.60	0.35%
2006	4,410,000	620,399	5,030,399	1,283,781	3,746,618	156.99	0.38%
2005	4,805,000	852,040	5,657,040	1,273,539	4,383,501	182.89	0.49%

Notes: (1) See Table 16 for population data. 2014 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 21,295,000	100.00%	\$ 21,295,000
OVERLAPPING:			
Norfolk School District #2	\$ 24,195,000	60.86%	\$ 14,725,381

Note: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable revenue base that is within the City of Norfolk's boundaries and dividing it by the unit's total taxable revenue base.

SOURCE: NORFOLK PUBLIC SCHOOLS

CITY OF NORFOLK, NEBRASKA
PLEDGED REVENUE COVERAGE
ENTERPRISE BONDS
LAST TEN FISCAL YEARS

TABLE 15

	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2014	\$ 8,510,448	\$ 5,307,088	\$ 3,203,360	\$ 855,000	\$198,501	\$ 1,053,501	3.04
2013	8,344,442	5,524,293	2,820,149	905,000	182,034	1,087,034	2.59
2012	8,677,238	4,965,477	3,711,761	1,120,008	95,519	1,215,527	3.05
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76
2008	6,593,376	4,685,259	1,908,117	772,055	336,859	1,108,914	1.72
2007	7,226,561	4,627,357	2,599,204	753,914	358,648	1,112,562	2.34
2006	7,097,288	4,483,310	2,613,978	730,863	377,722	1,108,585	2.36
2005	6,854,416	4,406,612	2,447,804	717,906	399,002	1,116,908	2.19

- 1) TOTAL OPERATING REVENUE PLUS INTEREST INCOME
- 2) TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION AND AMORTIZATION

CITY OF NORFOLK, NEBRASKA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE 16

Fiscal Year	Population(1)	Personal Income (2) (000's)	Per Capita Personal Income(2)	Public School Enrollment(3)	Unemployment Rate(4)
2014	N/A	N/A	N/A	4,069	2.7%
2013	24,523	N/A	N/A	4,148	2.9%
2012	24,332	1,380,610	39,411	4,110	3.2%
2011	24,248	1,305,431	37,372	4,009	3.6%
2010	24,210	1,213,230	34,728	4,023	3.8%
2009	23,272	1,198,153	33,949	3,891	4.2%
2008	22,940	1,176,748	36,103	3,830	3.0%
2007	23,146	1,134,031	33,064	3,803	2.7%
2006	23,865	1,067,230	30,260	3,941	3.5%
2005	23,968	1,050,390	29,590	3,902	3.6%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2014 numbers are unavailable.
 (2) State of Nebraska, NE Dept of Economic Development. 2014 and 2013 numbers are unavailable for Personal Income and for Per Capita Personal Income. Numbers are shown for Madison County.
 (3) Norfolk Public Schools PreK-12
 (4) State of Nebraska, NE Dept of Labor

CITY OF NORFOLK, NEBRASKA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 17

EMPLOYER	2014			2005		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,185	1	5.19%	892	2	3.72%
Northeast Community College	704	2	3.08%			
Affiliated Foods Midwest	654	3	2.87%	540	4	2.25%
Norfolk Public Schools	604	4	2.65%	667	3	2.78%
Vulcraft Division of Nucor Steel	515	5	2.26%	400	7	1.67%
Nucor Steel Division	490	6	2.15%	430	5	1.79%
Wayne State College	476	7	2.09%			
Covidien	385	8	1.69%			
Veyance Technologies	362	9	1.59%			
Walmart	339	10	1.49%	325	9	1.36%
Tyson Foods, Norfolk				1,250	1	5.22%
Tyco Health Care				416	6	1.74%
Goodyear Tire & Rubber				390	8	1.63%
Norfolk Regional Center				324	10	1.35%
Total	5,714		25.04%	5,634		23.51%

Source: Norfolk Area Chamber of Commerce

CITY OF NORFOLK, NEBRASKA
 Full-Time Equivalent City Governmental Employees by Function
 Last Ten Fiscal Years

TABLE 18

	Full-Time Equivalent City Government Employees by Function as of September 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	25.88	25.88	25.88	26.18	25.55	23.55	24.60	24.80	25.00	25.00
Engineering	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	58.00	58.00	58.00	58.00	58.00	60.00	60.50	60.50	65.50	65.50
Fire	37.00	37.00	38.00	38.00	38.00	38.00	37.00	37.00	38.00	38.00
Region 11	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
SNARE	0.13	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.63	0.50
Streets	23.25	23.25	22.25	22.25	22.00	22.00	21.00	21.00	22.00	22.00
Culture & Recreation										
Parks	22.00	21.00	20.00	20.00	22.00	22.00	18.00	18.00	18.00	18.00
Recreation	2.00	1.67	1.67	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Auditorium	0.00	2.43	2.43	2.43	2.43	2.43	2.43	1.68	1.68	1.68
Library	15.38	15.1	15.1	14.97	14.97	14.97	14.96	15.69	16.69	15.80
Housing	5.75	5.75	5.75	5.75	5.75	5.75	5.63	5.73	5.73	5.73
Community Character Development Coalition	0.00	0.00	0.00	0.00	4.25	5.00	4.88	4.88	0.00	4.50
Economic Development Operating	3.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Water Pollution Control	9.00	9.00	9.00	9.50	9.50	13.50	13.50	13.50	13.50	13.50
Solid Waste Management	6.38	6.38	6.38	5.88	5.75	5.75	5.75	5.75	5.75	5.75
Total	228.77	228.96	227.96	225.46	230.70	236.45	232.75	233.01	236.46	238.95

Source: City of Norfolk Finance

CITY OF NORFOLK, NEBRASKA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 19

FUNCTION	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Purchase Ordered Processed	31	765	1,223	1,393	1,365	1,773	1,887	2,025	2,100	2,537
Water/Sewer Customers Billed	9,523	9,479	9,419	9,392	9,306	9,276	9,118	9,049	9,000	8,850
Engineering										
Miles of Paving Districts	0.00	0.00	0.00	0.20	0.20	0.51	0.20	1.20	1.10	0.80
Miles of Street Reconstruction	0.10	0.40	1.10	0.75	0.30	0.35	0.50	1.20	1.00	1.50
Public Safety										
Police:										
Criminal Arrests	1,448	1,645	1,809	1,701	1,655	1,932	1,679	1,858	2,500	2,738
Traffic Arrests	2,388	2,294	2,709	2,804	2,313	2,348	2,514	2,480	3,550	3,718
Drug/Alcohol Arrests	705	817	897	762	556	715	782	817	1,200	1,065
Fire:										
Rescue Calls	1,912	1,941	1,866	1,861	1,678	1,714	1,744	1,682	1,715	1,925
Building and Safety										
Building Permits	388	347	356	375	386	382	392	412	549	575
Culture and Recreation										
Library										
Total Circulation	321,954	320,282	299,776	324,042	319,997	338,308	314,489	318,284	334,736	333,602
Water:										
Water Inspections	56	66	47	42	48	39	40	39	62	47
Locates	3272	3,449	3,070	2,521	2,743	2,406	2,589	2,928	2,708	2,502
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.02	1.077	1.083	1.189	1.269	1.017	1.105	1.127	1.000	1.265
Sewer Maintenance										
Sewer Inspections	34	61	34	20	32	22	37	22	46	39
Solid Waste Management										
Average Daily Tonnage	102	104	108	108	113	110	116	117	117	121

Souces: Various City Departments

CITY OF NORFOLK, NEBRASKA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 20

FUNCTION	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
City Auditorium (1)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Offices (2)	1.00	1.00	1.00	1.00	-	-	-	-	-	-
City Council Chambers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Streets										
Streets (Miles)	144.09	144.08	144.29	144.29	144.29	143.88	142.30	142.30	137.26	135.90
Streetlights	2,257	2,257	2,258	2,327	2,244	2,236	2,237	2,266	2,246	2,204
Parks										
Parks Acreage	414.00	414.00	403.50	403.50	403.50	396.00	378.00	364.00	364.00	364.00
Parks #	13.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00
Swimming Pools	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Tennis Courts	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Library										
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water mains (miles)	129.00	123.00	123.00	123.00	122.00	121.00	120.00	120.00	145.00	142.00
Water treatment plants	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sewer										
Sanitary sewer (miles)	128.00	127.00	127.00	127.00	127.00	126.00	125.00	125.00	155.00	153.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(1) Included Administrative offices and Engineering Offices until March 2012

(2) Administrative and Engineering Offices as of March 2012

Sources: Various City Departments