

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2017

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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NORFOLK
NEBRASKA**

for the year ended

September 30, 2017

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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fiscal year
ended
September 30, 2017*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 28, 2018

**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, 2017 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, 2017.

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, 2017, 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, 2017, 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.

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

Sales tax receipts continue their slow growth pattern. This year the City's 1 ½ cent sales tax was up only 0.59% or 47,115 from the prior year and last year the sales tax was down 1.09% or \$87,517 from the previous year. Other than a spike in sales tax after the June 2014 hail storm, the City's 1 ½ cent sales tax has had little growth since the fiscal year ended September 30, 2000, right around the time internet sales started to significantly increase. Despite the stagnant sales tax receipts, Norfolk continues to have low unemployment. Madison County's unemployment rate was 2.7% in December 2017, below the national average of 4.1%. Real estate values are increasing. For the fourth year in a row there is a significant increase in assessed valuation. This comes after 4 years of little increase in assessed valuation. Norfolk's 2017 assessed valuation increased 5.96% and the 2016 assessed valuation increased 4.86%, most of which was due to increased value of existing property.

On January 8, 2018 Continental announced a \$9.3 million expansion of the rubber mixing operations at its industrial hose plant in Norfolk. Plans are to add more than 19,000 square feet and more than 30 jobs. The expansion is designed to accommodate its North American manufacturing facilities by providing rubber for industrial hoses and whitewall tires for passenger cars. Construction is expected to begin immediately and be completed by the end of the first quarter of 2019. Partial funding has been offered from the State of Nebraska through the Nebraska Advantage Act, Community Development Block Grants, and Site and Building Development Fund. The City has offered \$180,000 from its LB 840 economic development program.

Faith Regional Health Services started construction on a new 109,000 square foot medical office building south of Norfolk Avenue next to Faith Regional's west campus. The new building will be a multi-specialty physician center that will allow Faith Regional to move forward with its strategic plan to organize key service lines, such as women's and children's orthopedics, surgery, and the Faith Regional Health Services surgery center, while accommodating current services and supporting future growth and expansion. Construction is expected to be finished in early 2019.

Black Hills Energy finished construction of 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 is 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 when certain conditions are met. \$3.6 million is 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. 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, was disbursed to Black Hills Energy in May 2016 after construction of the pipeline commenced. The other \$1.4 million was

grant proceeds from the State of Nebraska from its Site and Building Development Fund that was disbursed to Black Hills Energy in February 2018.

The Norfolk area is experiencing a housing shortage. A 2016 study found that Norfolk should have a target of adding 762 new housing units by 2021, including 444 owner and 318 rental housing units, to meet current demand and support future population growth. A housing task force was formed years ago 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 the 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. Efforts are seen coming to fruition with the approval of a number of Redevelopment Contracts which provide for using tax increment financing for housing.

The City and Community Development Agency approved a Redevelopment Contract which provides for using tax increment financing for infrastructure development in the area located south of Benjamin Avenue and bordered by Meadow Ridge Development. The redeveloper plans to construct single family attached and detached units for a total of 53 housing units. The Redevelopment Contract provides for a maximum of \$900,000 of tax increment financing bonds. A number of houses have been constructed and others are currently under construction. Another Redevelopment Contract was recently approved for the Legacy Bend Housing Development in this same general area. Legacy Bend will utilize tax increment financing to develop the area located south and west of the Meadow Ridge housing development. Legacy Bend is an 8-phase project over multiple years consisting of approximately: 124 single family homes on larger lots, 51 single family homes on urban lots, 51 townhomes, and 224 living units in multiple dwelling units.

The City and Community Development Agency also approved a Redevelopment Contract which provides for using tax increment financing for rehabilitation of Skyline Apartments. The building has 92 apartments and common areas for disabled and senior residents. Rehabilitation is currently in progress and includes many safety features, such as a new fire alarm system, installation of fire sprinklers and emergency lighting, and improvements to bring the building up to code. The Redevelopment Contract provides for a maximum of \$415,000 of tax increment financing bonds. In addition, the City is providing \$348,000 of reuse funds from previous grants for the rehabilitation.

The old DeLay Bank Building in downtown Norfolk is currently under rehabilitation to provide 8 apartments on the upper floor and commercial space on the first floor. A maximum of \$240,750 of tax increment financing bonds has been authorized for this project. Another Redevelopment Agreement was approved for rehabilitation of the Ballantyne Buildings immediately west of the Delay Bank Building. A total of 27,800 square feet will be rehabilitated to commercial office space and two residential apartments. The Redevelopment Agreement provides for a maximum of \$143,290 of tax increment financing bonds.

A Redevelopment Agreement was approved for the construction of 18 single family residential homes comprised of 14 lakefront dwellings and 4 villas with associated improvements. The project area is south of the Elkhorn River and east of Highway 81. A maximum of \$1.6 million of tax increment financing bonds are authorized for this project. This agreement implements the first phase of the Medelmans Lake Redevelopment Plan which provides for construction of 188 single family homes in multiple phases.

A Redevelopment Agreement was approved for Phase I of the Fountain Point North Redevelopment Project at the southwest corner of 37th Street and Highway 275. The project involves the construction of a 70-80,000 square foot medical office building and an 87 unit senior living facility with associated improvements. The Redevelopment Agreement provides for a maximum of \$3,970,000 of tax increment financing bonds. The Fountain Point Redevelopment Plan provides for subsequent phases incorporating both commercial and residential development.

In addition to the Redevelopment Agreements including residential development, a Redevelopment Agreement was approved for commercial property generally located on the northwest corner of 13th Street and Omaha Avenue. The plan is to construct a 2,724 square foot building and a 10,050 square foot building for retail, restaurant, office, and medical tenants along with extensive concrete parking. The Redevelopment Agreement provides for a maximum of \$450,000 of tax increment financing bonds.

Other economic indicators appear mainly favorable. Norfolk's population decreased from an estimated 24,366 in 2015 to an estimated 24,348 in 2016. Madison County's unemployment rate decreased .3% from 3.0% in December 2016 to 2.7% in December 2017. Public school enrollment increased from 4,325 in September 2016 to 4,370 in September 2017. The most recent assessed valuation which was released August 20, 2017, shows taxable property in Norfolk valued at \$1,466,525,323, a 5.96% 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 3.5% expenditure growth. The LTFP shows expenditures growing about 3% in most of the next ten years; 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 based on past history. The City's 1 ½ cent sales tax for fiscal year 2016-2017 is up \$47,115 or 0.59% from the prior fiscal year. The City is budgeting a \$189,059 or 2.40% increase in 1 ½ cent sales tax in the 2017-2018 budget.

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 no growth in NPPD lease revenue through fiscal year 2023-2024 and 1% 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 City's property tax levy rate for the 2016-2017 fiscal year increased 2.2% to fund items that would have otherwise been left out of the budget. It funds certification that the flood control levee meets Federal Emergency Management Agency standards and increasing targeted ending fund balance growth to the goal of 3.5%. The LTFP shows the City's property tax rate going from .252065 in 2016-2017 to .400452 in 2026-2027. In 2016-2017 the City's property tax levy rate is 4th lowest of the 30 first class cities in Nebraska and would have moved to 14th highest with the projected 2026-2027 levy rate.

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 and now the City has hired Black and Veatch to do a wastewater rate study. The study will be done in three phases and will determine sewer rate increases needed to fund forthcoming sewer projects. Phase 1 will evaluate the current year wastewater revenues compared to current expenditures, phase 2 will develop a five year financial plan for the City's wastewater utility, and phase 3 will conduct a cost of service analysis.

One of the Mayor and Council goals is a library expansion. A half-cent sales tax increase was approved at the November 2014 general election. The sales tax increase went into effect on April 1, 2015 and will be in effect for 36 months to provide funding for an \$8.7 million library expansion and renovation. The City also was awarded a \$750,000 grant from the State of Nebraska Civic and Community Center Financing Fund for the 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. Construction is currently in progress and is anticipated to be completed in the summer of 2018.

Economic development continues to be a priority of the Mayor and Council. Increasing the capacity of natural gas flowing to Norfolk had been a goal for a number of years. As explained earlier, Black Hills Energy constructed an eight inch natural gas pipeline from Bancroft to Norfolk. To support economic development, plans to extend water and sewer lines to industrial areas are currently in process. The Mayor and Council have hired a consultant to do an annexation study. This is a four step plan to evaluate the expansion of the corporate limit that includes input from public and private stakeholders. The Mayor and Council also want to

increase area planning efforts and resources including industrial site assessment and analysis. Lobbying efforts continue for state and federal funding for infrastructure projects.

Another of the Mayor and Council goals is parks and recreation. The Council desires adding more recreation trails and have the additional trails connect existing trails. A trail advisory board helps identify, promote, and seek funding for new and expanding trails in and around Norfolk. The City was awarded a grant from the Nebraska Game and Parks Commission for the Highway 275 underpass trail. This project is estimated to be \$345,617, with \$297,808 funded by grants, and construction is anticipated in 2019. The City will soon begin construction of a 5,115 feet long trail in Johnson Park and along the north fork of the Elkhorn River. In addition to trails the Mayor and Council desire adding more soccer fields and providing funding specifically for tree projects. They support efforts for an indoor recreation space for the whole community and support fundraising efforts to build a new skate park.

Street maintenance continues to be a goal of the Mayor and Council. Reconstruction of the Norfolk Avenue bridge over the North Fork of the Elkhorn River started last spring. This is a \$5.7 million project that includes a trail under the bridge, a water main, and a new roadway section from First Street to Cottonwood Street. The new roadway section has five lanes with landscaping, decorative lighting and roadway lighting to tie in with the downtown business district. The project has been completed, except for the trail that will be finished this spring. Staff will look into potential funding sources for street improvement, hiring seasonal help for streets, and identify streets for upgrade or repair. Studying costs to expand Benjamin Avenue into five lanes and holding public open houses to explain the 1 to 6 year street plan are also goals.

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 the City called the Series 2011 Building Bonds because the interest rate savings was more than 4% of the refunded principal. This refunding reduces debt service payments by \$141,714 over the next 15 years and the City obtains an economic gain of \$115,380.

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 more than \$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, 2016. This was the twenty-ninth 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-five years, the most recent for the 2017-2018 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', with a stylized flourish at the end.

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, 2016.

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**

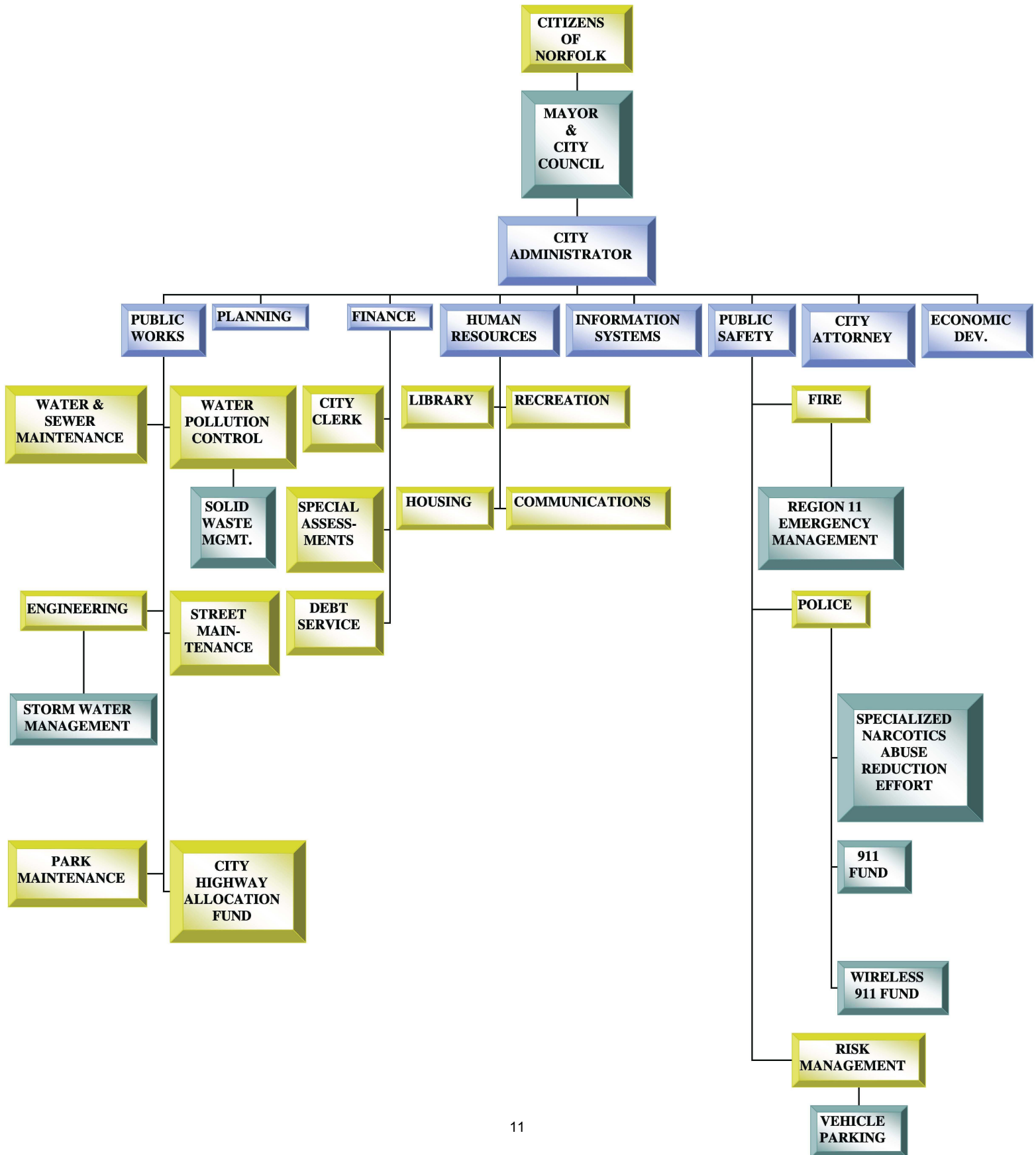
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

**City of Norfolk, Nebraska
Organizational Chart**



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2017

<u>Title</u>	<u>Name</u>
Mayor	Josh Moening
Council Member	Gary L. Jackson
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/Economic Development Director	Andy Colvin
City Attorney	Clint Schukei
City Clerk	Elizabeth A. Deck
City Planner	Valerie Grimes
Director of Public Works	Steve Rames
Director of Public Safety	Shane Weidner
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	Jim Dooley
Risk Manager	Lyle Lutt
Park & Building Maintenance Superintendent	Pat Mrsny
Police Chief	William Mizner
Wastewater Plant Superintendent	Todd Boling
Water and Sewer Director	Dennis Watts

FINANCIAL SECTION



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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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, 2017, 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 pension related schedules, 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 are the responsibility management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 28, 2018, 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 28, 2018

Management Discussion and Analysis

September 30, 2017

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, 2017. 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 and deferred inflows of resources at September 30, 2017, by \$129,159,061. Of this amount, \$23,865,692 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$8,939,025 during the year. Of this amount, the net position of Governmental Activities increased \$6,279,325 and the net position of Business Activities increased \$2,659,700.
- Bonds payable decreased \$3,446,078. Outstanding revenue bonds total \$5,700,000, general obligation bonds \$14,606,376, and special assessment bonds \$905,000 backed by the City's full faith and credit. Bond anticipation notes remained the same at \$2,250,000. The City received a \$93,600 good faith deposit for revenue bonds that closed in November 2017.

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 and deferred inflows of resources. 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 and deferred inflows of resources 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 and deferred inflows of resources, 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, 2017, net position was as follows:

City of Norfolk's Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 34,086,664	\$ 33,857,813	\$ 12,041,364	\$ 12,708,087	\$ 46,128,028	\$ 46,565,900
Capital Assets	67,081,351	60,860,148	46,731,377	44,099,084	113,812,728	104,959,232
Total Assets	101,168,015	94,717,961	58,772,741	56,807,171	159,940,756	151,525,132
Deferred Outflows of Resources	51,790	79,258	-	9,646	51,790	88,904
Long-Term Liabilities	19,743,462	22,349,444	6,130,352	6,919,951	25,873,814	29,269,395
Other Liabilities	4,072,021	1,296,526	887,650	801,827	4,959,671	2,098,353
Total Liabilities	23,815,483	23,645,970	7,018,002	7,721,778	30,833,485	31,367,748
Deferred Inflows of Resources	-	26,252	-	-	-	26,252
Net Position:						
Net Investment in Capital Assets	50,736,098	40,610,264	41,031,377	37,513,730	91,767,475	78,123,994
Restricted	11,684,267	13,693,880	1,841,627	2,609,219	13,525,894	16,303,099
Unrestricted	14,983,957	16,820,853	8,881,735	8,972,090	23,865,692	25,792,943
Total Net Position	\$ 77,404,322	\$ 71,124,997	\$ 51,754,739	\$ 49,095,039	\$ 129,159,061	\$ 120,220,036

A portion of net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$23,865,692 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 \$13,643,481 increase in net investment in capital assets. The Governmental Activities increased \$10,125,834, going from \$40,610,264 last year to \$50,736,098 this year. The increase is primarily due to the Norfolk Avenue bridge project and the library expansion and renovation project currently in progress.

Total revenue reported in fiscal year 2017 was \$40,428,446. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

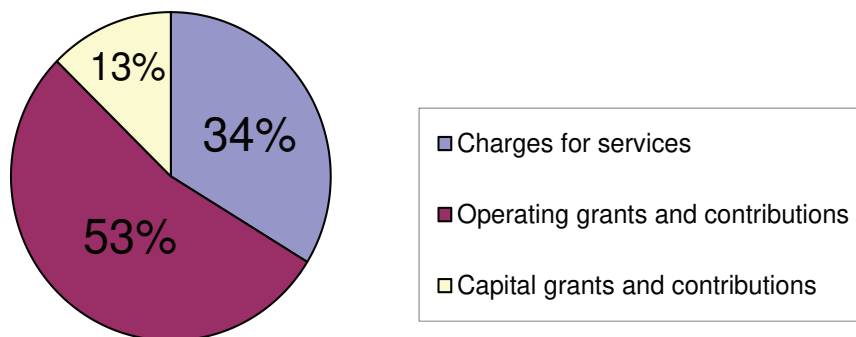
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 2,615,973	\$ 2,393,754	\$ 9,382,149	\$ 8,493,078	\$ 11,998,122	\$ 10,886,832
Operating grants and contributions	4,159,685	3,700,589	-	1,445	4,159,685	3,702,034
Capital grants and contributions	980,028	1,656,522	-	243,349	980,028	1,899,871
Total Program Revenues	<u>7,755,686</u>	<u>7,750,865</u>	<u>9,382,149</u>	<u>8,737,872</u>	<u>17,137,835</u>	<u>16,488,737</u>
General Revenues:						
Property taxes	3,765,320	3,480,593	-	-	3,765,320	3,480,593
Sales taxes	10,677,614	10,614,793	-	-	10,677,614	10,614,793
Other taxes	209,221	203,371	-	-	209,221	203,371
Occupation and franchise taxes	2,705,164	2,680,189	-	-	2,705,164	2,680,189
Interest	209,621	107,008	64,418	27,278	274,039	134,286
General intergovernmental revenues	398,194	372,186	-	-	398,194	372,186
Keno revenues	584,717	552,493	-	-	584,717	552,493
General revenue from electrical distribution system lease/Use of property	4,505,919	4,596,858	-	82,022	4,505,919	4,678,880
Revenue from sale of uncapitalized property	56,219	17,097	-	-	56,219	17,097
Miscellaneous	92,345	109,622	21,859	18,944	114,204	128,566
Total General Revenues	<u>23,204,334</u>	<u>22,734,210</u>	<u>86,277</u>	<u>128,244</u>	<u>23,290,611</u>	<u>22,862,454</u>
Total Revenues	<u>30,960,020</u>	<u>30,485,075</u>	<u>9,468,426</u>	<u>8,866,116</u>	<u>40,428,446</u>	<u>39,351,191</u>
Expenses:						
General Government	3,311,385	2,462,887	-	-	3,311,385	2,462,887
Public Safety	10,152,789	10,133,933	-	-	10,152,789	10,133,933
Public Works	4,949,525	5,494,622	-	-	4,949,525	5,494,622
Public Library	1,478,371	1,461,349	-	-	1,478,371	1,461,349
Parks, Recreation and Public Property	2,970,064	3,354,612	-	-	2,970,064	3,354,612
Community Improvement and Development	1,035,861	4,217,807	-	-	1,035,861	4,217,807
Debt Service	323,382	454,900	-	-	323,382	454,900
Water System	-	-	2,269,164	2,294,958	2,269,164	2,294,958
Sewer System	-	-	3,168,511	3,293,531	3,168,511	3,293,531
Solid Waste	-	-	1,830,369	1,763,283	1,830,369	1,763,283
Total Expenses	<u>24,221,377</u>	<u>27,580,110</u>	<u>7,268,044</u>	<u>7,351,772</u>	<u>31,489,421</u>	<u>34,931,882</u>
Increase (Decrease) in Net Position before Transfer	6,738,643	2,904,965	2,200,382	1,514,344	8,939,025	4,419,309
Transfers	(459,318)	(103,763)	459,318	103,763	-	-
Increase (Decrease) in Net Position	6,279,325	2,801,202	2,659,700	1,618,107	8,939,025	4,419,309
Net Position - Beginning	<u>71,124,997</u>	<u>68,323,795</u>	<u>49,095,039</u>	<u>47,476,932</u>	<u>120,220,036</u>	<u>115,800,727</u>
Net Position - Ending	<u>\$ 77,404,322</u>	<u>\$ 71,124,997</u>	<u>\$ 51,754,739</u>	<u>\$ 49,095,039</u>	<u>\$ 129,159,061</u>	<u>\$ 120,220,036</u>

Program revenues totaled \$17,137,835. Of this total \$9,382,149 was program revenues from Business-Type Activities and \$7,755,686 was program revenues from General Governmental Activities. Program revenues from General Governmental Activities remained relatively the same, increasing just \$4,821, while program revenues from Business-Type Activities increased \$644,277. General Governmental Activities capital grants and contributions decreased \$676,494 due to a \$375,000 capital grant received from the State of Nebraska in the prior year for the library expansion and renovation and also from assessments in the prior year for four paving districts. This was offset by an increase in operating grants and contributions and charges for services. Operating grants and contributions increased due to an increase in highway allocation funds and Community Development Block Grant funds. Program revenues from Business-Type Activities consist primarily of charges for services. About 99% of Business-Type Activities program revenues is use fees for water, sewer, and solid waste. Water and sewer rates increased 9% and 8%, respectively, effective October 1, 2016 and sewer rates increased 6% effective September 1, 2017. This increased water and sewer use fees \$305,229 and \$393,617, respectively. The increase in use fees is partially offset by a decrease in grants and contributions.

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

Program Revenues General Governmental

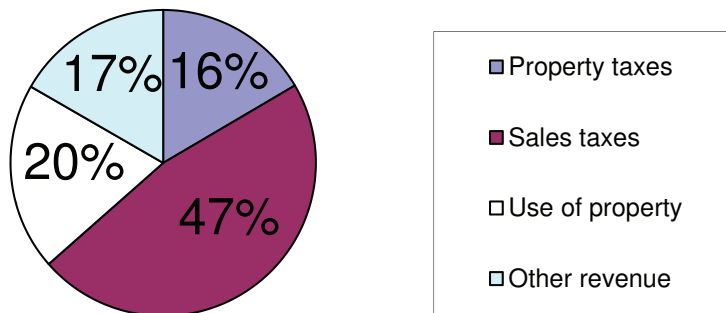


General revenues for Governmental Activities increased \$470,124 or 2.07% going from \$22,734,210 last year to \$23,204,334 in the current year. The largest general revenue source is sales tax, which increased \$62,821 or 0.59%. As discussed in the letter of transmittal there has been slow growth in the City's sales tax since the fiscal year ending September 30, 2000. The second largest general revenue source, electrical distribution

system lease/use of property, decreased \$90,939 or 1.98%. The primary source is lease revenue from NPPD which pays 12% of system revenue to lease the City-owned electrical distribution system. As discussed in the letter of transmittal NPPD is making a major effort to hold down rate increases. A small amount of the decrease is rental income that was reclassified to program revenues in the current year. Property taxes increased \$284,727 or 8.18% because the City is allowing its property tax asking to increase for any increase in assessed valuation to offset inflation during the years when the property tax asking remained constant. Also, the property tax levy was increased slightly to fund items that would have otherwise been left out of the budget. Interest income increased \$102,613 going from \$107,008 last year to \$209,621 this year due to rising interest rates on investments.

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

General Revenues General Governmental



Total expenses decreased \$3,442,461 or 9.9% going from \$34,931,882 last year to \$31,489,421 this year. Expenses in Governmental Activities decreased \$3,358,733 or 12.2% and expenses in Business-Type Activities decreased \$83,728 or 1.1%.

The biggest decrease in expenses was in community improvement and development which went from \$4,217,807 last year to \$1,035,861 this year, a decrease of \$3,181,946. As discussed in the letter of transmittal, in the prior year \$3.6 million was paid to Black Hills Energy for construction of a natural gas pipeline. The lack of natural gas capacity to Norfolk prompted City officials to enter into a funding assistance agreement with Black Hills Energy to provide \$3.6 million of funding from the City’s LB 840 economic development program to construct a natural gas pipeline to serve new and existing businesses in Norfolk. This was partially offset by an increase in expenses related to a Community Revitalization Grant received. The grant was used for a water main along Madison Avenue from 1st Street to 7th Street.

General Government increased \$848,498 going from \$2,462,887 last year to \$3,311,385 this year. This increase is primarily due to a \$1,091,725 increase in group benefit claims in the Internal Service Fund and the corresponding decrease in operating results included in general government expense.

Public works decreased \$545,097 or 9.9%. In the prior year there was street concrete improvements of about \$200,000 on East Benjamin Avenue and at the intersection of Pasewalk Avenue and 13th Street. There was also roof repairs to the Street Division building in the prior year for \$56,188. The City changed its capitalization threshold in the prior year from \$500 to \$5,000. This resulted in a one-time loss on disposal of capital assets for public works of \$104,209.

Parks, recreation and public property decreased \$384,548 or 11.5% going from \$3,354,612 last year to \$2,970,064 this year. The change in capitalization threshold in the prior year resulted in a one-time loss on disposal of capital assets for parks, recreation and public property of \$294,914 in the prior year.

Expenses for Business-Type Activities decreased \$83,728 or 1.1% going from \$7,351,772 last year to \$7,268,044 this year. Similar to the decrease in expenses in public works and parks, recreation and public property, Business-Type Activities expenses decreased because of the change in capitalization threshold and the one-time loss on disposal of capital assets in the prior year. Expenses in the Water Division decreased \$25,794 and expenses in the Sewer Division decreased \$125,020. These decreases were partially offset by an increase in expenses in the Solid Waste Division due to an increase in personnel costs. In January 2016 the City started hauling garbage from the Transfer Station to the landfill instead of contracting out this service. Additional employees were hired to drive the trucks, causing an increase in personnel costs.

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

<u>Program Level</u>	<u>Activity</u>
General Government	Administration, Support Services, Planning and Zoning
Public Safety	Emergency Medical Services, Police, Fire, Prevention and Codes, Emergency Management
Public Works	Engineering, Streets, Drainage
Public Library.....	Operation of Public Library
Parks, Recreation, and Public Property	Parks, 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

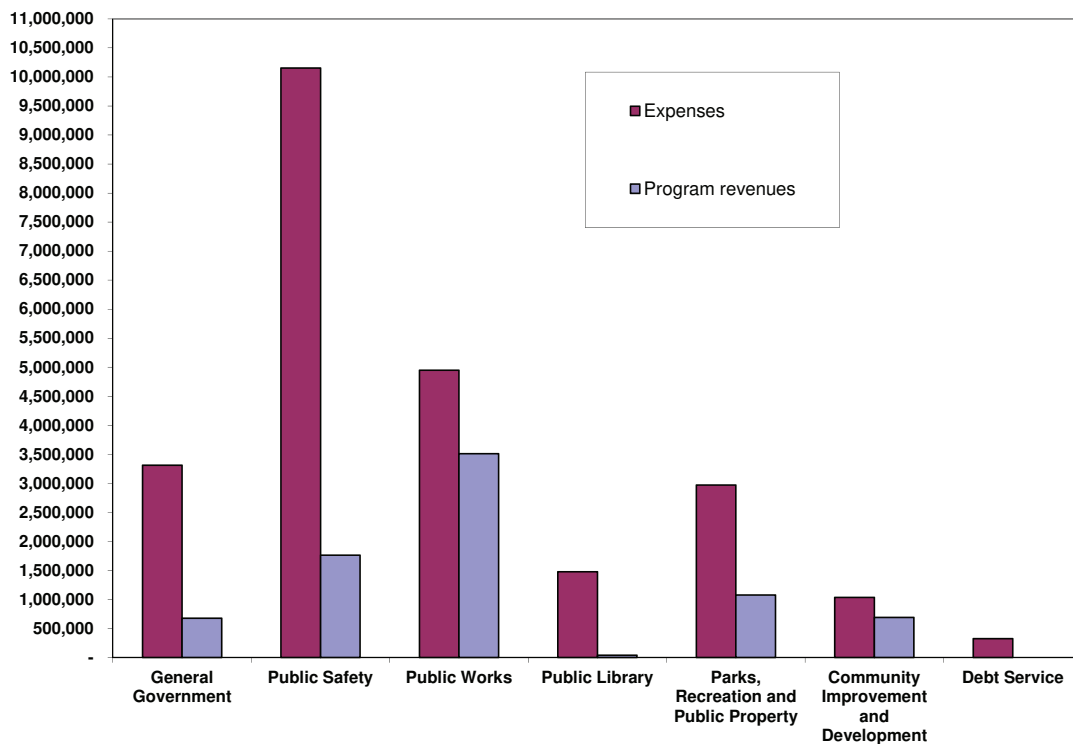
Governmental Activities

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 \$10,152,789 and total program revenues of only \$1,764,403 comprised of \$1,175,687 of charges for services, \$428,767 of operating grants and contributions, and \$159,949 of capital grants and contributions. The net cost of public safety was \$8,388,386 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:

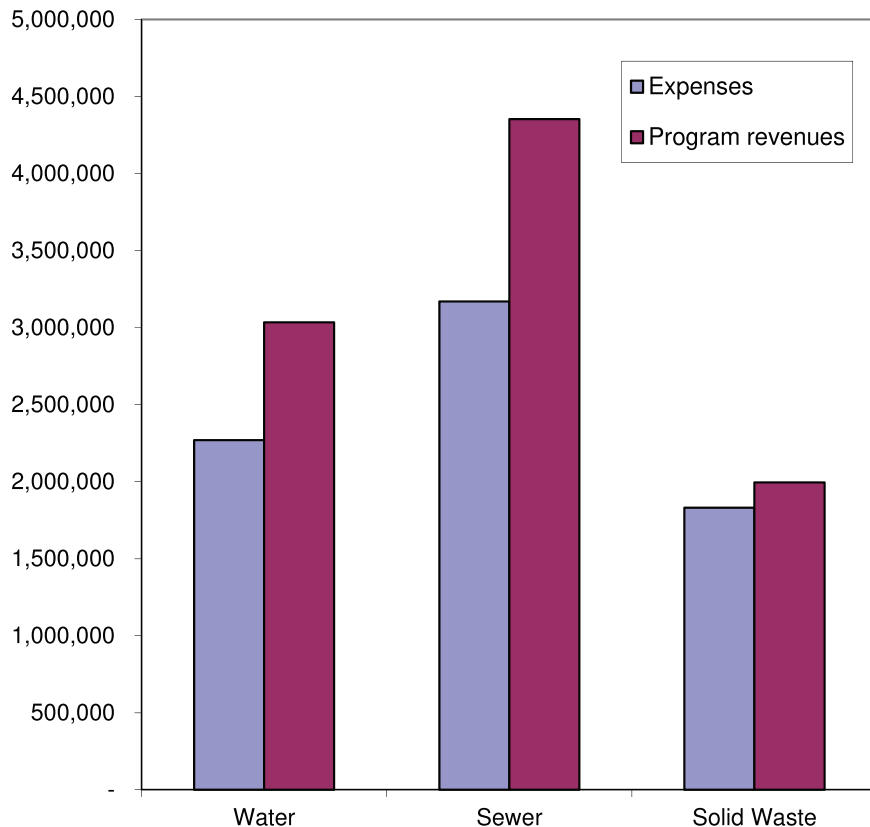
- General Government..... Fees
- Public Safety..... Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants, Rent
- Public Library..... Service Charges, 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 \$2,659,700 accounting for 30% 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 \$765,313. 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, 2016. There were two sewer rate increases this fiscal year, the first was effective October 1, 2016 and the second was effective September 1, 2017. Sewer rates increased to fund various sewer main extensions to expand the sewer system. The City has hired Black & Veatch to do a wastewater rate study to determine future sewer rate increases needed to fund forthcoming sewer projects. In fiscal year 2017 Sewer Division revenues exceeded expenses by \$1,184,684. Solid Waste Division revenues exceeded expenses by \$164,108.

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 \$22,697,726. The combined Governmental Fund balance decreased \$1,794,684 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General Fund by \$134,353 decreasing fund balance from \$8,951,037 last year to \$8,816,684 this year. As discussed in the letter of transmittal, the City's two largest General Fund revenue sources have not kept pace with inflation. The City's 1 ½ cent sales tax was up just \$47,115 from the prior year, while NPPD lease revenue was down \$51,929 from the prior year. Expenses increased normally with inflation, and as a result, the General Fund had a decrease in fund balance this year.

The City Highway Allocation Fund decreased almost \$1.4 million going from \$4,315,636 last year to \$2,922,144 this year. Reconstruction of the Norfolk Avenue bridge started in the spring of 2017. This project is expected to be in excess of \$5 million including street improvements from First Street to Cottonwood Street, a trail under the bridge, and a waterline crossing the river. Highway allocation receipts had been being accumulated to fund this project.

The Capital Construction Fund had a decrease in fund balance of \$746,047. As discussed in the letter of transmittal, construction is in progress on the library expansion and renovation. Construction started in April 2017 and before the fiscal year ended most of the expansion was complete. Work is now being done to renovate the existing space. This is funded with a half-cent sales tax from April 1, 2015 to March 31, 2018. The decrease in fund balance is due to spending sales tax on the library project. This is partially offset by an increase in keno lottery proceeds to be used on future park and recreation projects.

The Debt Service Fund increased \$479,792 going from \$4,013,919 last year to \$4,493,711 this year. Approximately half of the increase is occupation taxes. Occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2011 to pay debt service on a 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. The other half of the increase in fund balance is property taxes and special assessment collections to be used on future debt service.

The remaining two major funds are the Community Development Block Grant Fund and the Special Assessments Fund. The Community Development Block Grant Fund

decreased \$70,838 primarily due to expending program income on downpayment assistance. The Special Assessments Fund saw little activity this year. It decreased \$20,508 due to interest paid on the outstanding bond anticipation notes.

Governmental nonmajor funds increased \$90,762 going from \$2,038,244 last year to \$2,129,006 this year. Five nonmajor funds had an increase in fund balance and four nonmajor funds had a decrease in fund balance. The increases ranged from \$1,912 to \$66,296 and the decreases ranged from \$11,020 to \$47,258. The largest decrease was in the Vehicle Parking Fund primarily due to improvements to the handrails along the sidewalks and parking lot repairs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$22.6 million of revenue and \$24.8 million of expenditures resulting in a budgeted decrease in fund balance of \$2.2 million. Actual fund balance decreased \$47,549 because revenues exceeded budget by \$.7 million and expenditures were under budget by \$1.5 million. This combined with beginning fund balance exceeding budget by \$.5 million, resulted in an ending fund balance of about \$2.7 million more than budgeted.

The largest amount of revenues over budget was in intergovernmental revenue which exceeded budget by \$227,659. The excess is primarily 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. Taxes exceeded budget by \$180,989 due to sales tax being more than budgeted. The City budgets conservatively and budgets sales tax for the last 12 months of actuals with no increase. On a cash basis there was a 1.43% increase in actual sales tax receipts from fiscal year 2016 to fiscal year 2017. Licenses and permits exceeded budget by \$73,282 due to an increase in construction activity, and miscellaneous revenue exceeded budget by \$74,937 primarily due to an increase in purchasing card rebates and the sale of City property. Most other revenue categories exceeded budget since the City normally budgets conservatively. Two revenue categories were under budget by a total of \$39,360 due to cable franchise tax, telecommunications occupation tax, and keno revenue being under budget.

Expenditures in all categories were under budget resulting in \$1,554,221 less expenditures than budgeted. Public works had the largest amount of under budget expenditures followed by public safety 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 exceed budget by \$50,043 primarily due to an unbudgeted transfer from the City Highway Allocation Fund for additional street maintenance. Transfers out were \$46,908 over budget due to sales tax for the library expansion and renovation being more than budgeted. This sales tax is transferred to the Capital Construction Fund.

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, 2017, was \$91,767,475 (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			
	2017	2016	2017	2016	2017	2016
Land	\$ 677,396	\$ 40,657	\$ -	\$ -	\$ 677,396	\$ 40,657
Buildings and improvements	424,950	727,437	525,513	21,459	950,463	748,896
Water distribution and sewage system	-	-	2,050,089	347,112	2,050,089	347,112
Equipment, furniture and fixtures	758,824	1,193,655	677,429	422,182	1,436,253	1,615,837
Infrastructure	357,457	1,252,956	-	-	357,457	1,252,956
Construction in progress	9,463,084	5,180,147	2,639,705	1,419,980	12,102,789	6,600,127
Total Gross Additions	\$ 11,681,711	\$ 8,394,852	\$ 5,892,736	\$ 2,210,733	\$ 17,574,447	\$ 10,605,585

Gross additions to capital assets for Governmental Activities were \$11,681,711 compared to \$8,394,852 of additions in the prior year. Two projects make up almost two-thirds of the additions. Construction on the library expansion and renovation project started in the spring of 2017 and is expected to be completed in the summer of 2018. Total project costs exceed \$8 million and is funded with sales tax and a \$750,000 grant from the State of Nebraska. The Norfolk Avenue bridge and roadway project is approximately a \$5.7 million project, with most of the construction occurring in fiscal year 2017. Other significant additions in the current year include: land for storm water detention pond, firetruck, dump truck, three police cruisers, four defibrillators, and Embrace Park playground equipment. Significant additions to construction in progress include: street microsurfacing and armor coating.

Total gross additions to capital assets for Business-Type activities were \$5,892,736 compared to \$2,210,733 in the prior year. The largest projects in the current year were the southwest sanitary sewer interceptor, currently in construction in progress, a sewer line extending sewer service to industrial sites northeast of the City, and a water main along Madison Avenue from 1st Street to 7th Street. Other significant additions include: engineering for the Omaha Avenue lift station and force main, wastewater treatment plant trickling filter distributors, water pollution control influent pump, and transfer station trailer.

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

DEBT ADMINISTRATION

At year-end the City had \$21,211,376 of bonded debt outstanding, net of original issue discounts/premiums. This is a decrease of \$3,446,078 from the prior year. During the year the City issued \$1,520,000 of refunding building bonds to refund bonds used to finance the purchase of a building to be used as the City administration office. This refunding reduces debt service payments by \$141,714 over the next 15 years and the City obtains an economic gain of \$115,380. The refunding bonds have interest rates ranging from 1.19% to 3.24%, whereas the refunded bonds had interest rates ranging from 1.95% to 4.25%.

Moody's rated the City's general obligation bond issue dated December 22, 2010 Aa3. When the City refunded this bond issue in January 2016, Moody's reaffirmed the Aa3 rating. The ratio of general bonded debt to assessed real property value for the City has increased from .29% in 2008 to .87% currently due to the \$16.4 million recreation bond issue in fiscal year 2010-2011. Total debt per capita was \$692.92 in 2008 compared to \$1,103.27 in 2016, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 3.45.

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 increased 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 until March 31, 2018 and along with a \$750,000 grant from the State's Civic and Community Center Financing Fund will provide funding for a \$8.7 million library expansion and renovation.

Sewer rates increased 6% effective September 1, 2017. The City has hired Black & Veatch to do a wastewater rate study to determine future sewer rate increases needed to fund forthcoming sewer expansions to promote economic development.

The City was awarded several grants during the year. One of the grants is a \$350,000 Downtown Revitalization Grant that will be used partially to create a public square in the parking lot at 3rd Street and Norfolk Ave. Approximately \$77,000 of the grant will be for commercial rehabilitation in the City's downtown façade and signage program. The City was also awarded a \$350,000 Comprehensive Development Grant. This grant will be used for street, sidewalk, and infrastructure improvements along Braasch Avenue from 1st Street to 5th Street. The Nebraska Game and Parks Commission awarded the City a federal grant to construct a trail under Highway 275 to connect with the existing Levee trail. The total project is estimated to be \$345,617 with \$47,808 from the City, \$47,808

from the Lower Elkhorn Natural Resources District, and \$250,000 from the Game and Parks Commission.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$8,287,695. The City has appropriated \$1,857,571 of this amount for spending in the 2017-2018 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, 2017
With Summarized Financial Information as of September 30, 2016

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2017	2016
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 28,556,086	\$ 8,359,799	\$ 36,915,885	\$ 36,311,712
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	188,132	1,543,185	1,731,317	1,492,966
Taxes	2,113,907	-	2,113,907	2,133,339
Accrued Interest	78,706	29,499	108,205	43,044
Special Assessments	251,335	2,183	253,518	446,189
Notes Receivable	1,043,945	-	1,043,945	1,047,824
Due from Other Governmental Agencies	1,775,784	-	1,775,784	2,127,802
Inventories	38,328	218,042	256,370	264,822
Prepaid Assets	40,441	-	40,441	37,845
Restricted Assets:				
Cash and Cash Equivalents	-	1,888,656	1,888,656	2,660,357
Land	8,881,409	3,166,864	12,048,273	11,370,877
Construction in Progress	11,917,174	3,109,012	15,026,186	6,876,382
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,282,768	40,455,501	86,738,269	86,711,973
Total Assets	101,168,015	58,772,741	159,940,756	151,525,132
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	26,123	-	26,123	42,908
Deferred Outflow of Resources Related to Pensions	25,667	-	25,667	45,996
Total Deferred Outflows of Resources	51,790	-	51,790	88,904
LIABILITIES				
Accounts Payable	3,961,505	840,621	4,802,126	1,921,825
Unearned Revenue	2,449	-	2,449	1,220
Accrued Interest Payable	108,067	-	108,067	124,170
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	47,029	47,029	51,138
Revenue Bonds - Current	-	290,000	290,000	895,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	1,910,000	-	1,910,000	2,205,000
Various Purpose Bonds	245,000	-	245,000	245,000
Bond Anticipation Notes	2,250,000	-	2,250,000	-
Compensated Absences and Benefits	929,629	145,127	1,074,756	1,052,804
Due in more than one year:				
Good Faith Deposit - Revenue Bonds	-	93,600	93,600	-
Revenue Bonds Payable	-	5,410,000	5,410,000	5,700,000
General Obligation Bonds	12,696,376	-	12,696,376	14,707,454
Various Purpose Bonds	660,000	-	660,000	905,000
Bond Anticipation Notes	-	-	-	2,250,000
Compensated Absences and Benefits	1,035,707	191,625	1,227,332	1,279,887
Net Pension Liability	16,750	-	16,750	29,250
Total Liabilities	23,815,483	7,018,002	30,833,485	31,367,748
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pensions	-	-	-	26,252
Total Deferred Outflows of Resources	-	-	-	26,252
NET POSITION				
Net Investment in Capital Assets	50,736,098	41,031,377	91,767,475	78,123,994
Restricted for:				
Debt Service	2,575,381	1,141,670	3,717,051	4,248,863
Future Capital Assets	-	699,957	699,957	670,645
Road Projects	2,922,144	-	2,922,144	4,315,636
Community Programs & Services	6,186,742	-	6,186,742	7,067,955
Unrestricted	14,983,957	8,881,735	23,865,692	25,792,943
Total Net Position	\$ 77,404,322	\$ 51,754,739	\$ 129,159,061	\$ 120,220,036

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

With Summarized Financial Information for the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2017	2016
Primary Government:								
Governmental Activities:								
General Government	\$ 3,311,385	\$ 675,443	\$ -	\$ -	\$ (2,635,942)		\$ (2,635,942)	\$ (1,902,454)
Public Safety	10,152,789	1,175,687	428,767	159,949	(8,388,386)		(8,388,386)	(8,439,991)
Public Works	4,949,525	141,147	3,137,014	231,214	(1,440,150)		(1,440,150)	(1,318,039)
Public Library	1,478,371	27,119	6,249	5,000	(1,440,003)		(1,440,003)	(1,051,048)
Parks, Recreation and Public Property	2,970,064	493,930	608	583,865	(1,891,661)		(1,891,661)	(2,797,013)
Community Improvement and Development	1,035,861	102,647	587,047	-	(346,167)		(346,167)	(3,865,800)
Debt Service	323,382	-	-	-	(323,382)		(323,382)	(454,900)
Total Governmental Activities	<u>24,221,377</u>	<u>2,615,973</u>	<u>4,159,685</u>	<u>980,028</u>	<u>(16,465,691)</u>		<u>(16,465,691)</u>	<u>(19,829,245)</u>
Business-Type Activities:								
Water Division	2,269,164	3,034,477	-	-		765,313	765,313	454,052
Sewer Division	3,168,511	4,353,195	-	-		1,184,684	1,184,684	785,852
Solid Waste Division	1,830,369	1,994,477	-	-		164,108	164,108	146,196
Total Business-Type Activities:	<u>7,268,044</u>	<u>9,382,149</u>	<u>-</u>	<u>-</u>		<u>2,114,105</u>	<u>2,114,105</u>	<u>1,386,100</u>
Total Primary Government	<u>\$31,489,421</u>	<u>\$11,998,122</u>	<u>\$ 4,159,685</u>	<u>\$ 980,028</u>	<u>(16,465,691)</u>	<u>2,114,105</u>	<u>(14,351,586)</u>	<u>(18,443,145)</u>
General Revenues:								
Property Taxes					3,765,320	-	3,765,320	3,480,593
Sales Taxes					10,677,614	-	10,677,614	10,614,793
Other Taxes					209,221	-	209,221	203,371
Occupation and Franchise Taxes					2,705,164	-	2,705,164	2,680,189
Interest					209,621	64,418	274,039	134,286
General Intergovernmental Revenues Unrestricted					398,194	-	398,194	372,186
Unrestricted Keno Revenue					584,717	-	584,717	552,493
General Revenue from Electrical Distribution System Lease					4,505,919	-	4,505,919	4,678,880
Revenue from Sale of Uncapitalized Property					56,219	-	56,219	17,097
Miscellaneous					92,345	21,859	114,204	128,566
Interfund Transfers					(459,318)	459,318	-	-
Total General Revenues and Transfers					<u>22,745,016</u>	<u>545,595</u>	<u>23,290,611</u>	<u>22,862,454</u>
Change in Net Position					<u>6,279,325</u>	<u>2,659,700</u>	<u>8,939,025</u>	<u>4,419,309</u>
Net Position - Beginning					<u>71,124,997</u>	<u>49,095,039</u>	<u>120,220,036</u>	<u>115,800,727</u>
Net Position - Ending					<u>\$ 77,404,322</u>	<u>\$ 51,754,739</u>	<u>\$ 129,159,061</u>	<u>\$ 120,220,036</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
BALANCE SHEET
Governmental Funds
September 30, 2017

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and Equity in Pooled Investment Account	\$ 5,224,674	\$ 3,609,785	\$ 898,334	\$ 4,231,945	\$ 351,456	\$ 7,007,125	\$ 2,003,328	\$ 23,326,647
Cash at County Treasurer	345,368	-	-	94,816	-	-	61,851	502,035
Receivables (Net, where applicable, of allowance for uncollectibles)								
Accounts	186,304	192	-	-	-	1,429	207	188,132
Taxes	1,880,420	-	-	175,384	-	-	58,103	2,113,907
Accrued Interest	14,054	13,544	2,043	10,220	973	19,995	4,566	65,395
Special Assessments	39,524	-	-	211,811	-	-	-	251,335
Notes Receivable	-	-	1,020,083	-	-	-	23,862	1,043,945
Due from Other Governmental Agencies	1,452,249	260,479	33,571	-	-	9,261	20,224	1,775,784
Inventories	12,244	-	-	-	-	-	-	12,244
Prepaid Assets	22,491	-	-	-	-	-	17,950	40,441
Total Assets	<u>9,177,328</u>	<u>3,884,000</u>	<u>1,954,031</u>	<u>4,724,176</u>	<u>352,429</u>	<u>7,037,810</u>	<u>2,190,091</u>	<u>29,319,865</u>
Liabilities								
Accounts Payable	300,524	961,856	38,710	4,425	956	1,698,340	22,338	3,027,149
Unearned Revenue	518	-	-	-	-	-	1,931	2,449
Bond Anticipation Notes	-	-	-	-	2,250,000	-	-	2,250,000
Total Liabilities	<u>301,042</u>	<u>961,856</u>	<u>38,710</u>	<u>4,425</u>	<u>2,250,956</u>	<u>1,698,340</u>	<u>24,269</u>	<u>5,279,598</u>
Deferred Inflows of Resources								
Unavailable Revenue-Property Taxes	20,078	-	-	14,229	-	-	12,954	47,261
Unavailable Revenue-Loan Repayments	-	-	1,020,083	-	-	-	23,862	1,043,945
Unavailable Revenue-Special Assessments	39,524	-	-	211,811	-	-	-	251,335
Total Deferred Inflows of Resources	<u>59,602</u>	<u>-</u>	<u>1,020,083</u>	<u>226,040</u>	<u>-</u>	<u>-</u>	<u>36,816</u>	<u>1,342,541</u>
Fund Balances (Deficits)								
Non Spendable	34,735	-	-	-	-	-	17,950	52,685
Restricted	480,485	2,922,144	895,238	2,683,448	-	2,699,964	2,111,056	11,792,335
Committed	-	-	-	1,810,263	-	-	-	1,810,263
Assigned	13,770	-	-	-	-	2,639,506	-	2,653,276
Unassigned	8,287,694	-	-	-	(1,898,527)	-	-	6,389,167
Total Fund Balances (Deficits)	<u>8,816,684</u>	<u>2,922,144</u>	<u>895,238</u>	<u>4,493,711</u>	<u>(1,898,527)</u>	<u>5,339,470</u>	<u>2,129,006</u>	<u>22,697,726</u>
Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 9,177,328</u>	<u>\$ 3,884,000</u>	<u>\$ 1,954,031</u>	<u>\$ 4,724,176</u>	<u>\$ 352,429</u>	<u>\$ 7,037,810</u>	<u>\$ 2,190,091</u>	<u>\$ 29,319,865</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, 2017

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

Total Fund Balance - Governmental Funds (page 33)	\$ 22,697,726
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	67,081,351
Internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net position.	3,806,359
Unavailable revenues that provide current financial resources for governmental activities	1,342,541
Donated land held for resale is not reported in the funds since a sales contract has not been established	26,084
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(108,067)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	51,790
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(17,493,462)</u>
Total Net Position - Governmental Activities (page 31)	<u><u>\$ 77,404,322</u></u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2017

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Revenue:								
Taxes	\$ 13,307,669	\$ -	\$ -	\$ 664,222	\$ -	\$ -	\$ 463,440	\$ 14,435,331
Special Assessments	1,119	-	-	193,743	-	-	-	194,862
Licenses and Permits	367,889	-	-	-	-	-	-	367,889
Intergovernmental Revenue	641,920	3,091,172	369,284	63,132	-	296,539	450,482	4,912,529
Nongovernmental Grants	-	-	-	-	-	-	50,000	50,000
Charges for Services	2,089,143	-	-	-	-	-	-	2,089,143
Keno Revenue	584,717	-	-	-	-	-	-	584,717
Occupation and Franchise Taxes	644,526	-	-	1,844,651	-	-	215,988	2,705,165
Contributions	21,108	-	-	-	-	415,391	-	436,499
Payments in Lieu of Taxes	141,326	-	-	42,995	-	-	24,900	209,221
Parking Fees and Rentals	4,513,709	-	-	-	-	-	21,845	4,535,554
Loan Repayments	-	-	67,327	-	-	-	4,174	71,501
Interest	27,979	31,513	5,069	52,238	2,227	46,762	13,354	179,142
Miscellaneous	180,957	-	70	-	-	-	9,091	190,118
Total Revenue	22,522,062	3,122,685	441,750	2,860,981	2,227	758,692	1,253,274	30,961,671
Current Expenditures:								
Public Safety	9,557,821	-	-	-	-	242,290	187,083	9,987,194
Public Works	3,213,237	4,056,177	255,297	-	1,000	774,313	201,943	8,501,967
Public Library	1,420,416	-	-	-	-	3,717,035	-	5,137,451
Parks, Recreation and Public Property	2,005,741	-	-	36,894	585	511,735	-	2,554,955
Community Improvement and Development	488,536	-	257,291	-	-	-	345,489	1,091,316
General Government	2,598,268	-	-	7,280	-	7,000	-	2,612,548
Debt Service:								
Debt Service	-	-	-	3,978,667	21,150	-	403,607	4,403,424
Total Expenditures	19,284,019	4,056,177	512,588	4,022,841	22,735	5,252,373	1,138,122	34,288,855
Excess (Deficiency) of Revenues Over Expenditures	3,238,043	(933,492)	(70,838)	(1,161,860)	(20,508)	(4,493,681)	115,152	(3,327,184)
Other Financing Sources (Uses):								
Issuance of Debt	-	-	-	1,520,000	-	-	-	1,520,000
Transfers In	685,043	-	-	121,652	-	3,747,634	200,652	4,754,981
Transfers Out	(4,057,439)	(460,000)	-	-	-	-	(225,042)	(4,742,481)
Total Other Financing Sources (Uses)	(3,372,396)	(460,000)	-	1,641,652	-	3,747,634	(24,390)	1,532,500
Net Change in Fund Balance	(134,353)	(1,393,492)	(70,838)	479,792	(20,508)	(746,047)	90,762	(1,794,684)
Fund Balances Beginning of Year	8,951,037	4,315,636	966,076	4,013,919	(1,878,019)	6,085,517	2,038,244	24,492,410
Fund Balances End of Year	\$ 8,816,684	2,922,144	\$ 895,238	\$ 4,493,711	\$ (1,898,527)	\$ 5,339,470	\$ 2,129,006	\$ 22,697,726

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, 2017

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

Net change in fund balances - total governmental funds (page 35) \$ (1,794,684)

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	\$ 9,573,505	
Depreciation expense	<u>(3,328,967)</u>	6,244,538

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. 35,917

Revenues reported in the funds that are not available to provide current financial resources (256,550)

Capital contributions reported in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. 10,900

Accrued interest expense that does not require current financial resources 16,103

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: 42,404

Pension expenses reported in the Statement of Activities do not require the use of current financial resources. 18,423

Internal service fund is used by management to fund the City's group health insurance provided to user departments and is included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities. (581,665)

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: (1,520,000)

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 103,939

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: 3,960,000

Change in net position of governmental activities (page 32) \$ 6,279,325

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2017

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 8,359,799	\$ 4,727,405
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,543,185	-
Accrued Interest	29,499	13,310
Special Assessments	2,183	-
Restricted Cash		
Cash and Cash Equivalents	337,029	-
Inventories	218,042	-
Total Current Assets	<u>10,489,737</u>	<u>4,740,715</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,551,627	-
Capital Assets:		
Land	3,166,864	-
Construction in Progress	3,109,012	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	40,455,501	-
Total Noncurrent Assets	<u>48,283,004</u>	<u>-</u>
Total Assets	<u>58,772,741</u>	<u>4,740,715</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	840,621	934,356
Accrued Wages and Compensated Absences	145,127	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	47,029	-
Revenue Bonds - Current	290,000	-
Total Current Liabilities	<u>1,322,777</u>	<u>934,356</u>
Noncurrent Liabilities:		
Due in more than one year:		
Good Faith Deposit - Revenue Bonds	93,600	-
Revenue Bonds Payable	5,410,000	-
Compensated Absences and Benefits, Long-Term	191,625	-
Total Noncurrent Liabilities	<u>5,695,225</u>	<u>-</u>
Total Liabilities	<u>7,018,002</u>	<u>934,356</u>
NET POSITION		
Net Investment in Capital Assets	41,031,377	-
Restricted for:		
Debt Service	1,141,670	-
Future Capital Assets	699,957	-
Unrestricted	8,881,735	3,806,359
Total Net Position	<u>\$ 51,754,739</u>	<u>\$ 3,806,359</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, 2017

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 9,276,922	\$ 3,130,550
Rental Income	100,536	-
Miscellaneous Income	21,859	-
Total Operating Revenue	<u>9,399,317</u>	<u>3,130,550</u>
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,245,658	-
Purchased Services	835,255	-
General and Administration	900,222	3,742,694
Repairs and Maintenance	1,194,414	-
Utilities	631,047	-
Depreciation and Amortization	1,297,665	-
Total Operating Expenses	<u>7,104,261</u>	<u>3,742,694</u>
Operating Income	<u>2,295,056</u>	<u>(612,144)</u>
Non-Operating Income (Expense):		
Interest Income	64,418	30,479
Gain (Loss) on Disposal of Capital Assets	3,712	-
Interfund Transfer Out	(12,500)	-
Interest Expense	(163,783)	-
Total Non-Operating Income (Expenses)	<u>(108,153)</u>	<u>30,479</u>
Income before Contributions	2,186,903	(581,665)
Capital Contributions	472,797	-
Change in Net Position	2,659,700	(581,665)
Net Position - Beginning	49,095,039	4,388,024
Net Position - Ending	<u>\$ 51,754,739</u>	<u>\$ 3,806,359</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2017

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 9,186,926	\$ 3,130,550
Cash Paid to Suppliers for Goods and Services	(3,461,745)	(3,082,214)
Cash Paid to Employees for Services	(2,233,857)	-
Net Cash Provided by Operating Activities	<u>3,491,324</u>	<u>48,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(3,456,694)	-
Good Faith Deposit on Bond Sale	93,600	-
Transfers In (Out)	(12,500)	-
Principal Paid on Notes and Bonds	(895,000)	-
Interest Paid on Notes and Bonds	(167,892)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(4,438,486)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	47,614	22,472
Net Cash Provided for Investing Activities	<u>47,614</u>	<u>22,472</u>
Net Increase in Cash and Cash Equivalents	(899,548)	70,808
Cash and Cash Equivalents at Beginning of Year	<u>11,148,003</u>	<u>4,656,597</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,248,455</u>	<u>\$ 4,727,405</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2017

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,295,056	\$ (612,144)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,297,665	-
(Increase) Decrease in Assets:		
Accounts Receivable	(212,391)	-
Prepaid Assets	2,870	-
Increase (Decrease) in Liabilities:		
Accounts Payable	96,323	660,480
Accrued Compensated Absences	11,801	-
Total Adjustments	<u>1,196,268</u>	<u>660,480</u>
Net Cash Provided by Operating Activities	<u>3,491,324</u>	<u>48,336</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>472,797</u>	-
Accounts Payable Exchanged for Capital Assets	<u>381,978</u>	-
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	8,359,799	4,727,405
Restricted Cash - Current	337,029	-
Restricted Cash - Noncurrent	1,551,627	-
	<u>\$ 10,248,455</u>	<u>\$ 4,727,405</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2017

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 530,209
Cash at County Treasurer	-	10,260
Guaranteed Insurance Contracts Managed by Trustee	14,885,657	-
Open Ended Mutual Funds Managed by Trustee	31,666,699	-
Contributions Receivable	29,249	-
Total Current Assets	<u>46,581,605</u>	<u>540,469</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	540,469
Total Current Liabilities	<u>-</u>	<u>540,469</u>
NET POSITION		
Restricted for Pensions	<u>\$ 46,581,605</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2017

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 955,250
Employee	<u>1,103,412</u>
Total Contributions	<u>2,058,662</u>
Investment Income:	
Interest, Dividends and Market Gain	<u>4,696,817</u>
Total Additions	<u>6,755,479</u>
DEDUCTIONS	
Pension Benefits	691,859
Contribution Refunds	1,860,791
Administrative Costs	<u>4,560</u>
Total Deductions	<u>2,557,210</u>
Net Increase	4,198,269
Net Position -- Beginning of Period	<u>42,383,336</u>
Net Position -- End of Period	<u><u>\$ 46,581,605</u></u>

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 City has operational responsibility for the CDA. 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 NFC provides services entirely to the City. 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 landfill began operation on 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 Fund

City Highway Allocation Fund – To account for the City's share of motor vehicle 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.

- 4) Capital Project Fund

Special Assessment Fund – To account for the construction of infrastructure capital assets financed through the creation of special assessment districts.

Capital Construction Fund – To account for the acquisition of capital assets financed primarily with transfers from the General Fund and bond proceeds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 various blight and substandard areas around the City of Norfolk. 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.

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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, 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.
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 \$5,000 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

that portion of accumulating sickleave 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, 2017. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.

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. Bond Anticipation Notes are recognized as fund liabilities prior to the long term financing being issued. 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 31, 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. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to these purposes, it may be necessary to report a negative unassigned fund balance in that fund. 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.

13. Bond Premium/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 10 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 Pronouncements

During the year, the City adopted GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement improves the usefulness of information about postemployment benefits other than pensions. The City adopted GASB Statement No. 77 *Tax Abatement Disclosures*. This Statement requires disclosures describing any tax abatements, the

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

dollar amount of taxes abated, and commitments made by the government as part of the tax abatement agreement. The City adopted GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Plans*. The primary objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions*. The City adopted GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. This Statement clarifies the financial statement presentation requirements for certain component units. The City also adopted GASB Statement No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68 and No. 73*. This Statement addresses the presentation of payroll-related measures, the selection of assumptions, and the classification of payments made by employers to satisfy employee contribution requirements. The adoption of these standards did not have a significant impact on the financial statements. See Note 14 for information about tax abatements that impact the City.

New Accounting Pronouncements Not Yet Adopted

In June 2015, GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement improves accounting and financial reporting for postemployment benefits other than pensions. In March 2016, GASB issued Statement No. 81 *Irrevocable Split-Interest Agreements*. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. In March 2017, GASB issued Statement No. 85 *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements, such as blending component units, goodwill, fair value measurement and application, and postemployment benefits. In May 2017, GASB issued Statement No. 86 *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the purpose of extinguishing debt. These Statements are effective for the City's year ending September 30, 2018.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2017, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 6,724,881
Money Market Account (at cost)	4,581,177
Certificates of Deposit (Cost = Fair Value)	25,500,000
United States Treasury (Cost, which approximates Fair Value)	1,998,483
	<u>\$ 38,804,541</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. A separate bank account is used to track program income in the Community Development Block Grant Fund. Statutes authorize the City to invest City 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, 2017 and throughout the year, the City's bank deposits,

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

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). The City's agent in the City's name held U.S. Treasury obligations in sufficient amounts to fully collateralize the city's interest bearing accounts and collateralized certificates of deposits.

At September 30, 2017, the City had the following US Treasury Obligations:

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Cost</u>
US Treasury Note	3/31/2018	\$ 1,998,483

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, 2017, \$14,885,657 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, 2017, amounted to \$31,695,948.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2017:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 491,983
Revenue bond account	257,716
Operation and maintenance account	439,000
	<u>1,188,699</u>
 Pursuant to grant agreements:	
Improvement and extension account	699,957
	<u>\$ 1,888,656</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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 3 – RECEIVABLES

Receivables at September 30, 2017, are net of allowance for uncollectable. The allowance for uncollectable in the General Fund was \$281,000 at September 30, 2017.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2017, there were no short-term interfund borrowings.

As of September 30, 2017, there were no long-term advances.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,204,013	\$ 677,396	\$ -	\$ 8,881,409
Construction in Progress	4,562,297	9,463,084	2,108,207	11,917,174
Total capital assets not being depreciated	12,766,310	10,140,480	2,108,207	20,798,583
Capital assets being depreciated:				
Buildings and improvements	22,734,984	424,950	-	23,159,934
Equipment, furniture and fixtures	12,485,242	758,824	297,053	12,947,013
Infrastructure	51,698,877	357,457	-	52,056,334
Total capital assets being depreciated	86,919,103	1,541,231	297,053	88,163,281
Less: Accumulated Depreciation for:				
Buildings and improvements	7,507,955	774,555	-	8,282,510
Equipment, furniture and fixtures	7,677,583	768,958	273,719	8,172,822
Infrastructure	23,639,727	1,785,454	-	25,425,181
Total accumulated depreciation	38,825,265	3,328,967	273,719	41,880,513
Total capital assets being depreciated, net	48,093,838	(1,787,736)	23,334	46,282,768
Governmental activities capital assets, net	\$ 60,860,148	\$ 8,352,744	\$ 2,131,541	\$ 67,081,351

Construction in progress at September 30, 2017 for the governmental activities consisted of costs associated with Bridge Projects, Street Improvements, Trail Projects, Library Renovations, Radio Replacement, Paving Districts and Embrace Park Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,166,864	\$ -	\$ -	\$ 3,166,864
Construction in Progress	2,314,085	2,639,705	1,844,778	3,109,012
Total capital assets not being depreciated	5,480,949	2,639,705	1,844,778	6,275,876
Capital assets being depreciated:				
Buildings and improvements	26,318,518	525,513	228,851	26,615,180
Equipment, furniture and fixtures	33,195,747	677,429	37,308	33,835,868
Infrastructure	6,681,457	2,050,089	-	8,731,546
Total capital assets being depreciated	66,195,722	3,253,031	266,159	69,182,594
Less: Accumulated Depreciation for:				
Buildings and improvements	19,242,645	549,746	227,703	19,564,688
Equipment, furniture and fixtures	5,709,157	451,084	22,149	6,138,092
Infrastructure	2,625,785	398,528	-	3,024,313
Total accumulated depreciation	27,577,587	1,399,358	249,852	28,727,093
Total capital assets being depreciated, net	38,618,135	1,853,673	16,307	40,455,501
Business-type activities capital assets, net	\$ 44,099,084	\$ 4,493,378	\$ 1,861,085	\$ 46,731,377

Construction in progress at September 30, 2017 consisted of costs associated with the Communication Tower, Northeast Industrial 20" Water Main, Southwest Sanitary Sewer Line, Hwy 275 Lift Station upgrade and US Hwy 81 Sewer Service Extension.

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

Governmental Activities:	
General Government	\$ 142,032
Public Safety	545,141
Public Works	1,683,319
Parks, Recreation and Public Property	895,732
Public Library	60,066
Community Improvement and Development	2,677
Total depreciation expense - governmental activities	\$ 3,328,967
Business-Type Activities:	
Solid Waste Management	\$ 130,325
Water	600,547
Sewer	668,486
Total depreciation expense - business-type activities	\$ 1,399,358

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,881,409	\$ 3,166,864
Construction in Progress	11,917,174	3,109,012
Capital Assets (Net of Accumulated Depreciation)	46,282,768	40,455,501
Deferred Refunding on Early Retirement of Debt	26,123	-
Less: General Obligation Bonds Payable	13,216,376	-
Various Purpose Bonds Payable	905,000	-
Bond Anticipation Notes	2,250,000	-
Revenue Bonds Payable	-	5,700,000
	<u>\$ 50,736,098</u>	<u>\$ 41,031,377</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, 2017 were as follows:

	Balance October 1, 2016	Additions	Retirements	Balance September 30, 2017	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) .89% to 3.80%, Various maturities through 2031	\$16,545,000	\$1,520,000	\$3,715,000	\$14,350,000	\$ 1,910,000
Bond Issuance Premium/Discount	367,454	-	111,078	256,376	-
Total General Obligation Bonds	16,912,454	1,520,000	3,826,078	14,606,376	1,910,000
Special assessment bonds, with City commitment, .89% to 2.20%, various maturities through 2026	1,150,000	-	245,000	905,000	245,000
Bond Anticipation Notes .94% maturity on November 1, 2017	2,250,000	-	-	2,250,000	2,250,000
Accrued compensated absences	2,007,741	870,186	912,591	1,965,336	929,629
Total Governmental Activities	\$22,320,195	\$2,390,186	\$4,983,669	\$19,726,712	\$ 5,334,629

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

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

Business Type Activities:	Balance October 1, 2016	Additions	Retirements	Balance September 30, 2017	Due Within One Year
Revenue Bonds, 1.05% to 4.05%, various maturities through 2033	\$ 6,595,000	\$ -	\$ 895,000	\$ 5,700,000	\$ 290,000
Accrued Compensated absences	324,951	152,014	140,213	336,752	145,127
Total Business Type Activities	\$ 6,919,951	\$ 152,014	\$ 1,035,213	\$ 6,036,752	\$ 435,127
Grand Total	\$29,240,146	\$2,542,200	\$ 6,018,882	\$25,763,464	\$ 5,769,756

Annual debt service requirements as of September 30, 2017 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
2018	\$ 1,910,000	\$ 347,115	\$ 245,000	\$ 13,552	\$ 290,000	\$ 159,034
2019	1,880,000	297,413	245,000	10,775	290,000	155,034
2020	1,895,000	244,063	85,000	7,254	300,000	150,216
2021	1,910,000	188,661	85,000	5,955	305,000	144,421
2022	1,650,000	136,481	90,000	4,479	310,000	137,730
2023	1,660,000	102,744	35,000	2,765	320,000	130,244
2024	1,720,000	68,408	40,000	2,208	330,000	121,903
2025	245,000	47,820	40,000	1,532	340,000	112,624
2026	255,000	41,573	40,000	796	340,000	102,611
2027	260,000	34,783	-	-	355,000	91,911
2028	265,000	27,452	-	-	365,000	80,430
2029	280,000	19,565	-	-	380,000	68,173
2030	260,000	11,464	-	-	390,000	55,115
2031	160,000	5,084	-	-	400,000	41,313
2032	-	-	-	-	565,000	24,251
2033	-	-	-	-	420,000	7,140
	\$ 14,350,000	\$ 1,572,626	\$ 905,000	\$ 49,316	\$ 5,700,000	\$ 1,582,150

Bond Anticipation notes interest payment in 2018 will be \$10,575 and the principal payment will be \$2,250,000.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

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 \$5.7 million in various Water and Sewer bonds issued in December 2011 and 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 5% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$7,282,150. Principal and interest for the current year and total customer net revenues were \$1,062,893 and \$3,657,139, 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. To pay debt service on the bonds, the Council passed an ordinance to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011. On January 12, 2016 the City called the above bonds, and paid off the bonds with the longest maturity with \$2 million of accumulated occupation tax revenues and issued \$9,420,000 of refunding bonds. The total principal and interest remaining to be paid on the bonds is \$10,314,838. Principal and interest paid for the current year and total occupation tax revenues were \$1,582,375 and \$1,844,651 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. On January 10, 2017 the City of Norfolk called the above bonds and issued \$1,520,000 of refunding bonds. The refunding bonds have a maturity of September 15, 2031 and interest rates ranging from 1.19% to 3.24%, whereas the Series 2011 Bonds had interest rates ranging from 1.95% to 4.25%. This reduces debt service payments by \$141,714 over the next 15 years and the City obtains an economic gain of \$115,380. Principal and interest paid for the current year is \$1,631,652, which includes \$1,510,000 of principal paid during the refunding.

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 remaining to be paid on the bonds is \$1,511,380. Principal and interest for the current year and property tax revenue were \$382,590 and \$384,679 respectively.

On July 17, 2015 the City issued \$2,250,000 special assessment bond anticipation note with a maturity of November 1, 2017 and an interest rate of .94%. This bond anticipation note was to pay for improvements for Sewer District #247.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 7 – TRANSFERS

The following is a summary of transfers between funds:

	Transfers out:				Total
	Governmental Funds		Proprietary Funds		
	General	CHAF	Nonmajor Governmental	Sewer	
Transfers in:					
General	\$ -	\$ 460,000	\$ 225,043	\$ -	\$ 685,043
Debt Service	121,652	-	-	-	121,652
Capital Construction	3,735,134	-	-	12,500	3,747,634
Nonmajor Governmental	200,652	-	-	-	200,652
Total	\$ 4,057,438	\$ 460,000	\$ 225,043	\$ 12,500	\$ 4,754,981

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, 2017

NOTE 8 – 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	Capital Construction	Special Assessments	Other Governmental Funds	Total
Nonspendable:								
Fuel Inventory	\$ 12,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,244
Prepaid Items	22,491	-	-	-	-	-	17,950	40,441
Restricted For:								
Road Projects	-	2,922,144	-	-	-	-	-	2,922,144
Storm Water	-	-	-	-	-	-	98,964	98,964
Vehicle Parking	-	-	-	-	-	-	60,684	60,684
Hazardous Materials	29,970	-	-	-	-	-	-	29,970
W W II Memorial	6,154	-	-	-	-	-	-	6,154
Library Renovations	444,361	-	-	-	2,518,564	-	-	2,962,925
Grant Programs	-	-	895,238	-	-	-	266,276	1,161,514
911 Operations	-	-	-	-	-	-	345,796	345,796
Recreation Projects	-	-	-	-	43,430	-	-	43,430
Drug Enforcement	-	-	-	-	-	-	195,250	195,250
Community Betterment	-	-	-	-	137,970	-	1,144,086	1,282,056
Debt Service	-	-	-	2,683,448	-	-	-	2,683,448
Committed For:								
2010 & 2016 Bond Debt Service	-	-	-	1,810,263	-	-	-	1,810,263
Assigned to:								
Public Improvements	13,770	-	-	-	-	-	-	13,770
Capital Improvements	-	-	-	-	628,302	-	-	628,302
Community Betterment	-	-	-	-	1,534,748	-	-	1,534,748
Council Priority Projects	-	-	-	-	476,456	-	-	476,456
Unassigned:	8,287,694	-	-	-	-	(1,898,527)	-	6,389,167
Total	\$ 8,816,684	\$ 2,922,144	\$ 895,238	\$ 4,493,711	\$ 5,339,470	\$ (1,898,527)	\$ 2,129,006	\$ 22,697,726

NOTE 9 - 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 are recognized when due and payable in

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

accordance with the terms of each plan. Publicly issued financial reports are not available for any of the pension plans nor are they included in the report of a public employee retirement system or another government.

The Firemen’s Retirement System has minimum benefit guarantees for participants employed prior to January 1, 1984. With only 1 active plan member and 7 inactive members employed prior to January 1, 1984, it would be misleading to report the entire plan as a defined benefit plan. Therefore, the portion of the plan for members employed prior to January 1, 1984 having minimum benefit guarantees is reported as a defined benefit plan and the portion for members employed on or after January 1, 1984 is reported as a defined contribution plan.

Defined Contribution Pension Plans

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 7% of the employee’s compensation, pursuant to plan provisions as established by City ordinance. Employee contributions totaled \$808,106, and the City recognized pension expense of \$510,346.

The Police Retirement System, a single employer defined contribution plan, covers all regular uniformed employees of the Norfolk Police Division, as required by State statutes and City ordinances. State statutes require police officers contribute 7% of compensation to the plan. The City matches employee contributions, up to 7% of compensation. Employee contributions totaled \$174,955, and the City recognized pension expense of \$174,955.

The Firemen’s Retirement System covers all regular uniformed employees of the Norfolk Fire Division, as required by State statutes and City ordinances. The Firemen’s Retirement Plan was changed, effective January 1, 1984, from a single employer defined benefit plan to a single employer defined contribution plan in which the City contributes twice the employees’ contribution, which is 6 1/2% of base pay. Employee contributions totaled \$115,333, and the City recognized pension expense of \$230,665.

Employees are fully vested in the amounts they contribute to the plan, together with the related earnings. Participants become fully vested in employer contributions and related earnings after seven years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures can be used to pay the pension plan’s administrative expenses. No forfeitures were used during the current year to reduce the City’s pension expense. Current membership is comprised of the following:

	<u>Civilian</u>	<u>Police</u>	<u>Fire</u>
Vested inactive plan members	41	18	5
Active plan members:			
Non-vested	10	4	8
Partially vested	23	6	5
Fully vested	<u>100</u>	<u>29</u>	<u>21</u>
Total membership	<u><u>174</u></u>	<u><u>57</u></u>	<u><u>39</u></u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan

For participants in the Firemen’s Retirement System employed prior to January 1, 1984, retirement benefits shall not be less than 50% of final earnings, as defined. Because of the minimum benefit guarantees for participants employed prior to January 1, 1984, this portion of the Firemen’s Retirement System is reported as a defined benefit plan.

Participants are fully vested in the amounts they contribute to the plan, 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:

Active plan members:	
Fully vested	1
Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	<u>2</u>
Total active and inactive participants	<u><u>8</u></u>

State statutes require a retirement committee be established for the Firemen’s Retirement System to supervise the general operations of the Retirement System. The committee consists of six members, of which four members are selected by paid firefighters 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 committee is responsible for establishing and amending investment policies related to investment options offered to employees in the plan.

Net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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.

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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

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, 2017 are as summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Guaranteed Investment Account	63%	2.65%
Domestic equity	21%	6.05%
International equity	2%	(0.40%)
Fixed income	1%	6.13%
Real estate	2%	4.32%
Balance funds	8%	5.33%
Target date funds	3%	3.98%

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, the Firemen's Retirement System 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.

For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 10/1/16	\$ 3,312,932	\$ 3,283,683	\$ 29,249
Changes for the year:			
Service cost	57,038		57,038
Interest	201,041		201,041
Differences between expected and actual experience	(39,200)		(39,200)
Contributions-employer		39,284	(39,284)
Contributions-employee		5,018	(5,018)
Net investment income		187,177	(187,177)
Benefit payments, including refunds of employee contributions	(989,167)	(989,167)	-
Administrative expense		(101)	101
Net changes	<u>(770,288)</u>	<u>(757,789)</u>	<u>(12,499)</u>
Balances at 9/30/17	<u>\$ 2,542,644</u>	<u>\$ 2,525,894</u>	<u>\$ 16,750</u>

Plan fiduciary net position as a percentage of the total pension liability 99%

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

The following represents the net pension liability of the City, calculated using the discount rate of 6%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5%) or 1-percentage-point higher (7%) than the current rate:

	<u>1% Decrease (5%)</u>	<u>Current Discount Rate (6%)</u>	<u>1% Increase (7%)</u>
City's net pension liability (asset)	\$55,945	\$16,750	(\$17,615)

For the current year, the City recognized pension expense of \$20,861. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 25,667

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2018	\$ 8,605
2019	8,605
2020	5,685
2021	2,773

Multiyear trend information of the Firemen's Retirement System is presented as Required Supplementary Information following the Notes to the Financial Statements.

NOTE 10 - 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, 2017.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$8,674,723. \$102,618 will be paid from the General Fund, \$2,857,924 will be paid from the City Highway Allocation Fund, \$19,595 will be paid from Community Development Block Grant Fund, \$49,516 will be paid from Storm Water Management Fund, and \$5,645,070 will be paid from Capital Construction Fund. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$1,972,462. \$161,388 will be paid by the Water Division and \$1,811,074 will be paid by the Sewer Division.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$13,770
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NOTE 11 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

- A.** The following fund had a deficit balance as of September 30, 2017:

Capital Project Fund	Special Assessment	(\$1,898,527)
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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 \$61,762,788.

The City carries a blanket limit of 103.1 million.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 11 - 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	\$ 5,685,582	\$ 3,815,999	\$ 988,156	\$ 10,489,737
Restricted assets	195,007	1,356,620	-	1,551,627
Capital assets	25,993,892	19,465,127	1,272,358	46,731,377
Total assets	<u>31,874,481</u>	<u>24,637,746</u>	<u>2,260,514</u>	<u>58,772,741</u>
Liabilities:				
Current liabilities	165,114	1,031,065	126,598	1,322,777
Noncurrent liabilities	346,317	5,304,145	44,763	5,695,225
Total liabilities	<u>511,431</u>	<u>6,335,210</u>	<u>171,361</u>	<u>7,018,002</u>
Net Position				
Net Investment in Capital Assets	25,699,142	14,059,877	1,272,358	41,031,377
Restricted	210,757	1,630,870	-	1,841,627
Unrestricted	5,453,151	2,611,789	816,795	8,881,735
Total Net Position	<u>\$ 31,363,050</u>	<u>\$ 18,302,536</u>	<u>\$ 2,089,153</u>	<u>\$ 51,754,739</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$ 3,054,267	\$ 4,349,650	\$ 1,995,400	\$ 9,399,317
Depreciation and amortization	600,547	580,312	116,806	1,297,665
Other operating expenses	1,660,668	2,432,365	1,713,563	5,806,596
Operating Income	<u>793,052</u>	<u>1,336,973</u>	<u>165,031</u>	<u>2,295,056</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(7,949)	(155,834)	-	(163,783)
Interest income	28,933	32,617	2,868	64,418
Gain (Loss) on disposal of capital assets	(979)	4,691	-	3,712
Interfund transfers out	-	(12,500)	-	(12,500)
Contributions	472,797	-	-	472,797
Change in net position	<u>1,285,854</u>	<u>1,205,947</u>	<u>167,899</u>	<u>2,659,700</u>
Beginning net position	30,077,196	17,096,589	1,921,254	49,095,039
Ending net position	<u>\$ 31,363,050</u>	<u>\$ 18,302,536</u>	<u>\$ 2,089,153</u>	<u>\$ 51,754,739</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 11 - 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	\$ 1,227,392	\$ 1,975,244	\$ 288,688	\$ 3,491,324
Capital and related financing activities	(589,166)	(3,785,743)	(63,577)	(4,438,486)
Investing activities	21,455	24,592	1,567	47,614
Net increase (decrease)	659,681	(1,785,907)	226,678	(899,548)
Beginning cash and cash equivalents	4,377,779	6,233,004	537,220	11,148,003
Ending cash and cash equivalents	<u>\$ 5,037,460</u>	<u>\$ 4,447,097</u>	<u>\$ 763,898</u>	<u>\$ 10,248,455</u>

Individual Fund Information for the Employee Retirement Funds follows:

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS:					
Guaranteed Insurance Contracts	\$ 828,907	\$ 1,583,726	\$ 2,505,233	\$ 9,967,791	\$ 14,885,657
Open Ended Mutual Funds	5,438,157	942,168	7,192,360	18,123,263	31,695,948
Total Assets	<u>6,267,064</u>	<u>2,525,894</u>	<u>9,697,593</u>	<u>28,091,054</u>	<u>46,581,605</u>
NET POSITION:					
Held in Trust for Pension Benefits	6,267,064	2,525,894	9,697,593	28,091,054	46,581,605
Total Net Position	<u>\$ 6,267,064</u>	<u>\$ 2,525,894</u>	<u>\$ 9,697,593</u>	<u>\$ 28,091,054</u>	<u>\$ 46,581,605</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 230,665	\$ 39,284	\$ 174,955	\$ 510,346	\$ 955,250
Employee	115,333	5,018	174,955	808,106	1,103,412
Total Contributions	345,998	44,302	349,910	1,318,452	2,058,662
Investment Income:					
Interest, Dividends and Market Gains					
	781,104	187,177	1,005,518	2,723,018	4,696,817
Total Additions	1,127,102	231,479	1,355,428	4,041,470	6,755,479
DEDUCTIONS					
Pension Benefits	10,000	47,635	14,400	619,824	691,859
Administration	1,270	101	877	2,312	4,560
Contribution Refunds	312,140	941,532	109,530	497,588	1,860,790
Total Deductions	323,410	989,268	124,807	1,119,724	2,557,209
Change in Net Position	803,692	(757,789)	1,230,621	2,921,746	4,198,270
Net Position-Beginning of Period	5,463,372	3,283,683	8,466,972	25,169,308	42,383,335
Net Position-End of Period	\$ 6,267,064	\$ 2,525,894	\$ 9,697,593	\$ 28,091,054	\$ 46,581,605

NOTE 12 - 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 partially self-insured. The City pays an annual premium contribution to LARM for its insurance coverage membership in the insurance pool. LARM purchases reinsurance through commercial companies for claims in excess of \$350,000 in the 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 of assessments over premiums. The policy period is October 1, 2016 to September 30, 2017. 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 dental plans. City contributions to fund this coverage are reported by the

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 12 - RISK MANAGEMENT (CONTINUED)

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, 2017 claims liability of \$884,254 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, 2017 and the year ending September 30, 2016 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2016	\$538,252	\$2,047,124	\$2,351,584	\$233,792
2017	\$233,792	\$3,074,867	\$2,424,405	\$884,254

NOTE 13 – 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 \$763,431 in garbage fees and at September 30, 2017, \$69,836 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$39,144 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$10,887 for NNSWC expenses paid by the City and at September 30, 2017, \$3,575 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 \$102,647 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$15,943 was received from the Housing Agency.

NOTE 14 – TAX ABATEMENTS

The State of Nebraska enters into tax abatement agreements with businesses under the Nebraska Advantage Act and the Employment and Investment Growth Act. These acts allow for refunds of sales tax paid on equipment or other taxable property purchased in connection with adding a certain number of jobs and dollar amount investment. For the fiscal year ending September 30, 2017 the City's sales tax revenues were reduced by \$51,639 under these tax abatement agreements.

NOTE 15 – SUBSEQUENT EVENTS

On November 1, 2017 the City of Norfolk issued \$9,220,000 of Combined Utility Revenue and Refunding Bonds to refund the Series 2011B and Series 2012 Utility Revenue Bonds. The City used cash on hand in the Water Fund to pay \$294,750 of principal, during the refunding. The new bonds have a maturity of December 15, 2037 and interest rates ranging from 2.00% to 3.20%, whereas the Series 2011B and Series 2012 Bonds had a maturity of December 15, 2031 and December 15, 2032 and interest rates ranging from 1.05% to 4.05%. This reduces debt service payments by \$591,188 over the next fifteen years, and the City obtains an economic gain of \$456,154.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2017

NOTE 15 – SUBSEQUENT EVENTS (CONTINUED)

On November 7, 2017 the City of Norfolk issued \$1,920,000 of Bond Anticipation Notes to refund interim financing of Sewer District 247. Interest rate is 1.68% with a maturity of November 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2017

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

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 57,038	\$ 27,285	\$ 66,451	\$ 84,332
Interest	201,041	243,025	76,781	230,999
Differences between expected and actual experience	(39,200)	63,779	(89,509)	(39,513)
Benefit payments, including refunds of member contributions	(989,167)	(96,645)	(564,501)	(106,171)
Net change in total pension liability	<u>(770,288)</u>	<u>237,444</u>	<u>(510,778)</u>	<u>194,429</u>
Total pension liability-beginning	<u>3,312,932</u>	<u>3,075,488</u>	<u>3,586,266</u>	<u>3,416,619</u>
Total pension liability-ending (a)	<u><u>\$ 2,542,644</u></u>	<u><u>\$ 3,312,932</u></u>	<u><u>\$ 3,075,488</u></u>	<u><u>\$ 3,586,266</u></u>
Plan fiduciary net position				
Contributions-employer	\$ 39,284	\$ 48,190	\$ 51,220	\$ 66,996
Contributions-member	5,018	9,095	10,812	17,044
Net investment income	187,177	228,466	62,180	217,060
Benefit payments, including refunds of member contributions	(989,167)	(96,645)	(564,501)	(106,171)
Administrative expense	(101)	(829)	(490)	(500)
Net change in plan fiduciary net position	<u>(757,789)</u>	<u>188,277</u>	<u>(440,779)</u>	<u>194,429</u>
Plan fiduciary net position-beginning	<u>3,283,683</u>	<u>3,095,406</u>	<u>3,536,185</u>	<u>3,341,756</u>
Plan fiduciary net position-ending (b)	<u><u>\$ 2,525,894</u></u>	<u><u>\$ 3,283,683</u></u>	<u><u>\$ 3,095,406</u></u>	<u><u>\$ 3,536,185</u></u>
Firemen's net pension liability (asset)-ending (a) - (b)	<u><u>\$ 16,750</u></u>	<u><u>\$ 29,249</u></u>	<u><u>\$ (19,918)</u></u>	<u><u>\$ 50,081</u></u>
Plan fiduciary net position as a percentage of the total pension liability	99%	99%	101%	99%
Covered-employee payroll	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224
City's net pension liability (asset) as a percentage of covered-employee payroll	22%	21%	(12%)	19%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2008 to 2013 are unavailable.

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2017

SCHEDULE OF FIREMEN'S CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	29,249	-	29,596	32,906	39,593	26,382	18,604	14,794	8,750	-
Contributions in relation to the actuarially determined contribution	29,249	30,000	29,596	32,906	39,593	26,382	18,604	14,794	8,750	-
Contribution deficiency (excess)	\$ -	\$ (30,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224	\$ 258,540	\$ 252,300	\$ 351,108	\$ 366,036	\$ 365,988	\$ 355,752
Contributions as a percentage of covered-employee payroll	38%	21%	18%	13%	15%	10%	5%	4%	2%	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, 2017

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	7.32%	7.32%	1.90%	6.56%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2008 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, 2017

	General Fund		
	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 13,154,005	\$ 13,334,994	\$ 180,989
Special Assessments	-	1,119	1,119
Licenses and Permits	284,505	357,787	73,282
Intergovernmental Revenue	406,269	633,928	227,659
Charges for Services	2,053,459	2,067,155	13,696
Occupation and Franchise Taxes	682,800	648,518	(34,282)
Payments in Lieu of Taxes	125,000	141,326	16,326
Contributions	1,500	21,104	19,604
Loan Repayments	-	-	-
Rental Income	4,517,238	4,554,859	37,621
Proceeds from Sale of Real Estate			-
Interest	11,000	19,875	8,875
Keno Revenue	587,000	581,922	(5,078)
Miscellaneous	108,000	182,937	74,937
Total Revenue	<u>21,930,776</u>	<u>22,545,524</u>	<u>614,748</u>
Current Expenditures:			
Public Safety	9,973,387	9,526,265	447,122
Public Works	3,689,919	3,179,021	510,898
Public Library	1,572,207	1,419,269	152,938
Parks, Recreation and Public Property	2,383,992	2,006,065	377,927
Community Improvement and Development	503,295	489,088	14,207
General Government	2,652,098	2,600,969	51,129
Total Expenditures	<u>20,774,898</u>	<u>19,220,677</u>	<u>1,554,221</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,155,878</u>	<u>3,324,847</u>	<u>2,168,969</u>
Other Financing Sources (Uses):			
Transfers In	635,000	685,043	50,043
Transfers Out	(4,010,531)	(4,057,439)	(46,908)
Total other Financing Sources (Uses)	<u>(3,375,531)</u>	<u>(3,372,396)</u>	<u>3,135</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,219,653)</u>	<u>\$ (47,549)</u>	<u>\$ 2,172,104</u>
Fund Balances-Beginning of Year		<u>5,617,591</u>	
Fund Balances- End of Year		<u>\$ 5,570,042</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, 2017

	City Highway Allocation Fund			Community Development Block Grant Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 2,870,000	\$ 3,077,342	\$ 207,342	\$ 1,415,000	\$ 532,647	\$ (882,353)
Loan Repayments	-	-	-	20,900	67,327	46,427
Interest	6,300	22,757	16,457	1,300	4,023	2,723
Miscellaneous	-	-	-	-	69	69
Total Revenue	<u>2,876,300</u>	<u>3,100,099</u>	<u>223,799</u>	<u>1,437,200</u>	<u>604,066</u>	<u>(833,134)</u>
Current Expenditures:						
Public Works	6,570,000	3,234,963	3,335,037	241,000	379,663	(138,663)
Community Improvement and Development	-	-	-	2,084,382	201,778	1,882,604
Total Expenditures	<u>6,570,000</u>	<u>3,234,963</u>	<u>3,335,037</u>	<u>2,325,382</u>	<u>581,441</u>	<u>1,743,941</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,693,700)</u>	<u>(134,864)</u>	<u>3,558,836</u>	<u>(888,182)</u>	<u>22,625</u>	<u>910,807</u>
Other Financing Sources (Uses):						
Transfers Out	(415,000)	(460,000)	(45,000)	-	-	-
Total other Financing Sources (Uses)	<u>(415,000)</u>	<u>(460,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (4,108,700)</u>	<u>\$ (594,864)</u>	<u>\$ 3,513,836</u>	<u>\$ (888,182)</u>	<u>\$ 22,625</u>	<u>\$ 910,807</u>
Fund Balances-Beginning of Year		<u>4,204,649</u>			<u>875,709</u>	
Fund Balances- End of Year		<u>\$ 3,609,785</u>			<u>\$ 898,334</u>	

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2017

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 during work sessions 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 Agency 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 assigned 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
Required Supplementary Information
September 30, 2017

	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	\$ (47,549)	\$ (594,864)	\$ 22,625
Basis differences:			
To adjust revenues from recognition on a cash basis	(23,462)	22,586	(162,316)
To adjust total expenditures from a recognition on a cash basis	(63,342)	(821,214)	68,852
 (Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	 \$ (134,353)	 \$ (1,393,492)	 \$ (70,839)

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	(\$36,867,624)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	(\$2,163,714)
Expenditures and other financing uses, on a GAAP basis	(\$39,031,338)

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

	Budget	Actual	Variance Over (Under) Budget
Fund			
Governmental Funds Expenditures	\$47,576,543	\$36,867,624	\$(10,708,919)

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 contributions from member cities, counties and Nebraska State Patrol to address the drug problem in a ten county area in Northeast Nebraska.

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.

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.

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2017

Special Revenue Funds

	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Assets					
Cash and Equity in Pooled Investment Account	\$ 60,057	\$ 8,745	\$ 195,072	\$ 246,085	\$ 109,910
Cash at County Treasurer	6,939	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	45	-	162	-	-
Taxes	5,634	41,972	-	-	-
Accrued Interest	217	156	546	608	346
Notes Receivable	23,262	-	-	-	-
Due from Other Governmental Agencies	-	-	-	20,224	-
Prepaid Assets	-	3,223	1,400	-	1,090
Total Assets	96,154	54,096	197,180	266,917	111,346
Liabilities					
Accounts Payable	7,495	128	530	641	11,292
Unearned Revenue	-	-	-	-	-
Total Liabilities	7,495	128	530	641	11,292
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	4,713	-	-	-	-
Unavailable Revenue-Loan Repayments	23,262	-	-	-	-
Total Deferred Inflows of Resources	27,975	-	-	-	-
Fund Balances					
Non Spendable	-	3,223	1,400	-	1,090
Restricted	60,684	50,745	195,250	266,276	98,964
Total Fund Balances	60,684	53,968	196,650	266,276	100,054
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 96,154	\$ 54,096	\$ 197,180	\$ 266,917	\$ 111,346

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET (CONTINUED)
Governmental Nonmajor Funds
September 30, 2017

Special Revenue Funds			Capital Projects	Total
Wireless 911	LB 840 Economic Development	Economic Development Operating	Community Development Agency	Governmental Nonmajor Funds
\$ 294,857	\$ 452,103	\$ 258,450	\$ 378,049	\$ 2,003,328
-	54,912	-	-	61,851
-	-	-	-	207
-	10,497	-	-	58,103
739	1,182	772	-	4,566
-	600	-	-	23,862
-	-	-	-	20,224
12,237	-	-	-	17,950
307,833	519,294	259,222	378,049	2,190,091
545	-	1,707	-	22,338
-	1,931	-	-	1,931
545	1,931	1,707	-	24,269
-	8,241	-	-	12,954
-	600	-	-	23,862
-	8,841	-	-	36,816
12,237	-	-	-	17,950
295,051	508,522	257,515	378,049	2,111,056
307,288	508,522	257,515	378,049	2,129,006
\$ 307,833	\$ 519,294	\$ 259,222	\$ 378,049	\$ 2,190,091

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2017

Special Revenue Funds

	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Revenue:					
Taxes	\$ 78,761	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	5,418	-	6,000	118,412	38,342
Occupation & Franchise Taxes	-	215,988	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Nongovernmental Grants	-	-	-	-	-
Rental Income	21,845	-	-	-	-
Loan Repayments	4,174	-	-	-	-
Interest	1,118	431	1,454	1,439	791
Miscellaneous	8	-	9,083	-	-
Total Revenue	111,324	216,419	16,537	119,851	39,133
Expenditures:					
Public Safety	-	7,439	47,765	101,741	-
Public Works	137,565	-	-	-	64,378
Community Improvement and Development	-	-	-	-	-
Debt Service	21,017	-	-	-	-
Total Expenditures	158,582	7,439	47,765	101,741	64,378
Excess (Deficiency) of Revenues over Expenditures	(47,258)	208,980	(31,228)	18,110	(25,245)
Other Financing Sources (Uses):					
Transfers In	-	-	-	39,502	7,668
Transfers Out	-	(220,000)	-	-	-
Total other Financing Sources (Uses)	-	(220,000)	-	39,502	7,668
Net Change in Fund Balance	(47,258)	(11,020)	(31,228)	57,612	(17,577)
Fund Balances - Beginning of Year	107,942	64,988	227,878	208,664	117,631
Fund Balances - End of Year	\$ 60,684	\$ 53,968	\$ 196,650	\$ 266,276	\$ 100,054

CITY OF NORFOLK, NEBRASKA

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

Governmental Nonmajor Funds

For the Year Ended September 30, 2017

<u>Special Revenue Funds</u>			<u>Capital Projects</u>	<u>Total</u>
<u>Wireless</u>	<u>LB 840</u>	<u>Economic</u>	<u>Community</u>	<u>Governmental</u>
<u>911</u>	<u>Economic</u>	<u>Development</u>	<u>Development</u>	<u>Nonmajor</u>
	<u>Development</u>	<u>Operating</u>	<u>Agency</u>	<u>Funds</u>
\$ -	\$ 384,679	\$ -	\$ -	\$ 463,440
92,266	36,562	153,482	-	450,482
-	-	-	-	215,988
-	24,900	-	-	24,900
-	-	50,000	-	50,000
-	-	-	-	21,845
-	-	-	-	4,174
1,735	2,745	1,729	1,912	13,354
-	-	-	-	9,091
<u>94,001</u>	<u>448,886</u>	<u>205,211</u>	<u>1,912</u>	<u>1,253,274</u>
30,138	-	-	-	187,083
-	-	-	-	201,943
-	-	345,489	-	345,489
-	382,590	-	-	403,607
<u>30,138</u>	<u>382,590</u>	<u>345,489</u>	<u>-</u>	<u>1,138,122</u>
<u>63,863</u>	<u>66,296</u>	<u>(140,278)</u>	<u>1,912</u>	<u>115,152</u>
-	-	153,482	-	200,652
(5,042)	-	-	-	(225,042)
<u>(5,042)</u>	<u>-</u>	<u>153,482</u>	<u>-</u>	<u>(24,390)</u>
58,821	66,296	13,204	1,912	90,762
<u>248,467</u>	<u>442,226</u>	<u>244,311</u>	<u>376,137</u>	<u>2,038,244</u>
<u>\$ 307,288</u>	<u>\$ 508,522</u>	<u>\$ 257,515</u>	<u>\$ 378,049</u>	<u>\$ 2,129,006</u>

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, 2017

	Vehicle Parking			SNARE			911		
	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	\$ 80,453	\$ 78,119	\$ (2,334)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	300	5,418	5,118	46,900	32,400	(14,500)	-	-	-
Occupation and Franchise Taxes	-	-	-	-	-	-	225,000	219,898	(5,102)
Loan Repayments	5,006	4,175	(831)	-	-	-	-	-	-
Rental Income	33,000	21,823	(11,177)	-	-	-	-	-	-
Interest	987	1,013	26	-	907	907	40	297	257
Miscellaneous	-	8	8	-	9,083	9,083	-	-	-
Total Revenue	<u>119,746</u>	<u>110,556</u>	<u>(9,190)</u>	<u>46,900</u>	<u>42,390</u>	<u>(4,510)</u>	<u>225,040</u>	<u>220,195</u>	<u>(4,845)</u>
Current Expenditures:									
Public Safety	-	-	-	76,827	48,821	28,006	8,088	10,177	(2,089)
Public Works	161,875	131,749	30,126	-	-	-	-	-	-
Debt Service	21,018	21,018	-	-	-	-	-	-	-
Total Expenditures	<u>182,893</u>	<u>152,767</u>	<u>30,126</u>	<u>76,827</u>	<u>48,821</u>	<u>28,006</u>	<u>8,088</u>	<u>10,177</u>	<u>(2,089)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,147)</u>	<u>(42,211)</u>	<u>20,936</u>	<u>(29,927)</u>	<u>(6,431)</u>	<u>23,496</u>	<u>216,952</u>	<u>210,018</u>	<u>(6,934)</u>
Other Financing Sources (Uses):									
Transfers Out	-	-	-	-	-	-	(220,000)	(220,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (63,147)</u>	<u>\$ (42,211)</u>	<u>\$ 20,936</u>	<u>\$ (29,927)</u>	<u>\$ (6,431)</u>	<u>\$ 23,496</u>	<u>\$ (3,048)</u>	<u>\$ (9,982)</u>	<u>\$ (6,934)</u>
Fund Balances-Beginning of Year		<u>109,207</u>			<u>201,503</u>			<u>18,727</u>	
Fund Balances- End of Year		<u>\$ 66,996</u>			<u>\$ 195,072</u>			<u>\$ 8,745</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, 2017

	REGION 11			Storm Water Management		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 124,254	\$ 115,254	\$ (9,000)	\$ 46,296	\$ 38,342	\$ (7,954)
Interest	600	1,057	457	200	578	378
Total Revenue	<u>124,854</u>	<u>116,311</u>	<u>(8,543)</u>	<u>46,496</u>	<u>38,920</u>	<u>(7,576)</u>
Current Expenditures:						
Public Safety	143,540	107,992	35,548	-	-	-
Public Works	-	-	-	153,413	53,606	99,807
Total Expenditures	<u>143,540</u>	<u>107,992</u>	<u>35,548</u>	<u>153,413</u>	<u>53,606</u>	<u>99,807</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,686)</u>	<u>8,319</u>	<u>27,005</u>	<u>(106,917)</u>	<u>(14,686)</u>	<u>92,231</u>
Other Financing Sources (Uses):						
Transfers In	39,502	39,502	-	9,259	7,668	(1,591)
Total Other Financing Sources (Uses)	<u>39,502</u>	<u>39,502</u>	<u>-</u>	<u>9,259</u>	<u>7,668</u>	<u>(1,591)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 20,816</u>	<u>\$ 47,821</u>	<u>\$ 27,005</u>	<u>\$ (97,658)</u>	<u>\$ (7,018)</u>	<u>\$ 90,640</u>
Fund Balances-Beginning of Year		<u>198,264</u>			<u>116,928</u>	
Fund Balances- End of Year		<u>\$ 246,085</u>			<u>\$ 109,910</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, 2017

	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	\$ -	\$ -	\$ -	\$ 400,100	\$ 383,789	\$ (16,311)	\$ -	\$ -	\$ -
Intergovernmental Revenue	90,886	92,266	1,380	1,300	36,562	35,262	153,482	153,482	-
Payments in Lieu of Taxes	-	-	-	27,000	24,900	(2,100)	-	-	-
Nongovernmental Grants	-	-	-	-	-	-	50,000	50,000	-
Interest	700	1,277	577	1,975	2,951	976	700	1,243	543
Total Revenue	<u>91,586</u>	<u>93,543</u>	<u>1,957</u>	<u>430,375</u>	<u>448,202</u>	<u>17,827</u>	<u>204,182</u>	<u>204,725</u>	<u>543</u>
Current Expenditures:									
Public Safety	34,484	45,850	(11,366)	-	-	-	-	-	-
Community Improvement and Development	-	-	-	-	-	-	390,041	351,738	38,303
Debt Service	-	-	-	382,590	382,590	-	-	-	-
Total Expenditures	<u>34,484</u>	<u>45,850</u>	<u>(11,366)</u>	<u>382,590</u>	<u>382,590</u>	<u>-</u>	<u>390,041</u>	<u>351,738</u>	<u>38,303</u>
Excess (Deficiency) of Revenues over Expenditures	<u>57,102</u>	<u>47,693</u>	<u>(9,409)</u>	<u>47,785</u>	<u>65,612</u>	<u>17,827</u>	<u>(185,859)</u>	<u>(147,013)</u>	<u>38,846</u>
Other Financing Sources:									
Transfers In	-	-	-	-	-	-	153,482	153,482	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,482</u>	<u>153,482</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 57,102</u>	<u>\$ 47,693</u>	<u>\$ (9,409)</u>	<u>\$ 47,785</u>	<u>\$ 65,612</u>	<u>\$ 17,827</u>	<u>\$ (32,377)</u>	<u>\$ 6,469</u>	<u>\$ 38,846</u>
Fund Balances-Beginning of Year		<u>247,164</u>			<u>441,403</u>			<u>251,981</u>	
Fund Balances- End of Year		<u>\$ 294,857</u>			<u>\$ 507,015</u>			<u>\$ 258,450</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, 2017

	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	\$ 1,146,898	\$ 428,961	\$ (717,937)	\$ -	\$ -	\$ -
Contributions	135,500	415,349	279,849	-	-	-
Interest	9,700	33,950	24,250	926	1,643	717
Miscellaneous	-	-	-	-	29,200	29,200
Total Revenue	<u>1,292,098</u>	<u>878,260</u>	<u>(413,838)</u>	<u>926</u>	<u>30,843</u>	<u>29,917</u>
Expenditures:						
Public Safety	716,305	341,936	374,369	-	-	-
Public Works	1,821,750	377,903	1,443,847	2,823,340	-	2,823,340
Public Library	5,274,000	2,570,117	2,703,883	-	-	-
Parks, Recreation and Public Property	1,558,660	597,015	961,645	224,000	285	223,715
Communtiy Improvement and Development	150,000	-	150,000	-	-	-
General Government	-	38,899	(38,899)	-	-	-
Debt Service	-	-	-	44,250	21,150	23,100
Total Expenditures	<u>9,520,715</u>	<u>3,925,870</u>	<u>5,594,845</u>	<u>3,091,590</u>	<u>21,435</u>	<u>3,070,155</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,228,617)</u>	<u>(3,047,610)</u>	<u>5,181,007</u>	<u>(3,090,664)</u>	<u>9,408</u>	<u>3,100,072</u>
Other Financing Sources:						
Proceeds from Debt Financing	1,585,000	-	(1,585,000)	3,080,000	-	(3,080,000)
Transfers In	3,675,133	3,747,634	72,501	-	-	-
Total Other Financing Sources	<u>5,260,133</u>	<u>3,747,634</u>	<u>(1,512,499)</u>	<u>3,080,000</u>	<u>-</u>	<u>(3,080,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,968,484)</u>	<u>\$ 700,024</u>	<u>\$ 3,668,508</u>	<u>\$ (10,664)</u>	<u>\$ 9,408</u>	<u>\$ 20,072</u>
Fund Balances-Beginning of Year		<u>6,307,101</u>			<u>342,048</u>	
Fund Balances- End of Year		<u>\$ 7,007,125</u>			<u>\$ 351,456</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, 2017

	Debt service		Variance with Final Budget Positive (Negative)
	Budgeted Original & Final	Actual	
Revenue:			
Taxes	\$ 690,676	\$ 662,687	\$ (27,989)
Special Assessments	68,554	193,743	125,189
Intergovernmental Revenue	-	63,132	63,132
Occupation and Franchise Taxes	1,804,000	1,838,678	34,678
Payments in Lieu of Taxes	40,000	42,995	2,995
Interest	30,103	46,275	16,172
Total Revenue	<u>2,633,333</u>	<u>2,847,510</u>	<u>214,177</u>
Current Expenditures:			
Parks, Recreation and Public Property	36,080	36,791	(711)
General Government	-	6,000	(6,000)
Debt Service	2,508,994	3,978,667	(1,469,673)
Total Expenditures	<u>2,545,074</u>	<u>4,021,458</u>	<u>(1,476,384)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>88,259</u>	<u>(1,173,948)</u>	<u>(1,262,207)</u>
Other Financing Sources:			
Proceeds from Debt Financing	-	1,520,000	1,520,000
Transfers In	133,155	121,652	(11,503)
Total Other Financing Sources	<u>133,155</u>	<u>1,641,652</u>	<u>1,508,497</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 221,414</u>	<u>\$ 467,704</u>	<u>\$ 246,290</u>
Fund Balances-Beginning of Year		<u>3,859,057</u>	
Fund Balances- End of Year		<u>\$ 4,326,761</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, 2017

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Assets:				
Cash and Equity in Pooled Investment Account	\$4,824,484	\$2,771,417	\$763,898	\$8,359,799
Receivables:				
Accounts	610,440	710,399	222,346	1,543,185
Special Assessments	2,183	-	-	2,183
Interest	12,464	15,123	1,912	29,499
Restricted Cash:				
Cash & Cash Equivalents	17,969	319,060	-	337,029
Inventories:				
Fiber Optic System Held for Resale	218,042	-	-	218,042
Total Current Assets	5,685,582	3,815,999	988,156	10,489,737
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	195,007	1,356,620	-	1,551,627
Property, Plant and Equipment:				
Land	2,353,977	760,603	52,284	3,166,864
Water and Pollution Control Plant	9,636,308	16,073,929	968,819	26,679,056
Water Distribution and Sewage System	22,677,022	12,882,272	-	35,559,294
Equipment	1,897,093	3,682,186	1,364,965	6,944,244
Construction in Progress	82,976	3,026,036	-	3,109,012
	36,647,376	36,425,026	2,386,068	75,458,470
Less Accumulated Depreciation	10,653,484	16,959,899	1,113,710	28,727,093
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	25,993,892	19,465,127	1,272,358	46,731,377
Total Noncurrent Assets	26,188,899	20,821,747	1,272,358	48,283,004
Total Assets	31,874,481	24,637,746	2,260,514	58,772,741

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
For the Year Ended September 30, 2017

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Liabilities:				
Accounts and Contracts Payable	\$91,161	\$654,841	\$94,619	\$840,621
Accrued Compensated Absences	55,984	57,164	31,979	145,127
Payables from Restricted Assets:				
Accrued Interest Payable	2,219	44,810	-	47,029
Revenue Bonds - Current	15,750	274,250	-	290,000
Total Current Liabilities	165,114	1,031,065	126,598	1,322,777
Noncurrent Liabilities:				
Good Faith Deposit - Revenue Bonds	-	93,600	-	93,600
Revenue Bonds	279,000	5,131,000	-	5,410,000
Accrued Compensated Absences	67,317	79,545	44,763	191,625
Total Noncurrent Liabilities	346,317	5,304,145	44,763	5,695,225
Total Liabilities	511,431	6,335,210	171,361	7,018,002
Net Position				
Net Investment in Capital Assets	25,699,142	14,059,877	1,272,358	41,031,377
Restricted for:				
Debt Service	210,757	930,913	-	1,141,670
Future Capital Assets	-	699,957	-	699,957
Unrestricted	5,453,151	2,611,789	816,795	8,881,735
Total Net Position	\$ 31,363,050	\$ 18,302,536	\$ 2,089,153	\$ 51,754,739

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2017

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating Revenues:				
User Charges	\$2,941,641	\$4,340,804	\$1,994,477	\$9,276,922
Rental Income	92,836	7,700	-	100,536
Miscellaneous Income	19,790	1,146	923	21,859
Total Operating Revenues	<u>3,054,267</u>	<u>4,349,650</u>	<u>1,995,400</u>	<u>9,399,317</u>
Operating Expenses:				
Payroll and Related Taxes and Benefits	835,539	875,780	534,339	2,245,658
Utilities	237,784	364,095	29,168	631,047
Repairs and Maintenance	275,627	758,027	160,760	1,194,414
Purchased Services	-	-	835,255	835,255
General and Administration	311,718	434,463	154,041	900,222
Depreciation and Amortization	600,547	580,312	116,806	1,297,665
Total Operating Expenses	<u>2,261,215</u>	<u>3,012,677</u>	<u>1,830,369</u>	<u>7,104,261</u>
Operating Income	<u>793,052</u>	<u>1,336,973</u>	<u>165,031</u>	<u>2,295,056</u>
Nonoperating Revenues (Expenses):				
Interest on Bonds and Other Debt	(7,949)	(155,834)	-	(163,783)
Interest Income	28,933	32,617	2,868	64,418
Interfund Transfers Out	-	(12,500)	-	(12,500)
Gain (Loss) on Disposal of Capital Assets	(979)	4,691	-	3,712
Total Nonoperating Revenues (Expenses)	<u>20,005</u>	<u>(131,026)</u>	<u>2,868</u>	<u>(108,153)</u>
Income before Capital Contributions	<u>813,057</u>	<u>1,205,947</u>	<u>167,899</u>	<u>2,186,903</u>
Capital Contributions	<u>472,797</u>	<u>-</u>	<u>-</u>	<u>472,797</u>
Change in Net Position	<u>1,285,854</u>	<u>1,205,947</u>	<u>167,899</u>	<u>2,659,700</u>
Net Position - Beginning of Period	<u>30,077,196</u>	<u>17,096,589</u>	<u>1,921,254</u>	<u>49,095,039</u>
Net Position - End of Period	<u>\$31,363,050</u>	<u>\$18,302,536</u>	<u>\$2,089,153</u>	<u>\$51,754,739</u>

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2017

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,965,301	\$ 4,226,767	\$ 1,994,858	\$ 9,186,926
Cash Paid to Suppliers for Goods and Services	(908,194)	(1,377,333)	(1,176,218)	(3,461,745)
Cash Paid to Employees for Services	(829,715)	(874,190)	(529,952)	(2,233,857)
Net Cash Provided by Operating Activities	1,227,392	1,975,244	288,688	3,491,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(440,461)	(2,952,656)	(63,577)	(3,456,694)
Good Faith Deposit on Bond Sale	-	93,600	-	93,600
Transfers In (Out)	-	(12,500)	-	(12,500)
Principal Paid on Notes and Bonds	(140,250)	(754,750)	-	(895,000)
Interest Paid on Notes and Bonds	(8,455)	(159,437)	-	(167,892)
Activities	(589,166)	(3,785,743)	(63,577)	(4,438,486)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	21,455	24,592	1,567	47,614
Net Cash Provided (Used) for Investing Activities	21,455	24,592	1,567	47,614
Net Increase (Decrease) in Cash and Cash Equivalents	659,681	(1,785,907)	226,678	(899,548)
Cash and Cash Equivalents at Beginning of Year	4,377,779	6,233,004	537,220	11,148,003
Cash and Cash Equivalents at End of Year	\$ 5,037,460	\$ 4,447,097	\$ 763,898	\$ 10,248,455

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2017

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 793,052	\$ 1,336,973	\$ 165,031	\$ 2,295,056
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	600,547	580,312	116,806	1,297,665
(Increase) Decrease in Assets:				
Accounts Receivable	(88,966)	(122,883)	(542)	(212,391)
Prepaid Assets	1,435	1,435	-	2,870
Increase (Decrease) in Liabilities:				
Accounts and Contracts Payable	(84,500)	177,817	3,006	96,323
Accrued Compensated Absences	5,824	1,590	4,387	11,801
Total Adjustments	434,340	638,271	123,657	1,196,268
Net Cash Provided by Operating Activities	\$ 1,227,392	\$ 1,975,244	\$ 288,688	\$ 3,491,324

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Developers Contribution of Distribution System	\$ 472,797	\$ -	\$ -	\$ 472,797
Accounts Payable Exchanged for Capital Assets	\$ 11,586	\$ 364,844	\$ 5,548	\$ 381,978

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	\$ 4,824,484	\$ 2,771,417	\$ 763,898	\$ 8,359,799
Restricted Cash - Current	17,969	319,060	-	337,029
Restricted Cash - Noncurrent	195,007	1,356,620	-	1,551,627
	\$ 5,037,460	\$ 4,447,097	\$ 763,898	\$ 10,248,455

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, 2017

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS					
Guaranteed Insurance Contracts	\$ 828,907	\$ 1,583,726	\$ 2,505,233	\$ 9,967,791	\$ 14,885,657
Open Ended Mutual Funds	5,438,157	912,919	7,192,360	18,123,263	31,666,699
Contributions Receivable	-	29,249	-	-	29,249
Total Assets	<u>6,267,064</u>	<u>2,525,894</u>	<u>9,697,593</u>	<u>28,091,054</u>	<u>46,581,605</u>
NET POSITION					
Restricted for Pensions	6,267,064	2,525,894	9,697,593	28,091,054	46,581,605
Total Net Position	<u>\$ 6,267,064</u>	<u>\$ 2,525,894</u>	<u>\$ 9,697,593</u>	<u>\$ 28,091,054</u>	<u>\$ 46,581,605</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2017

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 230,665	\$ 39,284	\$ 174,955	\$ 510,346	\$ 955,250
Employee	115,333	5,018	174,955	808,106	1,103,412
Total Contributions	345,998	44,302	349,910	1,318,452	2,058,662
Investment Income:					
Interest, Dividends & Market Gains	781,104	187,177	1,005,518	2,723,018	4,696,817
Total Additions	1,127,102	231,479	1,355,428	4,041,470	6,755,479
DEDUCTIONS					
Pension Benefits	-	57,635	14,400	619,824	691,859
Contribution Refunds	322,140	931,532	109,530	497,589	1,860,791
Administration	1,270	101	877	2,312	4,560
Total Deductions	323,410	989,268	124,807	1,119,725	2,557,210
Change in Net Position	803,692	(757,789)	1,230,621	2,921,745	4,198,269
Net Position -- Beginning of Period	5,463,372	3,283,683	8,466,972	25,169,309	42,383,336
Net Position -- End of Period	\$ 6,267,064	\$ 2,525,894	\$ 9,697,593	\$ 28,091,054	\$ 46,581,605

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2017

	Balance September 30, 2016	Additions	Deductions	Balance September 30, 2017
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 532,272	\$ 39,937	\$ 42,000	\$ 530,209
Cash at County Treasurer	10,263	10,260	10,263	10,260
Total Assets	<u>\$ 542,535</u>	<u>\$ 50,197</u>	<u>\$ 52,263</u>	<u>\$ 540,469</u>
<u>Liabilities</u>				
Due to Bondholders	\$ 542,535	\$ 50,197	\$ 52,263	\$ 540,469
Total Liabilities	<u>\$ 542,535</u>	<u>\$ 50,197</u>	<u>\$ 52,263</u>	<u>\$ 540,469</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 required 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 which the government's financial activities take place.	16-17
Operating Information These tables contain service and infrastructure indicators that can inform one's 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 relevant year.

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

TABLE 1

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 50,736,098	\$ 40,610,264	\$ 39,859,311	\$ 39,846,176	\$ 38,561,536
Restricted for:					
Debt Service	2,575,381	2,310,289	2,056,725	1,718,817	1,556,817
Road Projects	2,922,144	4,315,636	3,038,500	1,587,443	2,655,276
Community Programs and Services	6,186,742	7,067,955	5,475,708	3,284,448	2,654,437
Unrestricted	14,983,957	16,820,853	17,893,551	16,711,180	15,527,684
Total Governmental Activities Net Position	\$ 77,404,322	\$ 71,124,997	\$ 68,323,795	\$ 63,148,064	\$ 60,955,750
Business-Type Activities					
Net Investment in Capital Assets	\$ 41,031,377	\$ 37,513,730	\$ 37,014,955	\$ 36,984,047	\$ 33,609,113
Restricted	1,841,627	2,609,219	2,480,450	2,545,137	2,732,672
Unrestricted	8,881,735	8,972,087	7,981,527	6,344,841	7,773,246
Total Business-Type Activities Net Position	\$ 51,754,739	\$ 49,095,036	\$ 47,476,932	\$ 45,874,025	\$ 44,115,031
Primary Government:					
Net Investment in Capital Assets	\$ 91,767,475	\$ 78,123,994	\$ 76,874,266	\$ 76,830,223	\$ 72,170,649
Restricted	13,525,894	16,303,099	13,051,383	9,135,845	9,599,202
Unrestricted	23,865,692	25,792,940	25,875,078	23,056,021	23,300,930
Total Primary Government Net Position	\$ 129,159,061	\$ 120,220,033	\$ 115,800,727	\$ 109,022,089	\$ 105,070,781

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

TABLE 1 (CONT.)

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental Activities					
Net Investment in Capital Assets	\$ 37,538,073	\$ 36,664,204	\$ 36,774,090	\$ 36,650,941	\$ 35,777,924
Restricted for:					
Debt Service	1,117,646	504,468	1,193,594	1,218,131	1,255,485
Road Projects	2,761,835	2,787,524	-	-	-
Community Programs and Services	2,469,929	1,869,768	-	-	-
Unrestricted	14,750,599	13,682,990	14,066,386	14,205,078	13,841,116
Total Governmental Activities Net Position	\$ 58,638,082	\$ 55,508,954	\$ 52,034,070	\$ 52,074,150	\$ 50,874,525
Business-Type Activities					
Net Investment in Capital Assets	\$ 33,789,528	\$ 33,161,053	\$ 29,797,795	\$ 28,504,434	\$ 28,220,779
Restricted	2,233,386	1,723,206	2,570,858	2,513,381	2,479,789
Unrestricted	6,559,493	5,251,421	6,555,425	6,831,206	6,545,033
Total Business-Type Activities Net Position	\$ 42,582,407	\$ 40,135,680	\$ 38,924,078	\$ 37,849,021	\$ 37,245,601
Primary Government:					
Net Investment in Capital Assets	\$ 71,327,601	\$ 69,825,257	\$ 66,571,885	\$ 65,155,375	\$ 63,998,703
Restricted	8,582,796	6,884,966	2,570,858	2,513,381	2,479,789
Unrestricted	21,310,092	18,934,411	20,621,811	21,036,284	20,386,149
Total Primary Government Net Position	\$ 101,220,489	\$ 95,644,634	\$ 89,764,554	\$ 88,705,040	\$ 86,864,641

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental Activities										
General Government	\$ 3,311,385	\$ 2,462,887	\$ 2,622,419	\$ 2,552,931	\$ 1,851,020	\$ 2,434,382	\$ 1,660,197	\$ 2,940,797	\$ 2,363,397	\$ 1,984,006
Public Safety	10,152,789	10,133,933	9,111,824	8,912,927	8,750,908	8,507,028	8,473,093	8,137,286	7,841,533	7,638,269
Public Works	4,949,525	5,494,622	5,279,551	7,114,441	6,282,178	5,426,164	6,877,940	5,477,606	5,664,242	4,513,410
Public Library	1,478,371	1,461,349	1,386,198	1,409,728	1,308,791	1,258,780	1,203,191	1,163,623	1,173,863	1,123,880
Parks, Recreation and Public Property	2,970,064	3,354,612	2,927,345	2,674,471	3,012,478	2,176,083	1,468,214	1,599,713	1,604,612	1,383,166
Community Improvement & Development	1,035,861	4,217,807	1,213,129	994,906	1,199,963	825,295	686,717	1,287,249	999,898	543,549
Debt Service	323,382	454,900	673,579	626,377	673,495	699,623	565,025	218,415	272,480	296,199
Total Governmental Activities Expenses	24,221,377	27,580,110	23,214,045	24,285,781	23,078,833	21,327,355	20,934,377	20,824,689	19,920,025	17,482,479
Business-Type Activities										
Water Division	2,269,164	2,294,958	2,102,160	2,386,409	2,448,790	2,078,471	1,990,118	1,977,520	1,877,440	1,925,737
Sewer Division	3,168,511	3,293,531	3,075,988	2,770,537	2,999,679	2,709,764	2,644,975	2,696,190	2,529,041	2,691,318
Solid Waste Division	1,830,369	1,763,283	1,763,897	1,739,883	1,593,608	1,659,361	1,649,899	1,668,167	1,579,945	1,672,295
Total Business-Type Activities	7,268,044	7,351,772	6,942,045	6,896,829	7,042,077	6,447,596	6,284,992	6,341,877	5,986,426	6,289,350
Total Primary Government Expenses	\$ 31,489,421	\$ 34,931,882	\$ 30,156,090	\$ 31,182,610	\$ 30,120,910	\$ 27,774,951	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 675,443	\$ 550,560	\$ 493,501	\$ 514,625	\$ 544,417	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850
Public Safety	1,175,687	1,104,698	1,110,300	1,098,611	1,013,391	965,103	978,401	922,686	991,781	1,149,353
Public Works	141,147	100,707	110,592	124,738	113,369	182,375	109,797	122,459	132,948	125,042
Public Library	27,119	29,056	30,326	28,627	25,820	27,149	26,970	24,134	25,588	28,091
Parks, Recreation and Public Property	493,930	495,207	462,350	446,982	445,399	471,172	113,352	139,042	145,293	149,314
Community Improvement and Development	102,647	113,526	98,601	80,000	120,000	120,000	120,000	115,146	84,000	61,000
Operating Grants & Contributions	4,159,685	3,700,589	4,148,833	3,894,437	3,602,142	3,285,816	3,315,948	3,124,585	2,849,515	2,805,130
Capital Grants & Contributions	980,028	1,656,522	458,660	531,933	880,045	530,453	1,723,050	337,404	1,942,912	757,509
Total Governmental Activities Program Revenues	7,755,686	7,750,865	6,913,163	6,719,953	6,744,583	6,066,218	6,870,486	5,171,798	6,603,649	5,442,289
Business-Type Activities:										
Charges for Services:										
Water Division	3,034,477	2,636,412	2,496,043	2,578,265	2,900,045	3,201,639	2,615,148	2,487,553	2,210,112	2,243,427
Sewer Division	4,353,195	3,947,187	3,518,523	3,755,613	3,740,332	3,562,527	3,120,580	2,838,860	2,343,513	2,320,624
Solid Waste	1,994,477	1,909,479	1,975,181	1,772,489	1,634,893	1,716,396	1,731,288	1,759,703	1,699,431	1,742,372
Operating Grants & Contributions	-	1,445	81,487	-	125,708	23,545	15,544	-	-	-
Capital Grants & Contributions	-	243,349	340,886	422,145	99,172	263,456	-	263,880	144,210	175,807
Total Business-Type Activities Program Revenues	9,382,149	8,737,872	8,412,120	8,528,512	8,500,150	8,767,563	7,482,560	7,349,996	6,397,266	6,482,230
Total Primary Government Program Revenues	\$ 17,137,835	\$ 16,488,737	\$ 15,325,283	\$ 15,248,465	\$ 15,244,733	\$ 14,833,781	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519
Net (Expense)/Revenue										
Governmental Activities	\$ (16,465,691)	\$ (19,829,245)	\$ (16,300,882)	\$ (17,565,828)	\$ (16,334,250)	\$ (15,261,137)	\$ (14,063,891)	\$ (15,652,891)	\$ (13,316,376)	\$ (12,040,190)
Business-Type Activities	2,114,105	1,386,100	1,470,075	1,631,683	1,458,073	2,319,967	1,197,568	1,008,119	410,840	192,880
Total Primary Government Net Expense	\$ (14,351,586)	\$ (18,443,145)	\$ (14,830,807)	\$ (15,934,145)	\$ (14,876,177)	\$ (12,941,170)	\$ (12,866,323)	\$ (14,644,772)	\$ (12,905,536)	\$ (11,847,310)

(Continued)

CITY OF NORFOLK, NEBRASKA

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 3,765,320	\$ 3,480,593	\$ 3,428,471	\$ 3,097,189	\$ 3,117,062	\$ 3,129,497	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912
Sales Tax	10,677,614	10,614,793	9,358,568	8,035,671	7,081,725	7,629,397	7,072,877	6,919,663	6,760,144	6,750,098
Other Taxes	209,221	203,371	202,868	184,689	176,215	270,292	254,665	240,021	199,591	199,225
Occupation and Franchise Taxes	2,705,164	2,680,189	2,764,650	2,781,028	2,653,429	2,514,570	2,030,762	971,022	873,472	883,195
Interest	209,621	107,008	58,091	49,656	56,716	123,026	99,146	106,069	251,126	430,171
General Intergovernmental Revenues Unrestricted	398,194	372,186	365,627	276,969	394,575	124,392	295,309	289,270	260,190	282,997
Unrestricted Keno Revenues	584,717	552,493	611,740	572,632	547,095	494,447	432,584	359,060	428,302	29,141
General Revenue from Electrical Distribution System Lease/Use of P	4,505,919	4,596,858	4,620,527	4,677,788	4,578,545	4,471,873	4,186,984	3,822,961	3,418,900	3,270,414
Revenue from Sale of Uncapitalized Property	56,219	17,097	74,113	42,511	55,625	14,162	17,747	57,219	44,059	9,985
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	8,170
Miscellaneous	92,345	109,622	55,506	40,009	57,054	32,379	51,113	153,345	363,181	47,709
Interfund Transfers	(459,318)	(103,763)	(13,467)	-	(66,125)	(158,646)	-	-	(27,194)	-
Total Governmental Activities	22,745,016	22,630,447	21,526,694	19,758,142	18,651,916	18,645,389	17,538,775	15,612,901	14,516,001	13,606,017
Business Type of Activities:										
Interest	64,418	27,278	11,899	13,699	8,428	18,008	14,034	66,938	165,386	286,953
Use of Property	-	82,022	84,919	81,422	-	-	-	-	-	-
Miscellaneous	21,859	18,944	22,547	32,190	-	-	-	-	-	-
Interfund Transfers	459,318	103,763	13,467	-	66,125	158,646	-	-	27,194	-
Total Business-Type Activities	545,595	232,007	132,832	127,311	74,553	176,654	14,034	66,938	192,580	286,953
Total Primary Government	\$ 23,290,611	\$ 22,862,454	\$ 21,659,526	\$ 19,885,453	\$ 18,726,469	\$ 18,822,043	\$ 17,552,809	\$ 15,679,839	\$ 14,708,581	\$ 13,892,970
Change in Net Position										
Governmental Activities	\$ 6,279,325	\$ 2,801,202	\$ 5,225,812	\$ 2,192,314	\$ 2,317,666	\$ 3,384,252	\$ 3,474,884	\$ (39,990)	\$ 1,199,625	\$ 1,565,827
Business-Type Activities	2,659,700	1,618,107	1,602,907	1,758,994	1,532,626	2,496,621	1,211,602	1,075,057	603,420	479,833
Total Primary Government	\$ 8,939,025	\$ 4,419,309	\$ 6,828,719	\$ 3,951,308	\$ 3,850,292	\$ 5,880,873	\$ 4,686,486	\$ 1,035,067	\$ 1,803,045	\$ 2,045,660

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

TABLE 3

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	34,735	41,535	22,742	37,154	27,097
Restricted	480,485	488,920	476,210	38,291	38,785
Committed	-	-	-	31,144	141,536
Unreserved	-	-	-	-	-
Assigned	13,770	-	31,941	10,044	138,401
Unassigned	8,287,694	8,420,582	8,816,995	8,003,963	7,151,157
Total General Fund	\$ 8,816,684	\$ 8,951,037	\$ 9,347,888	\$ 8,120,596	\$ 7,496,976
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	17,950	16,687	15,128	9,762	8,916
Restricted	11,311,850	13,329,130	12,604,917	9,088,635	7,136,685
Committed	1,810,263	1,579,460	2,836,617	2,952,632	1,973,057
Unreserved, Reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Assigned	2,639,506	2,494,115	2,697,595	1,353,826	1,464,474
Unassigned	(1,898,527)	(1,878,019)	(1,120,538)	(44,361)	(43,090)
Total All Other Governmental Funds	\$ 13,881,042	\$ 15,541,373	\$ 17,033,719	\$ 13,360,494	\$ 10,540,042
Total Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	52,685	58,222	37,870	46,916	36,013
Restricted	11,792,335	13,818,050	13,081,127	9,126,926	7,175,470
Committed	1,810,263	1,579,460	2,836,617	2,983,776	2,114,593
Unreserved	-	-	-	-	-
Assigned	2,653,276	2,494,115	2,729,536	1,363,870	1,602,875
Unassigned	6,389,167	6,542,563	7,696,457	7,959,602	7,108,067
Total Governmental Fund	\$ 22,697,726	\$ 24,492,410	\$ 26,381,607	\$ 21,481,090	\$ 18,037,018

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

TABLE 3 (CONT.)

	Fiscal Year				
	2012	2011	2010	2009	2008
General Fund					
Reserved	\$ -	\$ -	\$ 120,187	\$ 132,221	\$ 225,910
Non Spendable	42,528	51,342	-	-	-
Restricted	111,041	205,522	-	-	-
Committed	196,394	192,587	-	-	-
Unreserved	-	-	5,989,588	5,568,550	5,322,046
Assigned	1,934,062	1,848,271	-	-	-
Unassigned	5,438,679	5,008,200	-	-	-
Total General Fund	<u>\$ 7,722,704</u>	<u>\$ 7,305,922</u>	<u>6,109,775</u>	<u>5,700,771</u>	<u>5,547,956</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ 1,943,994	\$ 1,609,878	\$ 2,107,669
Non Spendable	8,561	9,505	-	-	-
Restricted	6,974,935	15,196,509	-	-	-
Committed	1,436,837	809,108	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	-	-	2,817,380	3,400,398	3,521,157
Capital Project Funds	-	-	737,259	540,066	(1,591,264)
Assigned	1,220,280	717,619	-	-	-
Unassigned	(300)	(269,619)	-	-	-
Total All Other Governmental Funds	<u>\$ 9,640,313</u>	<u>\$ 16,463,122</u>	<u>\$ 5,498,633</u>	<u>\$ 5,550,342</u>	<u>\$ 4,037,562</u>
Total Governmental Funds					
Reserved	\$ -	\$ -	\$ 2,064,181	\$ 1,742,099	\$ 2,333,579
Non Spendable	51,089	60,847	-	-	-
Restricted	7,085,976	15,402,031	-	-	-
Committed	1,633,231	1,001,695	-	-	-
Unreserved	-	-	9,544,227	9,509,014	7,251,939
Assigned	3,154,342	2,565,890	-	-	-
Unassigned	5,438,379	4,738,581	-	-	-
Total Governmental Fund	<u>\$ 17,363,017</u>	<u>\$ 23,769,044</u>	<u>\$ 11,608,408</u>	<u>\$ 11,251,113</u>	<u>\$ 9,585,518</u>

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

TABLE 4

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 14,435,331	\$ 14,154,637	\$ 12,803,574	\$ 11,118,944	\$ 10,142,968
Special Assessments	194,862	478,529	184,987	200,654	289,216
Licenses & Permits	367,889	271,234	321,575	271,175	244,733
Intergovernmental Revenue	4,912,529	4,910,812	4,347,275	4,079,487	4,330,390
Nongovernmental Grants	50,000	50,000	-	-	-
Keno Revenue	584,717	552,493	611,740	572,632	547,095
Charges for Services	2,089,143	1,980,265	1,841,576	1,890,616	1,865,085
Occupation & Franchise Taxes	2,705,165	2,680,188	2,764,651	2,781,029	2,653,429
Contributions	436,499	17,661	204,577	559,517	54,942
Payments in Lieu of Taxes	209,221	203,371	202,867	184,689	176,215
Parking Fees and Rentals	4,535,554	4,596,859	4,620,528	4,681,679	4,584,494
Loan Repayments	71,501	156,428	570,883	104,783	78,073
Interest	179,142	94,744	51,653	49,655	54,192
Miscellaneous	190,118	147,949	314,105	124,215	138,377
Total Revenue	30,961,671	30,295,170	28,839,991	26,619,075	25,159,209
Expenditures					
General Government	2,612,548	2,473,293	2,575,062	2,698,982	2,543,757
Public Safety	9,987,194	10,209,750	10,019,243	8,967,532	9,138,087
Public Works	8,501,967	7,181,786	5,766,816	6,597,380	5,658,796
Public Library	5,137,451	1,718,799	1,334,676	1,355,079	1,288,130
Parks, Recreation & Public Property	2,554,955	2,785,403	2,314,769	2,816,830	2,661,914
Community Improvement & Development	1,091,316	4,449,547	1,265,759	1,031,844	1,322,343
Debt Service					
Principal Retirement	3,960,000	13,535,000	1,695,000	2,620,000	1,453,810
Interest	443,424	595,287	667,145	649,134	677,052
Capital Outlay	-	-	-	-	-
Total Expenditure	34,288,855	42,948,865	25,638,470	26,736,781	24,743,889
Excess (Deficiency) of Revenues over expenditures	(3,327,184)	(12,653,695)	3,201,521	(117,706)	415,320
Other Financing Sources (Uses)					
Insurance Proceeds	-	20,885	218,996	141,778	308,069
Issuance of Debt	-	870,000	1,480,000	2,625,000	-
Premium on Bonds	-	453,613	-	-	-
Bonds Refunded	1,520,000	9,420,000	-	795,000	-
Transfers In	4,754,981	4,825,719	2,765,647	2,171,879	2,272,954
Transfers Out	(4,742,481)	(4,825,719)	(2,765,647)	(2,171,879)	(2,322,342)
Total Other Financing Sources (Uses)	1,532,500	10,764,498	1,698,996	3,561,778	258,681
Net Change in Fund Balances	\$ (1,794,684)	\$ (1,889,197)	\$ 4,900,517	\$ 3,444,072	\$ 674,001
Debt Service as a Percentage of Noncapital Expenditures	17.82%	37.92%	11.14%	13.77%	9.72%

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				
	2012	2011	2010	2009	2008
Revenues					
Taxes	\$ 10,758,892	\$ 10,178,587	\$ 9,613,934	\$ 9,027,255	\$ 8,765,893
Special Assessments	325,136	472,266	151,392	685,607	82,426
Licenses & Permits	224,947	201,651	233,786	323,800	430,258
Intergovernmental Revenue	3,619,939	4,414,712	3,846,761	3,805,003	3,743,612
Nongovernmental Grants	-	-	-	-	-
Keno Revenue	494,447	432,584	359,060	428,302	29,141
Charges for Services	1,863,308	1,464,667	1,330,223	1,374,689	1,358,621
Occupation & Franchise Taxes	2,621,917	2,138,542	1,093,679	667,778	686,840
Contributions	35,293	54,228	72,234	81,360	100,005
Payments in Lieu of Taxes	162,944	146,885	117,364	82,402	74,697
Parking Fees and Rentals	4,474,023	4,204,014	3,830,046	3,422,615	3,272,094
Loan Repayments	557,448	136,519	82,419	120,700	289,700
Interest	114,312	90,235	71,269	186,036	338,732
Miscellaneous	84,580	105,741	232,156	434,854	112,561
Total Revenue	<u>25,337,186</u>	<u>24,040,631</u>	<u>21,034,323</u>	<u>20,640,401</u>	<u>19,284,580</u>
Expenditures					
General Government	2,491,369	4,263,408	2,419,970	2,580,140	2,409,948
Public Safety	8,194,543	8,238,009	7,974,899	7,475,999	7,367,551
Public Works	5,353,264	5,588,853	4,853,161	5,585,140	4,789,513
Public Library	1,204,614	1,329,905	1,485,872	1,139,770	1,097,450
Parks, Recreation & Public Property	11,655,476	8,267,527	1,519,769	1,828,716	1,392,253
Community Improvement & Development	963,266	794,940	1,560,058	976,102	805,175
Debt Service					
Principal Retirement	1,928,649	1,179,881	870,714	773,690	755,714
Interest	442,032	442,032	234,421	275,001	304,002
Capital Outlay	-	-	159,664	370,248	829,727
Total Expenditure	<u>32,233,213</u>	<u>30,104,555</u>	<u>21,078,528</u>	<u>21,004,806</u>	<u>19,751,333</u>
Excess (Deficiency) of Revenues over expenditures	<u>(6,896,027)</u>	<u>(6,063,924)</u>	<u>(44,205)</u>	<u>(364,405)</u>	<u>(466,753)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	-	-	-	-	-
Issuance of Debt	490,000	20,305,000	401,500	2,030,000	-
Premium on Bonds	-	49,560	-	-	-
Bonds Refunded	-	(2,130,000)	-	-	-
Transfers In	1,832,789	1,919,961	2,068,596	1,840,990	1,237,142
Transfers Out	(1,832,789)	(1,919,961)	(2,068,596)	(1,840,990)	(1,237,142)
Total Other Financing Sources (Uses)	<u>490,000</u>	<u>18,224,560</u>	<u>401,500</u>	<u>2,030,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (6,406,027)</u>	<u>\$ 12,160,636</u>	<u>\$ 357,295</u>	<u>\$ 1,665,595</u>	<u>\$ (466,753)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.69%	7.81%	5.76%	5.59%	6.36%

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
2017	\$ 535,529,003	2.00%
2016	527,991,172	2.00%
2015	547,447,750	2.00%
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%

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	
2017	2.00%	5.50%	7.50%
2016	2.00%	5.50%	7.50%
2015 (2)	2.00%	5.50%	7.50%
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%

Note: (1) Overlapping rates are those of other governments that apply to consumers within the City of Norfolk.
(2) April 1, 2015 tax rate in the City of Norfolk changed from 1.5% to 2.0% for 3 years to fund Library updates.

CITY OF NORFOLK, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
CURRENT YEAR AND NINE YEARS AGO

TABLE 7

Business Classifications	2017			2008		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 324,463,371	1	54.49%	\$ 260,141,315	1	54.31%
Accommodation & Food Services	70,822,923	2	11.89%	42,550,421	2	8.89%
Other	200,211,812	-	33.62%	176,301,663	-	36.80%
Total	\$ 595,498,106		100.00%	\$ 478,993,399		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.

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
2017	\$ 1,414,978,332	\$ 51,546,991	\$ 1,466,525,323	0.6021
2016	1,336,246,190	47,747,588	1,383,993,778	0.6021
2015	1,269,843,679	50,035,023	1,319,878,702	0.5967
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

(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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
CITY OF NORFOLK										
GENERAL FUND	0.1880	0.1685	0.1591	0.1549	0.1320	0.1335	0.1341	0.1341	0.1345	0.0689
DEBT SERVICE	0.0366	0.0529	0.0555	0.0581	0.0609	0.0615	0.0618	0.0618	0.0620	0.0641
ECONOMIC DEVELOPMENT FUND	0.0275	0.0306	0.0321	0.0337	0.0352	0.0356	0.0358	0.0358	0.0000	0.0000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
TOTAL CITY OF NORFOLK	0.6021	0.6021	0.5967	0.5967	0.5781	0.5806	0.5817	0.5817	0.5466	0.4830
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3267	0.3268	0.3283	0.3557	0.4255	0.4249	0.4211	0.4090	0.3990	0.3872
SCHOOL DISTRICT NO 2	1.1880	1.2051	1.2098	1.2154	1.2154	1.2589	1.3182	1.3240	1.3062	1.2230
NORTHEAST COMMUNITY COLLEGE	0.0909	0.0913	0.0953	0.0990	0.0993	0.0983	0.0953	0.0985	0.0935	0.0900
NORFOLK AIRPORT AUTHORITY	0.0437	0.0318	0.0334	0.0306	0.0310	0.0313	0.0315	0.0330	0.0228	0.0236
LOWER ELKHORN NRD	0.0233	0.0240	0.0241	0.0251	0.0266	0.0296	0.0340	0.0379	0.0341	0.0339
AGRICULTURAL SOCIETY MADISON COUNTY	0.0110	0.0110	0.0110	0.0116	0.0131	0.0139	0.0144	0.0145	0.0144	0.0147
EDUCATIONAL SERVICES UNIT #8	0.0131	0.0126	0.0126	0.0126	0.0150	0.0150	0.0150	0.0149	0.0149	0.0150
NORFOLK SANITARY DISTRICT	0.0099	0.0100	0.0099	0.0099	0.0100	0.0098	0.0095	0.0091	0.0087	0.0066
RAILROAD TRANSPORTATION SAFETY DIST.	0.0101	0.0093	0.0079	0.0060	0.0060	0.0050	0.0106	0.0036	0.0039	0.0040
TOTAL OVERLAPPING RATES	1.7167	1.7219	1.7323	1.7659	1.8419	1.8867	1.9496	1.9445	1.8975	1.7980
TOTAL PROPERTY TAXES	2.3188	2.3240	2.3290	2.3626	2.4200	2.4673	2.5313	2.5262	2.4441	2.2810

(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	2017			2008		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
N S P LLC	SHOPPING MALL	\$ 12,700,000	1	0.87%	\$ -	-	0.00%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	10,065,637	2	0.69%	9,276,547	4	0.88%
WAL-MART STORES INC	RETAIL STORE	9,792,578	3	0.67%	10,180,058	2	0.97%
HEARTLAND PANTRY INC	RETAIL STORE	8,908,092	4	0.61%	9,579,200	3	0.91%
HERITAGE OF NORFOLK INC	NURSING HOME	6,704,018	5	0.46%	6,298,274	5	0.60%
TIMM VILLAGE GREEN LLC	APARTMENTS	6,487,947	6	0.44%	-	-	0.00%
MENARD INC	RETAIL STORE	6,256,300	7	0.43%	5,990,081	7	0.57%
UNION PACIFIC RAILROAD CO	RAILROAD	5,877,673	8	0.40%	-	-	0.00%
WIS-PAK	BOTTLING DISTRIBUTION	5,544,784	9	0.38%	6,156,802	6	0.59%
QWEST CORPORATION	TELEPHONE	5,316,873	10	0.36%	4,810,252	10	0.46%
DIAL - SUNSET MALL LLC	SHOPPING MALL	-	-	0.00%	13,551,829	1	1.29%
PERKINS DELAWARE	MANUFACTURING	-	-	0.00%	5,266,340	8	0.50%
THE MEADOWS INC	APARTMENTS	-	-	0.00%	5,057,762	9	0.48%
TOTAL		\$ 77,653,902		5.30%	\$ 76,167,145		7.25%

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
2017	\$ 3,573,866	\$ 3,466,463	96.99%	\$ -	\$ 3,466,463	96.99%
2016	3,340,527	3,268,556	97.85%	71,971	3,340,527	100.00%
2015	3,189,630	3,089,071	96.85%	100,559	3,189,630	100.00%
2014	2,827,106	2,747,980	97.20%	79,126	2,827,106	100.00%
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%	85,163	2,822,618	99.97%
2011	2,825,657	2,726,631	96.50%	98,614	2,825,245	99.99%
2010	2,404,312	2,317,303	96.38%	83,958	2,401,261	99.87%
2009	1,603,272	1,557,427	97.14%	45,719	1,603,146	99.99%
2008	1,317,224	1,268,047	96.27%	49,177	1,317,224	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	
2017	\$ 14,606,376	\$ 905,000	\$ 2,250,000	\$ -
2016	16,912,454	1,105,000	2,250,000	-
2015	19,950,000	990,000	2,590,000	-
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

Notes: (1) See Table 16 for income and population data. 2017 population and 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>	<u>STATE</u>	<u>TOTAL</u>	<u>DEBT PER</u>	<u>PERCENTAGE</u>
<u>REVENUE</u>	<u>REVOLVING</u>	<u>PRIMARY</u>	<u>CAPITA (1)</u>	<u>OF PERSONAL</u>
<u>BONDS</u>	<u>LOAN</u>	<u>GOVERNMENT</u>	<u>CAPITA (1)</u>	<u>INCOME (1)</u>
\$ 5,700,000	\$ -	23,461,376	N/A	N/A
6,595,000	-	26,862,454	1,103.27	1.68
7,440,000	-	30,970,000	1,271.03	1.95
8,305,000	-	29,600,000	1,210.93	1.91
9,160,000	-	29,655,000	1,208.83	1.97
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

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
2017	\$ 14,606,376	\$ 303,025	\$ 14,909,401	\$ 2,575,381	12,334,020	N/A	0.87%
2016	16,912,454	382,930	17,295,384	2,310,289	14,985,095	615.45	1.12%
2015	19,950,000	339,878	20,289,878	2,056,725	18,233,153	748.30	1.44%
2014	20,100,000	407,083	20,507,083	1,718,817	18,788,266	768.62	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%

Notes: (1) See Table 16 for population data. 2017 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2017

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 17,761,376	100.00%	\$ 17,761,376
OVERLAPPING:			
Norfolk School District #2	\$ 17,915,000	61.09%	\$ 10,944,035

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 REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2017	\$ 9,463,735	\$ 5,806,596	\$ 3,657,139	\$ 895,000	\$ 163,784	\$ 1,058,784	3.45
2016	8,622,767	5,353,538	3,269,229	845,000	183,051	1,028,051	3.18
2015	8,109,112	5,234,995	2,874,117	865,000	184,233	1,049,233	2.74
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

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)
2017	N/A	N/A	N/A	4,370	2.7%
2016	24,348	1,599,237	45,673	4,325	3.0%
2015	24,366	1,587,171	45,264	4,244	2.6%
2014	24,444	1,550,788	44,089	4,069	2.7%
2013	24,523	1,506,700	42,709	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%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2017 numbers are unavailable.
 (2) Bureau of Economic Analysis. 2017 numbers are unavailable.
 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	2017			2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,350	1	5.54%	1,185	1	5.74%
Northeast Community College	704	2	2.89%			
Norfolk Public Schools	586	3	2.41%	626	3	3.03%
Cardinal Health	500	4	2.05%			
Nucor Steel Division of Nucor Corp	499	5	2.05%	430	5	2.08%
Vulcraft Division of Nurcor Corp	478	6	1.96%	413	7	2.00%
Associated Wholesale Grocers	385	7	1.58%			
Veyance Technologies	385	8	1.58%	399	8	1.93%
Walmart	340	9	1.40%	416	6	2.01%
Norfolk Iron & Metal Co	320	10	1.31%	320	9	1.55%
Affiliated Foods Midwest				654	2	3.17%
COVIDIEN				500	4	2.42%
Wis-Pak				110	10	0.53%
Total	5,547		22.78%	5,053		24.46%

Source: City of Norfolk Economic Development

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government	29.00	29.00	26.88	25.88	25.88	25.88	26.18	25.55	23.55	24.60
Engineering	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	60.50	60.00	60.00	58.00	58.00	58.00	58.00	58.00	60.00	60.50
Fire	36.05	36.05	37.00	37.00	37.00	38.00	38.00	38.00	38.00	37.00
Region 11	0.95	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SNARE	0.13	0.13	0.13	0.13	0.50	0.50	0.50	0.50	0.50	0.50
Streets	22.62	22.62	23.25	23.25	23.25	22.25	22.25	22.00	22.00	21.00
Culture & Recreation										
Parks	19.00	20.00	20.00	22.00	21.00	20.00	20.00	22.00	22.00	18.00
Recreation	2.00	2.00	2.00	2.00	1.67	1.67	1.00	1.00	2.00	2.00
Auditorium	0.00	0.00	0.00	0.00	2.43	2.43	2.43	2.43	2.43	2.43
Library	15.64	15.21	15.38	15.38	15.1	15.1	14.97	14.97	14.97	14.96
Housing	6.00	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.63
Community Character Development Coalition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.25	5.00	4.88
Economic Development Operating	3.00	3.00	3.00	3.00	2.00	2.00	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	4.00	4.00	4.00	5.00
Water Pollution Control	8.50	8.50	9.00	9.00	9.00	9.00	9.50	9.50	13.50	13.50
Solid Waste Management	7.38	6.38	5.38	6.38	6.38	6.38	5.88	5.75	5.75	5.75
Total	231.77	230.84	229.77	228.77	228.96	227.96	225.46	230.70	236.45	232.75

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Purchase Ordered Processed	0	0	0	31	765	1,223	1,393	1,365	1,773	1,887
Water/Sewer Customers Billed	9,633	9,602	9,551	9,523	9,479	9,419	9,392	9,306	9,276	9,118
Engineering										
Miles of Paving Districts	0.00	0.14	0.33	0.00	0.00	0.00	0.20	0.20	0.51	0.20
Miles of Street Reconstruction	0.00	0.17	0.32	0.10	0.40	1.10	0.75	0.30	0.35	0.50
Public Safety										
Police:										
Criminal Arrests	1,465	1,392	1,394	1,448	1,645	1,809	1,701	1,655	1,932	1,679
Traffic Arrests	2,129	2,391	3,097	2,388	2,294	2,709	2,804	2,313	2,348	2,514
Drug/Alcohol Arrests	712	749	696	705	817	897	762	556	715	782
Fire:										
Rescue Calls	1,960	2,066	2,007	1,912	1,941	1,866	1,861	1,678	1,714	1,744
Building and Safety										
Building Permits	461	423	411	388	347	356	375	386	382	392
Culture and Recreation										
Library										
Total Circulation	265,698	295,787	309,281	321,954	320,282	299,776	324,042	319,997	338,308	314,489
Water:										
Water Inspections	69	56	51	56	66	47	42	48	39	40
Locates	3,565	3,475	3,198	3,272	3,449	3,070	2,521	2,743	2,406	2,589
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.054	1.099	1.02	1.02	1.077	1.083	1.189	1.269	1.017	1.105
Sewer Maintenance										
Sewer Inspections	48	31	35	34	61	34	20	32	22	37
Solid Waste Management										
Average Daily Tonnage	112	109	106	102	104	108	108	113	110	116

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
City Auditorium (1)	-	-	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	1.00	1.00	1.00	-	-	-
City Council Chambers	-	-	-	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)	145.56	145.09	144.55	144.09	144.08	144.29	144.29	144.29	143.88	142.30
Streetlights	2,305	2,277	2,279	2,257	2,257	2,258	2,327	2,244	2,236	2,237
Parks										
Parks Acreage	422.20	421.60	421.60	414.00	403.50	403.50	403.50	403.50	396.00	378.00
Parks #	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.00	12.00
Swimming Pools	2.00	2.00	2.00	2.00	2.00	2.00	1.00	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	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water mains (miles)	127.00	126.00	126.00	129.00	123.00	123.00	123.00	122.00	121.00	120.00
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)	137.00	133.00	131.00	128.00	127.00	127.00	127.00	127.00	126.00	125.00
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 Sold in December 2015

(2) Administrative and Engineering Offices as of March 2012 and Council Chambers as of January 2013

Sources: Various City Departments



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

Honorable Members
of the City Council
City of Norfolk, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norfolk, Nebraska (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 28, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 28, 2018

City of Norfolk, Nebraska
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended September 30, 2017

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' reports issued:	Unmodified
Internal controls over financial reporting:	
• Material weaknesses identified:	None Reported
• Significant deficiencies identified:	None Reported
Noncompliance material to financial statements noted:	None Reported

II. FINDINGS—FINANCIAL STATEMENTS

None reported.

City of Norfolk, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2017

II. FINDINGS—FINANCIAL STATEMENTS

None reported