

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
of the
CITY OF NORFOLK, NEBRASKA



for the year ended
SEPTEMBER 30, 2013

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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**CITY
OF
NORFOLK
NEBRASKA**

for the year ended

September 30, 2013

CITY OF NORFOLK, NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2013*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 17, 2014

**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, 2013 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, 2013.

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, 2013, 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 unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

CITY PROFILE

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Each year City departments and divisions submit their budget requests in four service levels. The first level assumes a 1% increase in funding authorized in the prior year. The second level assumes a 2% increase. Both of these levels are reduced service levels since budgets must absorb inflation and growth to maintain service. The third level is a 3.5% increase over the prior year and is the maintenance level. This increase should approximately match growth and inflation over the long-term. The fourth level normally allows an increase of up to 6% and is the level the department or division head feels is ideal.

If expenditures grow at 3.5% to maintain service levels, revenues must also grow at 3.5%. However, the City's largest General Fund revenue source, sales tax, has not kept pace. Sales tax alone makes up about 40% of all General Fund revenues. Actual sales tax receipts for the City's original 1% sales tax have been up eight out of the last thirteen years and down the other five.

City sales tax collections have remained relatively flat since the fiscal year ended September 30, 2000. Actual receipts from the City's 1% sales tax were \$4,022,480 in the fiscal year ended September 30, 2000 and \$4,746,241 in the fiscal year ended September 30, 2013, an 18% increase over the last thirteen years.

An additional half-cent City sales tax authorized by voters in fiscal year 2002-2003 provided \$1 million of property tax relief with the balance for public safety expenditures. Original projections for this half-cent sales tax were prepared in May 2002. These projections also need to absorb inflation and growth at an assumed 3.5% rate. From May 2002 through fiscal year 2012-2013, receipts for the half-cent sales tax lagged the 3.5% growth rate by a cumulative \$3.5 million. Total City sales tax lagged behind the 3.5% annual growth rate by a cumulative \$13.2 million between 2001 and 2013.

In February 2013 the City was made aware by the Nebraska Department of Revenue that a business located outside the City limits paid use tax in error from January 1999 to December 2005. This resulted in a \$544,023 refund of sales tax, which was withheld from the City's May 2013 sales tax receipts. The refund amounted to 7.43% of fiscal year September 30, 2013 sales tax budget. Actual sales tax receipts for the fiscal year ending September 30, 2013 were down \$440,762 or 5.83% from the prior year. Without this refund, receipts for the fiscal year would have increased 1.4%.

Sales tax receipts for the first four months of fiscal year 2013-2014 show no improvement. Receipts are down 1.4% from the same period in 2012-2013 with two months of increased sales tax and two months of decreased sales tax, the largest single month decrease being \$42,845 or 6% and the largest single month increase being \$8,749 or 1.4%.

In January 2014 Tejas Tubular Products Inc., a Texas company, announced its plans to build a manufacturing plant in Norfolk that will create more than 200 jobs. The company makes piping and casing for both oil and gas transport and drilling. The company plans to start construction on a 350,000 square foot pipe mill manufacturing facility this spring. Completion of the facility and commencing operation is expected in the third quarter of 2015. The plant will be located in close proximity to Nucor steel mill, which will supply more than 150,000 tons of steel for products made at the plant. One of the roadblocks that needed to be overcome to bring Tejas Tubular Products to Norfolk was the shortage of natural gas supply in the area. After months of discussions, a plan materialized for Black Hills Energy to build a natural gas line from Bancroft to Norfolk. The new natural gas line will extend about 50 miles and connect to Northern Natural Gas Co.'s interstate pipeline, allowing the area to receive gas from multiple interstate pipelines and increase the area's supply of natural gas by more than 50 percent, a major step forward in easing Norfolk's natural gas accessibility issue. The Norfolk City Council agreed to commit \$3.6 million from the City's LB840 economic development program toward the new natural gas line. In addition, the State of Nebraska Department of Economic Development will invest \$1.4 million in the project and Tejas Tubular Products plans to apply for state incentives under the Nebraska Advantage Act.

Construction of a new College of Nursing facility at the Northeast Community College campus in Norfolk was completed and began operation the fall 2010 semester. Northeast Community College is cooperating with the University of Nebraska on the University of Nebraska Medical Center College of Nursing Northern Division in Norfolk in conjunction with Faith Regional Health Services. This Division serves northeast and north central Nebraska and helps alleviate a shortage of nurses that is expected to worsen with the growing regional demand for health services. The College completed a successful fundraising campaign for the facility raising about \$11.9 million. The City agreed to contribute \$1 million to the project by making quarterly payments of \$50,000 over a 5-year period. The last quarterly payment is due November 2014. These funds come from revenue previously committed to fund other organizations as these funding commitments have ended.

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

Construction has been completed on a new CVS pharmacy on the corner of 13th Street and Norfolk Ave. About 11 older houses were removed along the two streets to make way for the pharmacy. The pharmacy opened November 2013 and employs 20 to 30 people.

Covidien completed a \$6 million expansion project at its Norfolk facility, which manufactures syringes and other medical products. The 35,700 square feet addition will accommodate three product lines to be added as a result of the expansion. The expansion is expected to create 30 new jobs with a payroll exceeding \$1 million per year. The expansion is made possible through the combined efforts of state and local economic development officials.

Nucor is in the process of completing a \$70 million expansion of its operations in Norfolk. The expansion will include at least 10 additional hires, with more than half a million in additional payroll, and will allow for expanded production capacity at the bar mill. Norfolk Iron & Metal added a new temper mill, and added seven jobs to its payroll along with the mill.

Other economic indicators appear mainly positive. Norfolk's population increased from an estimated 24,248 in 2011 to an estimated 24,332 in 2012. Madison County's unemployment rate decreased .3% from 3.4% in December 2012 to 3.1% in December 2013 and area plants have been increasing production as the economy recovers. School enrollment increased from 4,110 in 2012 to 4,148 in 2013. The most recent assessed valuation which was released August 20, 2013, shows taxable property in Norfolk valued at \$1,203,121,457, a 1.13% increase from the prior year.

LONG-TERM FINANCIAL PLANNING

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 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 most recent CIP was approved at the May 20, 2013 council meeting.

In 2008 the City hired Black and Veatch to update the 2002 Water Master Plan and develop a Sewer Master Plan. The Council reviewed these plans and related rate studies at a Council Work Session on September 15, 2008. These rate studies projected sewer and water rate increases needed through fiscal year 2013. As a result, water rates increased 4% in November 2008 and 10% in October 2009. Sewer rates increased 15% in November 2008, 10% in October 2009, 7.5% in October 2010, 7% in October 2011, and 4% in October 2012.

SIGNIFICANT EVENTS

At the November 2010 general election voters approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-Ha-Zouka Park. The bonds were issued December 22, 2010 through a competitive

sale. To pay debt service on the bonds, the Council enacted a 2% occupation tax on prepared food and beverages, which includes all alcoholic beverages, and a 4% occupation tax on lodging effective February 1, 2011. Construction was completed on the football field with the first game played on the field in August 2011. The new swimming facilities opened in mid June 2012. As a result, the City hired 49 lifeguards, 17 swimmers aides, 8 cashiers, and 15 concession workers. The final improvements relating to the recreation project are currently under way. These improvements consist of an expansion to the youth baseball field complex at Ta-Ha-Zouka Park and are expected to be completed this spring.

The City hired an economic development director, economic development coordinator, and economic development property coordinator to administer the City's economic development program including the LB 840 economic development program approved by voters in May 2010. 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 businesses. This program authorizes collecting \$400,000 from property tax each year for ten years starting in 2010-2011 to be used for economic development. The first disbursement from the program occurred in December 2012 as a loan to Premier Senior Marketing as part of their expansion in Norfolk. The expansion resulted in more than 21 new jobs. The loan is 99% forgivable if certain conditions are met.

In May 2013 the City Council approved an LB 840 application from Petersen Ag Systems for up to \$60,000 of funding from the LB 840 program. Petersen Ag Systems is in the process of purchasing a building on the south side of Norfolk for their expansion. The building will undergo significant renovations. The expansion is expected to create between five and ten new jobs.

The City and Community Development Agency approved a Redevelopment Agreement in December 2012 which provides for using tax increment financing for infrastructure development and other costs in the redevelopment project area generally located on the southeast corner of 13th Street and Omaha Avenue. In 2013 the redeveloper constructed a 4,813 square foot commercial building which houses a Perkins restaurant. The building seats 176 people, with two smaller private gathering rooms. Extensive concrete parking and landscaping was done around the building. The restaurant opened in September 2013. The Redevelopment Agreement provides for a maximum of \$185,000 of tax increment financing bonds.

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, 2012. This was the twenty-fifth 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-one years, the most recent for the 2013-2014 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Sincerely,

CITY OF NORFOLK

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

Randy Gates, CPA
Finance Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk, Nebraska for its comprehensive annual financial report for the fiscal year ended September 30, 2012.

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

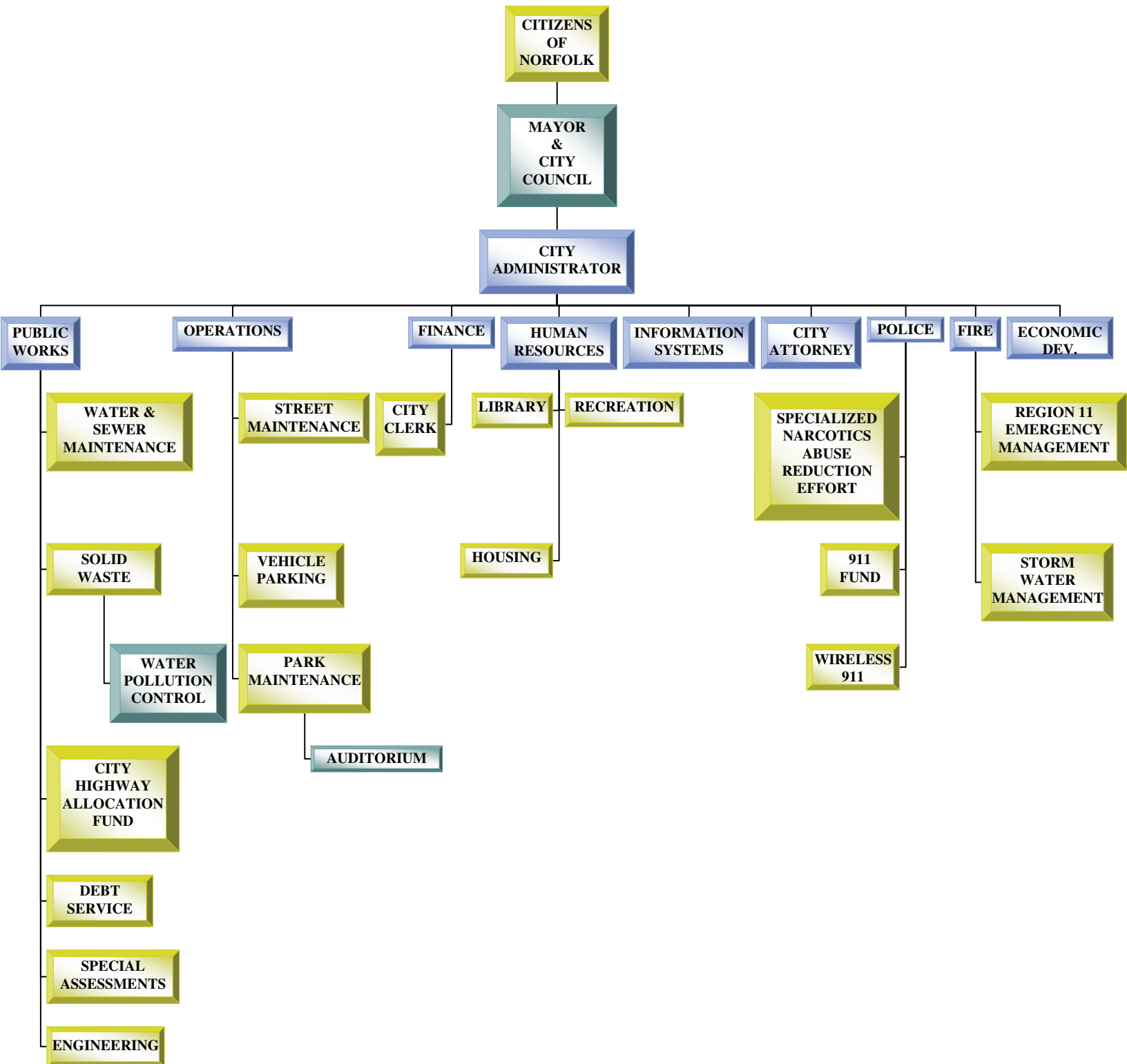
**City of Norfolk
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

**City of Norfolk, Nebraska
Organizational Char**



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2013

<u>Title</u>	<u>Name</u>
Mayor	Sue Fuchtman
Council Member	Joshua Moenning
Council Member	Dale Coy
Council Member	Dave Fauss
Council Member	Jim Lange
Council Member	Shane Clausen
Council Member	Dick Pfeil
Council Member	Rob Merrill
Council Member	Thad Murren
City Administrator	Shane Weidner
City Attorney	Clint Schukei
City Clerk	Elizabeth A. Deck
Director of Public Works	Dennis Smith
Finance Officer	Randy Gates
Fire Chief	Scott Cordes
Housing Director	Sheila Miller
Human Resources Director	Sheila Schukei
Information Systems Manager	Jim McKenzie
Library Director	Jessica Chamberlain
Operations Manager	Gary Miller
Park & Building Maintenance Superintendent	Pat Mrsny
Police Chief	William Mizner
Solid Waste Manager	Gary Lund
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, 2013, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, and schedule of funding progress, as shown in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Governmental Non-Major Funds Combining Financial Statements, Budget Schedules, Enterprise Fund Combining Departmental Financial Schedules, Fiduciary Fund Combining Financial Statements, and Statistical Section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Governmental Non-Major Funds Combining Financial Statements, Enterprise Fund Combining Departmental Financial Schedules, and Fiduciary Fund Combining Financial Statements were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, 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 LLC.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 17, 2014

Management Discussion and Analysis

September 30, 2013

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, 2013. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report.

Financial Highlights:

- The assets and deferred outflows of resources of the City of Norfolk exceeded liabilities at September 30, 2013, by \$105,070,781. Of this amount, \$23,300,930 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$3,850,292 during the year. Of this amount, the net position of Governmental Activities increased \$2,317,666 and the net position of Business Activities increased \$1,532,626.
- Bonds payable increased \$1,648,565. Outstanding revenue bonds total \$9,160,000, general obligation bonds \$18,945,782, and special assessment bonds \$1,535,000 backed by the City's full faith and credit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

In the Statement of Net Position and the Statement of Activities, we divided the City 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 in the same way that all activities are 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, 2013, net position was as follows:

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 26,302,124	\$ 25,578,114	\$ 16,288,058	\$ 11,337,810	\$ 42,590,182	\$ 36,915,924
Capital assets	58,883,110	59,168,778	38,012,022	37,935,657	96,895,132	97,104,435
Total assets	85,185,234	84,746,892	54,300,080	49,273,467	139,485,314	134,020,359
Deferred Loss on Refunding	11,724	14,655	38,583	48,229	50,307	62,884
Deferred Outflows of Resources	11,724	14,655	38,583	48,229	50,307	62,884
Long-Term Liabilities	22,261,523	23,648,015	9,443,600	6,356,950	31,705,123	30,004,965
Other liabilities	1,979,685	2,475,448	780,032	382,341	2,759,717	2,857,789
Total liabilities	24,241,208	26,123,463	10,223,632	6,739,291	34,464,840	32,862,754
Net Position:						
Net Investment in Capital Assets	38,561,536	37,538,073	33,609,113	33,789,528	72,170,649	71,327,601
Restricted	6,866,530	6,349,410	2,732,672	2,233,386	9,599,202	8,582,796
Unrestricted	15,527,684	14,750,601	7,773,246	6,559,491	23,300,930	21,310,092
Total net position	\$ 60,955,750	\$ 58,638,084	\$ 44,115,031	\$ 42,582,405	\$ 105,070,781	\$ 101,220,489

A portion of net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$23,300,930 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 \$1,990,838 increase in unrestricted net position. The increase in this net position category is primarily in the Business-Type Activities, which increased \$1,213,755. The Governmental Activities increased \$777,083. The increases are due to normal City operations during the year.

Total revenue reported in fiscal year 2013 was \$33,971,202. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

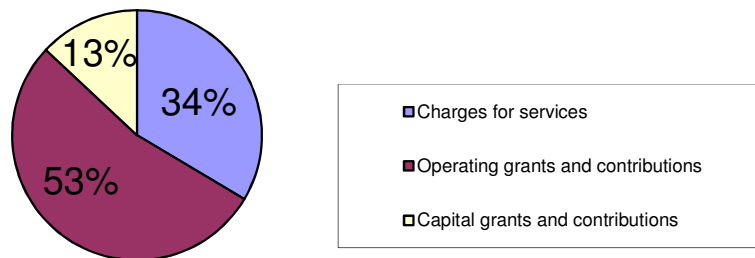
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 2,262,396	\$ 2,249,949	\$ 8,275,270	\$ 8,480,562	\$ 10,537,666	\$ 10,730,511
Operating grants and contributions	3,602,142	3,285,816	125,708	23,545	3,727,850	3,309,361
Capital grants and contributions	880,045	530,453	99,172	263,456	979,217	793,909
Total Program Revenues	6,744,583	6,066,218	8,500,150	8,767,563	15,244,733	14,833,781
General Revenues:						
Property taxes	3,117,062	3,129,497	-	-	3,117,062	3,129,497
Sales taxes	7,081,725	7,629,397	-	-	7,081,725	7,629,397
Other taxes	176,215	270,292	-	-	176,215	270,292
Occupation and franchise taxes	2,653,429	2,514,570	-	-	2,653,429	2,514,570
Interest	56,716	123,026	8,428	18,008	65,144	141,034
General intergovernmental revenues	394,575	124,392	-	-	394,575	124,392
Keno Revenues	547,095	494,447	-	-	547,095	494,447
Use of property	4,578,545	4,471,873	-	-	4,578,545	4,471,873
Revenue from Sale of Uncapitalized Property	55,625	14,162	-	-	55,625	14,162
Miscellaneous	57,054	32,379	-	-	57,054	32,379
Interfund Transfers	(66,125)	(158,646)	66,125	158,646	-	-
Total General Revenues and Transfers	18,651,916	18,645,389	74,553	176,654	18,726,469	18,822,043
Total Revenues	25,396,499	24,711,607	8,574,703	8,944,217	33,971,202	33,655,824
Expenses:						
General Government	1,851,020	2,434,380	-	-	1,851,020	2,434,380
Public Safety	8,750,908	8,507,028	-	-	8,750,908	8,507,028
Public Works	6,282,178	5,426,164	-	-	6,282,178	5,426,164
Public Library	1,308,791	1,258,780	-	-	1,308,791	1,258,780
Parks, Recreation and Public Property	3,012,478	2,176,083	-	-	3,012,478	2,176,083
Community Improvement and Development	1,199,963	825,295	-	-	1,199,963	825,295
Debt Service	673,495	699,623	-	-	673,495	699,623
Water System	-	-	2,448,790	2,078,473	2,448,790	2,078,473
Sewer System	-	-	2,999,679	2,709,764	2,999,679	2,709,764
Solid Waste	-	-	1,593,608	1,659,361	1,593,608	1,659,361
Total Expenses	23,078,833	21,327,353	7,042,077	6,447,598	30,120,910	27,774,951
Increase (Decrease) in Net Position	2,317,666	3,384,254	1,532,626	2,496,619	3,850,292	5,880,873
Net Position - Beginning	58,638,084	55,253,830	42,582,405	40,085,786	101,220,489	95,339,616
Net Position - Ending	\$ 60,955,750	\$ 58,638,084	\$ 44,115,031	\$ 42,582,405	\$ 105,070,781	\$ 101,220,489

Program revenues totaled \$15,244,733. \$8,500,150 was program revenues from Business-Type Activities and \$6,744,583 was program revenues from General Governmental Activities. Program revenues from Business-Type Activities decreased \$267,413 or 3% while program revenues from General Governmental Activities increased \$678,365 or 11%. The decrease in Business-Type Activities is primarily due to a \$205,292 decrease in charges for services. User charges in the Water Division decreased \$345,169. The summer of 2012 was an extremely dry summer, whereas the summer of 2013 was not as dry, causing a spike in last year's user charges. Partially offsetting this decrease is a \$181,795 increase in user charges in the Sewer Division due to a 4% rate increase effective October 1, 2012. The increase in General Governmental Activities is due to a \$349,592 increase in capital grants and contributions and a \$316,326 increase in operating grants and contributions. The increase in capital grants and contributions is primarily due to funding from the Norfolk Rural Fire District for the purchase of a rural pumper and a quick response fire truck. Also contributing to the increase is grants from the State Domestic Preparedness Equipment Support Program to fund the purchase of emergency management equipment. The increase in operating grants and contributions is primarily due to insurance proceeds of \$303,807 received after a hail storm significantly damaged park and recreation buildings.

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

Program Revenues General Governmental

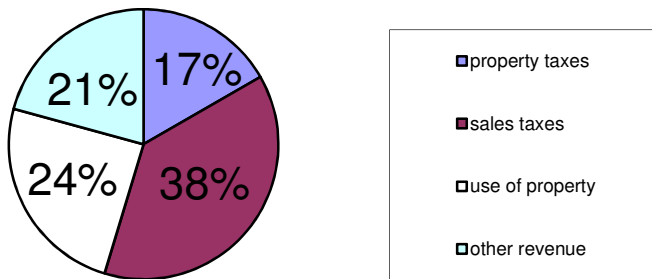


General revenues and transfers for Governmental Activities remained relatively the same as the prior year at \$18,651,916, increasing only \$6,527. The largest general revenue source is sales tax which, as discussed in the transmittal letter, decreased 5.8% from the prior year due to a \$544,023 refund to a business that paid use tax in error for seven years. The largest increase in general revenues is in intergovernmental revenues which went from \$124,392 in the prior year to \$394,575 in the current year, an increase of \$270,183. The increase is partially due to a change in Nebraska state statutes modifying the municipal equalization aid formula. In the past the City was not receiving any municipal equalization aid, but because of the change the City received aid this year. Use of property, the second largest general revenue source, increased \$106,672 or 2.4%. The

use of property revenue is primarily revenue from the Nebraska Public Power District (NPPD) lease. NPPD pays the City 12% of their revenues for use of the city-owned electrical distribution system. Effective January 1, 2013 NPPD increased their rates which resulted in increased revenue for the City. Normal increases in the majority of the remaining general revenue categories offset the \$544,023 refund of sales tax resulting in an overall \$6,527 or 0.04% increase in general revenues and transfers for Governmental Activities.

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

General Revenues General Governmental



Total expenses increased \$2,345,959 or 8.5% going from \$27,774,951 last year to \$30,120,910. Expenses in Governmental Activities increased \$1,751,480 or 8.2% and Business-Type Activities increased \$594,479 or 9.2%.

The biggest increase in expenses was in public works which went from \$5,426,164 last year to \$6,282,178 in the current year, an increase of \$856,014. This increase is partially from infrastructure projects in the City Highway Allocation Fund, including payments for Northeast Industrial Highway, where the infrastructure is controlled by another entity and is not recorded as assets of the City. Another factor of the increase is the purchase of equipment for the Street Division including a pay loader, dump truck, and motor grader.

The second largest increase in expenses was in parks, recreation and public property which went from \$2,176,083 last year to \$3,012,478 in the current year, an increase of \$836,395. The increase is primarily due to depreciation expense relating to the new recreation facilities. The majority of the City's \$16.4 million recreation project was completed and put into service in 2012. Fiscal year 2013 was the first full year of depreciation on these assets. As mentioned earlier, a hail storm significantly damaged park and recreation buildings. Repairs to fix the damage also caused an increase in park, recreation, and public property expense.

Community improvement and development increased \$374,668 while public safety increased \$243,880. The addition of two economic development employees in May 2012 and the increase in Community Development Block Grant expenditures resulted in an increase in community improvement and development. Public safety increased due to the purchase of enhanced 911 equipment for the Police Division and a rural pumper and quick response fire truck for the Fire Division.

The largest decrease in expenses was in general government which went from \$2,434,380 last year to \$1,851,020 in the current year, a decrease of \$583,360. This decrease is primarily due to a \$461,771 decrease in group benefit claims in the Internal Service Fund and the corresponding increase in operating results included in general government expense.

Expenses for Business-Type Activities increased \$594,479 going from \$6,447,598 last year to \$7,042,077 this year. Approximately 62% of the increase was in the Water Division which increased \$370,317. The increase is primarily due to an increase in repairs and maintenance for painting water storage tanks and an increase in general and administration for bond issuance costs and administration fees paid to the General Fund. Expenses in the Sewer Division increased \$311,703. The hail storm that damaged park and recreation buildings also damaged the grit loadout building at the water pollution control plant. This caused an increase in repairs and maintenance of about \$116,000. Also increasing in the Sewer Division were utility expenses due to an increase in electricity, and interest on bonds due to issuing new bonds in December 2012. Expenses in the Solid Waste Division decreased \$65,753. Less garbage was received in fiscal year 2013 resulting in less purchased services to haul away the garbage and fewer fees at the landfill.

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

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

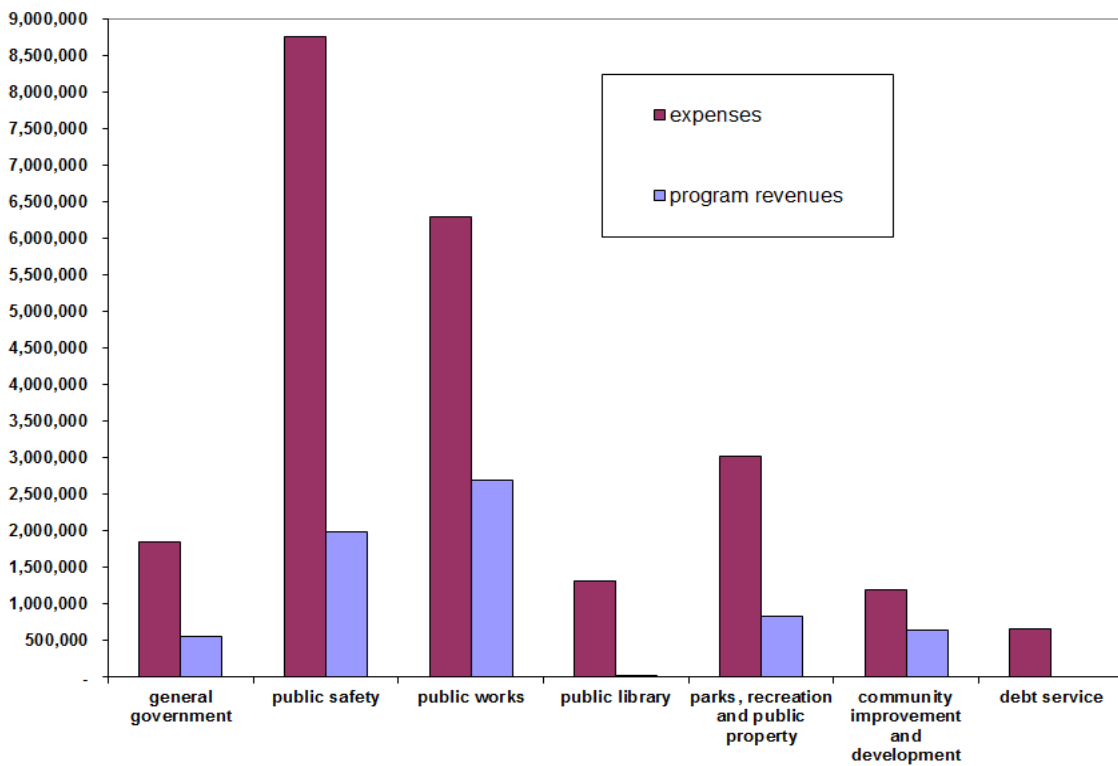
Governmental Activities

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

highlights the respective financial burden that each of the functions place on the taxpayers.

The following chart shows the relationship of program expense to program revenue for governmental activities in a graphical format. As would be expected, expenses exceed revenues for all governmental activities. For example, public safety had expenses of \$8,750,908 and total program revenues of only \$1,982,811 comprised of \$1,013,391 of charges for services, \$409,456 of operating grants and contributions, and \$559,964 of capital grants and contributions. The net cost of public safety was \$6,768,097 which must be funded by general revenues.

Expenses and Program Revenues - Governmental Activities



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

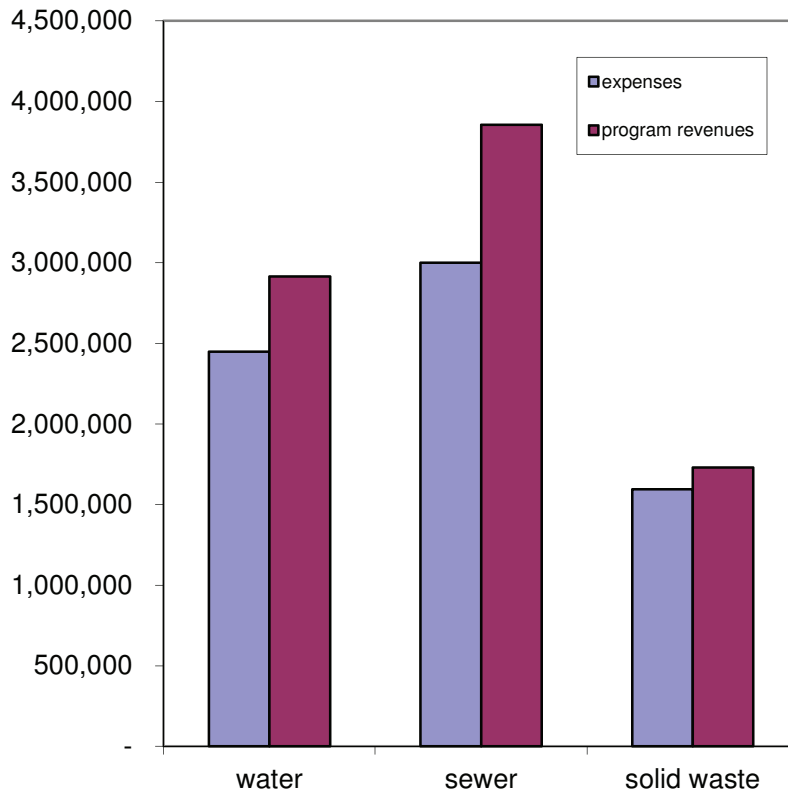
- General Government..... Fees
- Public Safety..... Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants
- Public Library..... Service Charges, Fees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

Business-Type Activities

Business-Type Activities net position increased \$1,532,626, accounting for 40% 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 \$466,255. Water rates are set to fund the City's Water Master Plan which includes about \$20 million of improvements through 2020. The last water rate increase was effective October 1, 2009. The last sewer rate increase was effective October 1, 2012 based on the Sewer Master Plan completed by Black & Veatch. This plan showed an increase was needed in sewer revenues to meet the existing cost of service and also to provide for sewer capital requirements including expansion of sewer service south of the Elkhorn River. In fiscal year 2013 Sewer Division revenues exceeded expenses by \$856,563 and Solid Waste Division revenues exceeded expenses by \$135,255.

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 \$18,037,018. The combined Governmental Fund balance increased \$674,001 from the prior year.

The primary increase in fund balance was in the Debt Service Fund which increased \$769,383. Of this increase approximately \$430,000 is occupation taxes. Occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2011 to pay debt service on a \$16.4 million bond issue to fund recreation facilities. The occupation tax receipts have been better than anticipated. The City is accumulating the occupation tax receipts until the bonds can be called in December 2015. At that time the City will pay a portion of the bonds with the accumulated occupation taxes. The remaining increase in fund balance is property taxes and special assessment collections to be used on future debt service.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General Fund by \$225,728 decreasing fund balance from \$7,722,704 last year to \$7,496,976 this year. As discussed in the transmittal letter, sales tax receipts decreased in fiscal year 2013 due to a \$544,023 sales tax refund to a business that paid use tax in error for seven years.

The only major special revenue fund, the Community Development Block Grant Fund, had a decrease in fund balance of \$11,140. The decrease is due to expending program income on housing rehabilitation.

One significant increase in fund balance is in the LB840 Economic Development Fund. Fund balance increased \$293,757 going from \$859,966 last year to \$1,153,723 in the current year. Voters approved an LB 840 economic development program in May 2010 which authorizes collecting \$400,000 from property tax for ten years. During the current year one disbursement was made to a business expanding their operations. The \$293,757 increase in fund balance is current year property tax and interest less the one disbursement made to the expanding business.

Five nonmajor special revenue funds had a decrease in fund balance. The decreases ranged from \$7,364 to \$106,560. The largest decrease was in the City Highway Allocation Fund due to Michigan Avenue street improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$18.1 million of revenue and \$20 million of expenditures resulting in a budgeted decrease in fund balance of \$1.9 million. Fund balance decreased only \$1,209 because revenues exceeded budget by \$.5 million and expenditures were under budget by \$1.4 million. This combined with beginning fund balance exceeding budget by \$1.1 million, resulted in an ending fund balance of about \$3 million more than budgeted.

The largest amount of revenues over budget was in charges for services which exceeded budget by \$308,457. At the time the budget was prepared, the new waterpark was not open for a full season and pool admissions were unknown. Pool admissions exceeded budget by \$130,547. Also part of charges for services was administration fees exceeding budget by \$81,103, which was primarily administration fees received from the City's enterprise funds. Taxes were \$208,603 under budget due to the sales tax refund to a business that paid use tax in error for seven years. Without this refund, sales tax receipts would have exceeded budget by \$341,683 or 4.7%. Most other revenue categories exceed budget since the City normally budgets conservatively. The only revenue category under budget, besides taxes, was interest, which was \$1,349 under budget.

Expenditures in all categories were under budget resulting in \$1,574,280 less expenditures than budgeted. Public safety had the largest amount of under budget expenditures followed by public works and then parks and recreation. The City always budgets conservatively and expenditures are normally under budget. Capital outlays are prioritized and lower priority items are often not purchased.

Transfers in were \$30,000 under budget due to a decrease in the amount transferred from the 911 Fund to the General Fund to reimburse a portion of dispatcher personnel costs. In the 911 Fund, revenues from the telecommunications occupation tax and 911 surcharge decreased resulting in less funds available to transfer to the General Fund. Transfers out exceeded budget by \$154,438. These were unbudgeted transfers from the General Fund to the Capital Projects Fund for unbudgeted Street Division capital outlay in the Capital Projects Fund and a transfer of Council Priority property tax remaining in the General Fund to be used for capital outlay.

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, 2013, was \$72,170,649 (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			
	2013	2012	2013	2012	2013	2012
Land	\$ 300,316	\$ 7,344	\$ -	\$ 929,032	\$ 300,316	\$ 936,376
Buildings and improvements	212,769	10,629,935	324,155	-	536,924	10,629,935
Water distribution and sewage system	-	-	89,596	691,806	89,596	691,806
Equipment, furniture and fixtures	1,406,142	1,732,144	361,359	195,242	1,767,501	1,927,386
Infrastructure	2,616,885	4,608,768	-	-	2,616,885	4,608,768
Construction in progress	1,157,799	11,418,223	837,625	694,257	1,995,424	12,112,480
Total Gross Additions	\$ 5,693,911	\$ 28,396,414	\$ 1,612,735	\$ 2,510,337	\$ 7,306,646	\$ 30,906,751

Gross additions to capital assets for Governmental Activities were \$5,693,911 compared to \$28,396,414 of additions in the prior year. The majority of prior year additions were from the large construction project at Veterans Memorial Park and Ta-Ha-Zouka Park to improve baseball, football, and swimming facilities. Of the \$28.4 million of prior year additions, approximately \$9.6 million was current year cost that was recorded in construction in progress before being reclassified to building and improvement additions. Significant additions in fiscal year 2013 include: 25th Street improvements, Michigan Avenue improvements, Street Division equipment, and Fire Division equipment.

Total gross additions to capital assets for Business-Type activities were \$1,612,735 compared to \$2,510,337 in the prior year. \$837,625 of the gross additions is construction in progress which is primarily construction on a water transmission line, sanitary sewer improvements, and work to replace SBR blowers. Other significant additions to capital assets include a household hazardous waste building and boom truck in the Solid Waste Division.

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

DEBT ADMINISTRATION

At year-end the City had \$29,640,782 of bonded debt outstanding, net of original issue discounts/premiums. This is an increase of \$1,648,565 from the prior year. During the year the City issued \$4,000,000 of combined utilities revenue bonds to fund waterworks and sanitary sewer improvements and equipment.

Moody's rated the City's general obligation bond issue dated December 22, 2010 Aa3. The ratio of general bonded debt to assessed real property value for the City has increased from .54% in 2004 to 1.54% currently due to the large bond issue in fiscal year 2010-2011. Total debt per capita was \$780.43 in 2004 compared to \$1,151.32 in 2012, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 2.59.

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

The City's sales tax collections have remained relatively flat since the fiscal year ended September 30, 2000. As explained more fully in the transmittal letter, if the City's expenditures grow at 3.5%, revenues must also grow at 3.5%. Sales tax receipts, which make up about 40% of General Fund revenues, have not kept pace. Fiscal year 2012-2013 sales tax receipts are down 5.83% primarily due to a sales tax refund to a business located outside the City limits that paid use tax in error for six years. Sales tax receipts for the first four months of fiscal year 2013-2014 are down 1.4% from the same period in 2012-2013 with two months of increased sales tax and two months of decreased sales tax.

In January 2014 Tejas Tubular Products Inc., a Texas company, announced its plans to build a manufacturing plant in Norfolk that will create more than 200 jobs. The company makes piping and casing for both oil and gas transport and drilling. The company plans to start construction on a 350,000 square foot pipe mill manufacturing facility this spring. Completion of the facility and commencing operation is expected in the third quarter of 2015. The plant will be located in close proximity to Nucor steel mill, which will supply more than 150,000 tons of steel for products made at the plant. One of the roadblocks that needed to be overcome to bring Tejas Tubular Products to Norfolk was the shortage of natural gas supply in the area. After months of discussions, a plan materialized for Black Hills Energy to build a natural gas line from Bancroft to Norfolk. The new natural gas line will extend about 50 miles and connect to Northern Natural Gas Co.'s interstate pipeline, allowing the area to receive gas from multiple interstate pipelines and increase the area's supply of natural gas by more than 50 percent, a major step forward in easing Norfolk's natural gas accessibility issue. The Norfolk City Council agreed to commit \$3.6 million from the City's LB840 economic development program toward the new natural gas line. In addition, the State of Nebraska Department of Economic Development will invest \$1.4 million in the project and Tejas Tubular Products plans to apply for state incentives under the Nebraska Advantage Act.

Construction of a new College of Nursing facility at Northeast Community College was completed and began operation the fall 2010 semester. The College completed a successful fundraising campaign for the facility raising about \$11.9 million and the City has agreed to contribute \$1 million to the project by making quarterly payments of \$50,000 for a five-year period. The last quarterly payment is due November 2014. Construction has been completed on a new CVS pharmacy on the corner of 13th Street and Norfolk Ave. The pharmacy opened November 2013 and employs 20 to 30 people. Covidien completed a \$6 million expansion project at its Norfolk facility, which manufactures syringes and other medical products. The 35,700 square feet addition will accommodate three product lines to be added as a result of the expansion. The expansion is expected to create 30 new jobs with a payroll exceeding \$1 million per year. Nucor is

in the process of completing a \$70 million expansion of its operations in Norfolk. The expansion will include at least 10 additional hires, with more than half a million in additional payroll, and will allow for expanded production capacity at the bar mill. Norfolk Iron & Metal added a new temper mill, and added seven jobs to its payroll along with the mill.

The City hired an economic development director, economic development coordinator, and economic development property coordinator to administer the City's economic development program including the LB 840 economic development program approved by voters in May 2010. 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 businesses. This program authorizes collecting \$400,000 from property tax each year for ten years starting in 2010-2011 to be used for economic development. In December 2012 the City loaned Premier Senior Marketing \$155,750 of the City's LB 840 economic development funds. Premier Senior Marketing's expansion resulted in more than 21 new jobs. Currently the City is working with Petersen Ag Systems to provide LB840 funds to aid in their expansion which is expected to create between five and ten new jobs.

The City and Community Development Agency approved a Redevelopment Agreement in December 2012 which provides for using tax increment financing for infrastructure development and other costs in the redevelopment project area generally located on the southeast corner of 13th Street and Omaha Avenue. In 2013 the redeveloper constructed a 4,813 square foot commercial building which houses a Perkins restaurant. The building seats 176 people, with two smaller private gathering rooms. Extensive concrete parking and landscaping was done around the building. The restaurant opened in September 2013. The Redevelopment Agreement provides for a maximum of \$185,000 of tax increment financing bonds.

At the November 2010 general election voters approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-Ha-Zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council enacted a 2% occupation tax on prepared food and beverages, which includes all alcoholic beverages, and a 4% occupation tax on lodging effective February 1, 2011. Construction has been completed on the football field with the first game played on the field in August 2011. The new swimming facilities opened in mid June 2012. As a result, the City hired 49 lifeguards, 17 swimmers aides, 8 cashiers, and 15 concession workers. The final improvements relating to the recreation project are currently under way. These improvements consist of an expansion to the youth baseball field complex at Ta-Ha-Zouka Park and are expected to be completed this spring.

An \$11 million project to create Northeast Industrial Highway is currently in progress. The first phase was completed in July 2012. The first phase links Highway 35 to Victory Road via the Ethanol Road. Construction on the next phase is currently in progress. This

phase constructs two more miles west to 1st Street, including bridges over the railroad and Victory Road. The last phase will be connecting 1st Street to US Highway 81. The roads will provide a solid means of transportation for trucks from the three industries in the area and greatly improve road safety. Funding is from: the City, the Madison County Railroad Transportation Safety District, Madison County, and Stanton County.

Economic indicators appear mainly positive. Norfolk's population increased from an estimated 24,248 in 2011 to an estimated 24,332 in 2012. Madison County's unemployment rate decreased .3% from 3.4% in December 2012 to 3.1% in December 2013 and area plants have been increasing production as the economy recovers. School enrollment increased from 4,110 in 2012 to 4,148 in 2013. The most recent assessed valuation which was released August 20, 2013, shows taxable property in Norfolk valued at \$1,203,121,457, a 1.13% increase from the prior year.

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, 2013

With Summarized Financial Information as of September 30, 2012

	Primary Government		Totals	
	Governmental	Business-Type		
	Activities	Activities	2013	2012
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 19,181,712	\$ 11,994,439	\$ 31,176,151	\$ 25,865,318
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	485,160	1,259,801	1,744,961	1,754,119
Taxes	1,633,499	-	1,633,499	1,597,279
Accrued Interest	8,204	6,642	14,846	13,177
Special Assessments	757,996	8,457	766,453	1,057,506
Notes Receivable	2,012,970	-	2,012,970	1,953,576
Due from Other Governmental Agencies	2,171,386	-	2,171,386	2,138,826
Inventories	42,281	223,104	265,385	263,718
Prepaid Assets	8,916	3,432	12,348	8,561
Restricted Assets:				
Cash and Cash Equivalents	-	2,792,183	2,792,183	2,263,844
Land	8,322,808	3,129,160	11,451,968	11,152,152
Construction in Progress	1,060,936	1,382,606	2,443,542	3,524,848
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	49,499,366	33,500,256	82,999,622	82,427,435
Total Assets	85,185,234	54,300,080	139,485,314	134,020,359
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	11,724	38,583	50,307	62,884
Total Deferred Outflows of Resources	11,724	38,583	50,307	62,884
LIABILITIES				
Accounts Payable	1,798,720	720,433	2,519,153	2,635,968
Unearned Revenue	19,508	88	19,596	23,417
Accrued Interest Payable	161,457	-	161,457	167,946
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	59,511	59,511	30,458
Revenue Bonds - Current	-	855,000	855,000	905,000
Noncurrent Liabilities:				
Due within one year:				
Notes Payable	-	-	-	23,809
General Obligation Bonds	1,235,000	-	1,235,000	1,220,000
Various Purpose Bonds	215,000	-	215,000	210,000
Compensated Absences and Benefits	820,685	127,383	948,068	938,666
Due in more than one year:				
Revenue Bonds Payable	-	8,305,000	8,305,000	5,160,000
General Obligation Bonds	17,710,782	-	17,710,782	18,962,217
Various Purpose Bonds	1,320,000	-	1,320,000	1,535,000
Compensated Absences and Benefits	960,056	156,217	1,116,273	1,050,273
Total Liabilities	24,241,208	10,223,632	34,464,840	32,862,754
NET POSITION				
Net Investment in Capital Assets	38,561,536	33,609,113	72,170,649	71,327,601
Restricted for:				
Debt Service	1,556,817	1,933,612	3,490,429	2,609,162
Future Capital Assets	-	799,060	799,060	741,870
Road Projects	2,655,276	-	2,655,276	2,761,835
Community Programs & Services	2,654,437	-	2,654,437	2,469,929
Unrestricted	15,527,684	7,773,246	23,300,930	21,310,092
Total Net Position	\$ 60,955,750	\$ 44,115,031	\$105,070,781	\$ 101,220,489

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

With Summarized Financial Information for the Year Ended September 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Capital	Governmental Activities	Business-Type Activities	Totals	
		Charges for Services	Grants and Contributions	Grants and Contributions			2013	2012
Primary Government:								
Governmental Activities:								
General Government	\$ 1,851,020	\$ 544,417	\$ 15,184	\$ -	\$ (1,291,419)		\$ (1,291,419)	\$ (1,950,232)
Public Safety	8,750,908	1,013,391	409,456	559,964	(6,768,097)		(6,768,097)	(6,988,707)
Public Works	6,282,178	113,369	2,329,269	249,468	(3,590,072)		(3,590,072)	(2,677,014)
Public Library	1,308,791	25,820	6,584	-	(1,276,387)		(1,276,387)	(1,225,241)
Parks, Recreation and Public Property	3,012,478	445,399	312,830	70,613	(2,183,636)		(2,183,636)	(1,493,663)
Community Improvement and Development	1,199,963	120,000	528,819	-	(551,144)		(551,144)	(226,657)
Debt Service	673,495	-	-	-	(673,495)		(673,495)	(699,623)
Total governmental activities	<u>23,078,833</u>	<u>2,262,396</u>	<u>3,602,142</u>	<u>880,045</u>	<u>(16,334,250)</u>		<u>(16,334,250)</u>	<u>(15,261,137)</u>
Business-Type Activities:								
Water Division	2,448,790	2,900,045	-	15,000		466,255	466,255	1,189,866
Sewer Division	2,999,679	3,740,332	100,910	15,000		856,563	856,563	1,017,238
Solid Waste Division	1,593,608	1,634,893	24,798	69,172		135,255	135,255	112,863
Total Business-Type Activities:	<u>7,042,077</u>	<u>8,275,270</u>	<u>125,708</u>	<u>99,172</u>		<u>1,458,073</u>	<u>1,458,073</u>	<u>2,319,967</u>
Total Primary Government	<u>\$ 30,120,910</u>	<u>\$ 10,537,666</u>	<u>\$ 3,727,850</u>	<u>\$ 979,217</u>	<u>(16,334,250)</u>	<u>1,458,073</u>	<u>(14,876,177)</u>	<u>(12,941,170)</u>
General Revenues:								
Property taxes					3,117,062	-	3,117,062	3,129,497
Sales Taxes					7,081,725	-	7,081,725	7,629,397
Other taxes					176,215	-	176,215	270,292
Occupation and Franchise Taxes					2,653,429	-	2,653,429	2,514,570
Interest					56,716	8,428	65,144	141,034
General Intergovernmental Revenues Unrestricted					394,575	-	394,575	124,392
Unrestricted Keno Revenue					547,095	-	547,095	494,447
Use of property					4,578,545	-	4,578,545	4,471,873
Revenue from Sale of Uncapitalized Property					55,625	-	55,625	14,162
Miscellaneous					57,054	-	57,054	32,379
Interfund Transfers					(66,125)	66,125	-	-
Total general revenues and transfers					<u>18,651,916</u>	<u>74,553</u>	<u>18,726,469</u>	<u>18,822,043</u>
Change in Net Position					2,317,666	1,532,626	3,850,292	5,880,873
Net Position - Beginning					<u>58,638,084</u>	<u>42,582,405</u>	<u>101,220,489</u>	<u>95,339,616</u>
Net Position - Ending					<u>\$ 60,955,750</u>	<u>\$ 44,115,031</u>	<u>\$ 105,070,781</u>	<u>\$ 101,220,489</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2013

	General	Community Development Block Grant	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Equity in Pooled Investment Account	\$ 4,612,587	\$ 90,525	\$ 3,152,261	\$ 7,029,535	\$ 14,884,908
Cash at County Treasurer	204,748	-	78,264	53,135	336,147
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	115,821	-	-	369,339	485,160
Taxes	1,423,904	-	188,597	20,998	1,633,499
Accrued Interest	2,070	41	1,416	2,898	6,425
Special Assessments	82,171	-	675,825	-	757,996
Notes Receivable	-	1,939,566	-	73,404	2,012,970
Due from Other Funds	1,903	-	-	-	1,903
Due from Other Governmental Agencies	1,492,181	166,474	-	512,731	2,171,386
Inventories	27,097	-	-	-	27,097
Prepaid Assets	-	-	-	8,916	8,916
Total Assets	<u>7,962,482</u>	<u>2,196,606</u>	<u>4,096,363</u>	<u>8,070,956</u>	<u>22,326,407</u>
Liabilities					
Accounts Payable	354,366	82,877	3,887	1,000,065	1,441,195
Due to Other Funds	-	-	-	1,903	1,903
Unearned Revenue	-	-	-	19,508	19,508
Total Liabilities	<u>354,366</u>	<u>82,877</u>	<u>3,887</u>	<u>1,021,476</u>	<u>1,462,606</u>
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	28,969	-	13,353	13,495	55,817
Unavailable Revenue-Loan Repayments	-	1,939,566	-	73,404	2,012,970
Unavailable Revenue-Special Assessments	82,171	-	675,825	-	757,996
Total Deferred Inflows of Resources	<u>111,140</u>	<u>1,939,566</u>	<u>689,178</u>	<u>86,899</u>	<u>2,826,783</u>
Fund Balances (Deficits)					
Non Spendable:					
Inventory	27,097	-	-	-	27,097
Prepaid Items	-	-	-	8,916	8,916
Restricted	38,785	174,163	1,718,274	5,244,248	7,175,470
Committed	141,536	-	1,685,024	288,033	2,114,593
Assigned	138,401	-	-	1,464,474	1,602,875
Unassigned	7,151,157	-	-	(43,090)	7,108,067
Total Fund Balances (Deficits)	<u>7,496,976</u>	<u>174,163</u>	<u>3,403,298</u>	<u>6,962,581</u>	<u>18,037,018</u>
Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 7,962,482</u>	<u>\$ 2,196,606</u>	<u>\$ 4,096,363</u>	<u>\$ 8,070,956</u>	<u>\$ 22,326,407</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, 2013

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

Total Fund Balance - Governmental Funds (page 33)	\$ 18,037,018
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	58,883,110
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net position.	3,604,911
Unavailable revenues that provide current financial resources for governmental activities	2,826,783
Donated land held for resale is not reported in the funds since a sales contract has not been established	15,184
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(161,457)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	11,724
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(22,261,523)</u>
Total Net Position - Governmental Activities (page 31)	<u><u>\$ 60,955,750</u></u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2013

	General	Community Development Block Grant	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes	\$ 8,992,468	\$ -	\$ 677,461	\$ 473,039	\$ 10,142,968
Special Assessments	64,458	-	224,758	-	289,216
Licenses and Permits	244,733	-	-	-	244,733
Intergovernmental Revenue	535,666	577,860	52,054	3,164,810	4,330,390
Charges for Services	1,865,085	-	-	-	1,865,085
Keno Revenue	547,095	-	-	-	547,095
Occupation and Franchise Taxes	736,253	-	1,627,918	289,258	2,653,429
Contributions	9,011	-	-	45,931	54,942
Payments in Lieu of Taxes	103,802	-	45,856	26,557	176,215
Parking Fees and Rentals	4,557,784	-	-	26,710	4,584,494
Loan Repayments	-	69,076	-	8,997	78,073
Interest	4,041	57	44,141	5,953	54,192
Miscellaneous	120,610	204	-	17,563	138,377
Total Revenue	17,781,006	647,197	2,672,188	4,058,818	25,159,209
Current Expenditures:					
Public Safety	8,217,965	-	-	920,122	9,138,087
Public Works	2,877,839	114,529	-	2,666,428	5,658,796
Public Library	1,288,130	-	-	-	1,288,130
Parks, Recreation and Public Property	1,918,707	-	34,964	708,243	2,661,914
Community Improvement and Development	448,466	519,998	-	353,879	1,322,343
General Government	2,520,488	-	109	23,160	2,543,757
Debt Service:					
Debt Service	-	23,810	2,084,532	22,520	2,130,862
Total Expenditures	17,271,595	658,337	2,119,605	4,694,352	24,743,889
Excess (Deficiency) of Revenues Over Expenditures	509,411	(11,140)	552,583	(635,534)	415,320
Other Financing Sources (Uses):					
Insurance Proceeds	4,262	-	-	303,807	308,069
Transfers In	700,000	-	216,800	1,356,154	2,272,954
Transfers Out	(1,439,401)	-	-	(882,941)	(2,322,342)
Total Other Financing Sources (Uses)	(735,139)	-	216,800	777,020	258,681
Net Change in Fund Balance	(225,728)	(11,140)	769,383	141,486	674,001
Fund Balances Beginning of Year	7,722,704	185,303	2,633,915	6,821,095	17,363,017
Fund Balances End of Year	\$ 7,496,976	\$ 174,163	\$ 3,403,298	\$ 6,962,581	\$ 18,037,018

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, 2013

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

Net change in fund balances - total governmental funds (page 35) \$ 674,001

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

Expenditures for capital assets	\$ 2,821,948	
Depreciation expense	<u>(3,100,517)</u>	(278,569)

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. (7,099)

Revenues reported in the funds that are not available to provide current financial resources (173,079)

Capital contributions reported in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. 15,184

Accrued interest expense that does not require current financial resources 6,489

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: (83,752)

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair, and replacement of the City's automotive equipment and are included in the statement of net position. The net revenue of the internal service funds is reported with governmental activities. 697,177

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 13,504

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: 1,453,810

Change in net position of governmental activities (page 32) \$ 2,317,666

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2013

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Combined Utilities</u>	<u>Internal Service</u>
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 11,994,439	\$ 3,960,657
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,259,801	-
Accrued Interest	6,642	1,779
Special Assessments	8,457	-
Restricted Cash		
Cash and Cash Equivalents	979,511	-
Inventories	223,104	-
Prepaid Assets	3,432	-
Total Current Assets	<u>14,475,386</u>	<u>3,962,436</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,812,672	-
Capital Assets:		
Land	3,129,160	-
Construction in Progress	1,382,606	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	33,500,256	-
Total Noncurrent Assets	<u>39,824,694</u>	<u>-</u>
Total Assets	<u>54,300,080</u>	<u>3,962,436</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	38,583	-
Total Deferred Outflows of Resources	<u>38,583</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	720,433	357,525
Accrued Wages and Compensated Absences	127,383	-
Unearned Revenue	88	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	59,511	-
Revenue Bonds - Current	855,000	-
Total Current Liabilities	<u>1,762,415</u>	<u>357,525</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	8,305,000	-
Compensated Absences and Benefits, Long-Term	156,217	-
Total Noncurrent Liabilities	<u>8,461,217</u>	<u>-</u>
Total Liabilities	<u>10,223,632</u>	<u>357,525</u>
NET POSITION		
Net Investment in Capital Assets	33,609,113	-
Restricted for:		
Debt Service	1,933,612	-
Future Capital Assets	799,060	-
Unrestricted	7,773,246	3,604,911
Total Net Position	<u>\$ 44,115,031</u>	<u>\$ 3,604,911</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, 2013

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 8,100,540	\$ 2,641,426
Intergovernmental Revenue	69,172	-
Miscellaneous Income	174,730	-
Total Operating Revenue	8,344,442	2,641,426
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,017,123	-
Purchased Services	948,890	-
General and Administration	733,771	1,946,774
Repairs and Maintenance	1,011,752	-
Utilities	812,757	-
Depreciation and Amortization	1,330,752	-
Total Operating Expenses	6,855,045	1,946,774
Operating Income	1,489,397	694,652
Non-Operating Income (Expense):		
Interest Income	9,530	2,525
Market Value (Loss)	(1,102)	-
(Loss) on Disposal of Capital Assets	(4,998)	-
Insurance Proceeds	125,708	-
Interest Expense	(182,034)	-
Interfund Transfer In	49,388	-
Total Non-Operating Income (Expenses)	(3,508)	2,525
Income before Contributions	1,485,889	697,177
Capital Contributions	46,737	-
Change in Net Position	1,532,626	697,177
Net Position - Beginning	42,582,405	2,907,734
Net Position - Ending	\$ 44,115,031	\$ 3,604,911

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2013

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,494,031	\$ 2,641,426
Cash Paid to Suppliers for Goods and Services	(3,169,018)	(1,924,379)
Cash Paid to Employees for Services	(2,025,473)	-
Net Cash Provided by Operating Activities	<u>3,299,540</u>	<u>717,047</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,335,679)	-
Proceeds of Grants	118,699	-
Proceeds from Sales of Capital Assets	130,708	-
Transfers In	49,389	-
Proceeds of Bond Sales	4,000,000	-
Principal Paid on Notes and Bonds	(905,000)	-
Interest Paid on Notes and Bonds	(152,981)	-
Net Cash Provided for Capital and Related Financing Activities	<u>1,905,136</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>13,120</u>	<u>1,086</u>
Net Increase in Cash and Cash Equivalents	5,217,796	718,133
Cash and Cash Equivalents at Beginning of Year	<u>9,568,826</u>	<u>3,242,524</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,786,622</u>	<u>\$ 3,960,657</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2013

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,489,397	\$ 694,652
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,330,752	-
Intergovernmental Revenue	(69,172)	-
(Increase) Decrease in Assets:		
Accounts Receivable	215,911	-
Special Assessments	2,764	-
Prepaid Assets	(3,432)	-
Inventories	(1,914)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	343,496	22,395
Accrued Compensated Absences	(8,350)	-
Unavailable Revenue	88	-
Total Adjustments	<u>1,810,143</u>	<u>22,395</u>
Net Cash Provided by Operating Activities	<u><u>3,299,540</u></u>	<u><u>717,047</u></u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>46,737</u>	-
Accounts Payable Exchanged for Capital Assets	<u><u>163,779</u></u>	<u><u>-</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	11,994,439	3,960,657
Restricted Cash - Current	979,511	-
Restricted Cash - Noncurrent	1,812,672	-
	<u><u>\$ 14,786,622</u></u>	<u><u>\$ 3,960,657</u></u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2013

	<u>Pension Trust Funds Employee Retirement Funds</u>	<u>Agency Fund Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 526,990
Cash at County Treasurer	-	350
Guaranteed Insurance Contracts Managed by Trustee	12,749,950	-
Open Ended Mutual Funds Managed by Trustee	<u>22,067,626</u>	<u>-</u>
Total Current Assets	<u>34,817,576</u>	<u>527,340</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	<u>-</u>	<u>527,340</u>
Total Current Liabilities	<u>-</u>	<u>527,340</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>\$ 34,817,576</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2013

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 732,467
Employee	820,597
	<hr/>
Total Contributions	1,553,064
	<hr/>
Investment Income:	
Interest, Dividends and Market Gain	3,687,039
	<hr/>
Total Additions	5,240,103
	<hr/>
DEDUCTIONS	
Pension Benefits	646,972
Contribution Refunds	374,929
Administrative Costs	5,445
	<hr/>
Total Deductions	1,027,346
	<hr/>
Net Increase	4,212,757
	<hr/>
Net Position -- Beginning of Period	30,604,819
	<hr/>
Net Position -- End of Period	\$ 34,817,576
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units

Community Development Agency (CDA)

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

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

City of Norfolk Facilities Corporation (NFC)

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

Joint Venture – Northeast Nebraska Solid Waste Coalition (NNSWC)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Norfolk Airport Authority

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

B. Basic Financial Statements-Government-Wide Statements

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

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

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

The City does not allocate indirect costs.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

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

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

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

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

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

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

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

E. Budgets

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

F. Assets, Liabilities and Fund Equity

1. Pooled Investment Account – The City maintains a commingled pool of cash and investments for all funds, except the Community Development Agency. This pool is under the management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the principal balance of this pooled investment account, which is recorded at cost. Interest income received is allocated to each fund based on its proportionate interest in the pool.
2. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2013, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

10. Accrued Compensated Absences - These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary fund types are accrued as liabilities on the government-wide statement for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental fund types because they do not represent amounts that are expected to be liquidated with expendable available financial resources. Other long term obligations are recognized as fund liability when amounts are due and payable rather than when amounts are expected to be liquidated with expendable available financial resources. A liability is recognized for that portion of accumulating sick leave benefits in which the employee becomes vested after twenty years of service. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2013. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Long-Term Obligations – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. Other long-term obligations (e.g. compensated absences, claims and judgments, etc.) are recognized as fund liabilities when amounts are due and payable. The remaining portion of such obligations is reported in the government-wide financial statement. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.
12. Net Position/Fund Balances The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

G. Landfill Closure Costs

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

H. Statement of Cash Flows

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

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

At September 30, 2013, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$16,129,656
Money Market Account (at cost)	11,838,678
Certificates of Deposit (Cost = Fair Value)	<u>6,000,000</u>
	<u>\$ 33,968,334</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S.

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

Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2013 and throughout the year, the City's bank deposits, including certificates of deposit, were entirely covered by federal deposit insurance or by collateral held in joint custody in the City's name at third party banks acting as the City's agent (in most cases Federal Reserve Banks). Certificates of deposit held by the City have maturities of November 8, 2013, December 4, 2013 and February 21, 2014.

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, 2013, \$12,749,950 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, 2013, amounted to \$22,067,626.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2013:

	Enterprise Fund
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 920,483
Revenue bond account	609,640
Operation and maintenance account	<u>463,000</u>
	1,993,123
 Pursuant to grant agreements:	
Improvement and extension account	<u>799,060</u>
	<u>\$2,792,183</u>

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

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

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

NOTE 3 – RECEIVABLES

Receivables at September 30, 2013, are net of allowance for uncollectibles. The allowance for uncollectibles in the general fund was \$228,000 at September 30, 2013.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2013, short-term interfund borrowings were as follows:

<u>Fund Due to</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Non-major Governmental Funds	<u>\$1,903</u>

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

As of September 30, 2013, there were no long-term advances.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,022,492	\$300,316	\$ -	\$ 8,322,808
Construction in Progress	2,775,100	1,157,799	2,871,963	1,060,936
Total capital assets not being depreciated	<u>10,797,592</u>	<u>1,458,115</u>	<u>2,871,963</u>	<u>9,383,744</u>
Capital assets being depreciated:				
Buildings and improvements	21,994,482	212,769	-	22,207,251
Equipment, furniture and fixtures	11,929,172	1,406,142	330,033	13,005,281
Infrastructure	44,744,550	2,616,885	-	47,361,435
Total capital assets being depreciated	<u>78,668,204</u>	<u>4,235,796</u>	<u>330,033</u>	<u>82,573,967</u>
Less: Accumulated Depreciation for:				
Buildings and improvements	5,441,035	739,452	9,150	6,171,337
Equipment, furniture and fixtures	7,918,106	739,022	313,784	8,343,344
Infrastructure	16,937,877	1,622,043	-	18,559,920
Total accumulated depreciation	<u>30,297,018</u>	<u>3,100,517</u>	<u>322,934</u>	<u>33,074,601</u>
Total capital assets being depreciated, net	<u>48,371,186</u>	<u>1,135,279</u>	<u>7,099</u>	<u>49,499,366</u>
Governmental activities capital assets, net	<u>\$ 59,168,778</u>	<u>\$2,593,394</u>	<u>\$ 2,879,062</u>	<u>\$ 58,883,110</u>

Construction in progress at September 30, 2013 for the governmental activities consisted of costs associated with Michigan Ave Improvements, TaHaZouka Park Improvements, Trail Projects, and Central Park Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,129,160	\$ -	\$ -	\$ 3,129,160
Construction in Progress	749,748	837,625	204,767	1,382,606
Total capital assets not being depreciated	3,878,908	837,625	204,767	4,511,766
Capital assets being depreciated:				
Water and pollution control plant	26,457,145	324,155	121,060	26,660,240
Water distribution and sewage system	26,710,523	89,596	-	26,800,119
Equipment	4,257,249	361,359	12,256	4,606,352
Total capital assets being depreciated	57,424,917	775,110	133,316	58,066,711
Less: Accumulated Depreciation for:				
Water and pollution control plant	16,443,277	821,770	112,307	17,152,740
Water distribution and sewage system	4,828,650	314,605	-	5,143,255
Equipment, furniture and fixtures	2,096,740	184,731	11,011	2,270,460
Total accumulated depreciation	23,368,667	1,321,106	123,318	24,566,455
Total capital assets being depreciated, net	34,056,250	(545,996)	9,998	33,500,256
Business-type activities capital assets, net	\$ 37,935,158	\$ 291,629	\$ 214,765	\$ 38,012,022

Construction in progress at September 30, 2013 consisted of costs associated with the Southwest Interceptor Routing Study, Southwest Water Transmission Line engineering & construction, Replace SBR Blowers, Grit DeWATERing system improvements, sewer reconstruction and Michigan Ave. sewer improvements.

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

Governmental Activities:	
General Government	\$ 144,905
Public Safety	469,006
Public Works	1,571,820
Parks, Recreation, and Public Property	837,664
Public Library	67,868
Community Improvement and Development	9,254
Total depreciation expense – governmental activities	<u>\$ 3,100,517</u>
Business-Type Activities:	
Solid Waste Management	\$ 79,859
Water	568,072
Sewer	673,175
Total depreciation expense – business-type activities	<u>\$ 1,321,106</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,322,808	\$ 3,129,160
Construction in Progress	1,060,936	1,382,606
Capital Assets (Net of Accumulated Depreciation)	49,499,366	33,500,256
Unspent Bond Proceeds for Capital Assets	147,484	4,718,508
Deferred Refunding on Early Retirement of Debt	11,724	38,583
Less: General Obligation Bonds Payable	18,945,782	-
Various Purpose Bonds Payable	1,535,000	-
Revenue Bonds Payable	-	9,160,000
	<u>\$ 38,561,536</u>	<u>\$ 33,609,113</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, 2013 were as follows:

	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assess- ment bonds) .95% to 5.30%, Various maturities through 2031	\$20,180,000	\$ -	\$1,220,000	\$18,960,000	\$ 1,235,000
Bond Issuance Premium/Discount	2,217	-	16,435	(14,218)	-
Total General Obligation Bonds	20,182,217	-	1,236,435	18,945,782	1,235,000
Special assessment bonds, with City commitment, .50% to 3.70%, various maturities through 2022	1,745,000	-	210,000	1,535,000	215,000
Note Payable	23,809	-	23,809	-	-
Accrued compensated absences	1,696,989	894,412	810,660	1,780,741	820,685
Total Governmental Activities	<u>\$23,648,015</u>	<u>\$894,412</u>	<u>\$2,280,904</u>	<u>\$22,261,523</u>	<u>\$2,270,685</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

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

Business Type Activities:	Balance October 1, 2012	Additions	Retirements	Balance September 30, 2013	Due Within One Year
Revenue Bonds, .60% to 4.05%, various maturities through 2033	\$ 6,065,000	\$4,000,000	\$905,000	\$9,160,000	\$855,000
Accrued Compensated absences	291,950	119,736	128,086	283,600	127,383
Total Business Type Activities	6,356,950	4,119,736	1,033,086	9,443,600	982,383
Grand Total	\$30,004,965	\$5,014,148	\$3,313,990	\$31,705,123	\$3,253,068

Annual debt service requirements as of September 30, 2013 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
2014	\$1,235,000	\$ 609,333	\$ 215,000	\$ 40,676	\$ 855,000	\$ 200,524
2015	1,165,000	586,240	220,000	36,031	865,000	192,357
2016	1,190,000	562,790	225,000	30,838	845,000	181,280
2017	1,150,000	535,268	235,000	25,100	895,000	167,893
2018	840,000	505,613	240,000	18,495	290,000	159,034
2019	865,000	482,397	245,000	11,125	290,000	717,645
2020	885,000	456,212	50,000	3,135	300,000	150,216
2021	910,000	428,642	50,000	2,235	305,000	144,421
2022	935,000	398,842	55,000	1,210	310,000	137,730
2023	940,000	366,990	-	-	320,000	130,224
2024	980,000	333,776	-	-	330,000	121,903
2025	1,010,000	297,626	-	-	340,000	112,624
2026	1,045,000	259,151	-	-	340,000	102,611
2027	1,085,000	217,751	-	-	355,000	91,911
2028	1,125,000	173,501	-	-	365,000	80,430
2029	1,170,000	127,409	-	-	380,000	68,173
2030	1,190,000	79,361	-	-	390,000	55,115
2031	1,240,000	28,835	-	-	400,000	41,313
2032	-	-	-	-	565,000	24,252
2033	-	-	-	-	420,000	7,140
	\$18,960,000	6,449,737	\$ 1,535,000	\$ 168,845	\$9,160,000	\$2,324,205

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

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. On December 20, 2012 the City issued \$4 million of combined Utilities Revenue Bonds for waterworks, and sanitary sewer systems improvements. The City has pledged future utility customer revenues to repay \$9.2 million in various Water, Sewer, and Solid Waste bonds issued in July 2011, December 2011, January 2012 & December 2012. The bonds are paid solely from utility revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 13% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$11,484,205. Principal and interest for the current year, excluding refunded principal, and total customer net revenues were \$1,087,034 and \$2,820,149, respectively.

The City has pledged a portion of future sales tax revenues to repay \$700,000 in revenue bonds issued in October 2003 to finance the construction of the 2nd fire station including equipment and continued staffing. The bonds are paid solely from the half cent sales tax revenues and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 2% of net revenues. The total principal and interest remaining to be paid on the bonds is \$81,720. Principal and interest paid for the current year and total sales tax revenues were \$85,120 and \$7,081,725, respectively.

On November 2, 2010 the voters of City of Norfolk approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council passed an ordinance on November 15, 2010 to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011. The total principal and interest remaining to be paid on the bonds is \$20,767,932. Principal and interest paid for the current year and total occupation tax revenues were \$1,189,659 and \$1,627,918 respectively.

The City of Norfolk Facilities Corporation (NFC) issued \$1,900,000 of building bonds on September 30, 2011 to purchase a building to be used as the City administration office. The City has entered into a Lease Purchase Agreement with the NFC. The terms of the agreement require the City to make lease payments to the NFC in an amount equal to debt service on the bonds until September 15, 2031, the date of final maturity of the bonds. Upon final payment of all lease-purchase obligations the building will be conveyed to the City. Principal and interest paid for the current year is \$131,680.

NOTE 7 – CONDUIT DEBT

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 8 – TRANSFERS

The following is a summary of transfers between funds:

	Transfer in:					Total
	Governmental Funds			Enterprise Funds		
Transfer out:	General	Debt Service	Nonmajor Governmental	Water	Solid Waste	
General	-	216,800	1,216,072	-	6,529	1,439,401
Nonmajor Governmental	700,000	-	140,082	42,859	-	882,941
Total	700,000	216,800	1,356,154	42,859	6,529	2,322,342

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, 2013

NOTE 9 – NET POSITION/FUND BALANCES

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

	General	Community Development Block Grant	Debt Service	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ 27,097	\$ -	\$ -	\$ -	\$ 27,097
Prepaid Items	-	-	-	8,916	8,916
Restricted For:					
Public Works	-	-	-	2,910,224	2,910,224
Public Safety	29,970	-	-	552,610	582,580
Parks & Recreation	8,815	-	-	170,800	179,615
Comm Impr & Dev	-	174,163	-	1,610,614	1,784,777
Debt Service	-	-	1,718,274	-	1,718,274
Committed For:					
Parks & Recreation	141,536	-	-	288,033	431,591
Debt Service	-	-	1,685,024	-	1,685,024
Assigned to:					
Public Works	32,410	-	-	-	32,410
Public Safety	76,565	-	-	-	76,565
Parks & Recreation	2,022	-	-	-	2,022
General Govt.	27,404	-	-	-	27,404
Capital Outlay	-	-	-	1,464,474	1,464,474
Unassigned	7,151,157	-	-	(43,090)	7,108,067
Total	\$ 7,496,976	\$ 174,163	\$ 3,403,298	\$ 6,962,581	\$ 18,037,018

Significant encumbrances as of September 30, 2013 were Public Works \$32,410, Public Safety \$76,565, Parks & Recreation \$2,022 and General Government \$27,404 all in the General Fund.

NOTE 10 - EMPLOYEE PENSION PLANS

The City has three single-employer retirement systems covering City employees. The City and covered employees make contributions to these retirement plans. The total payroll for all employees during the period ended September 30, 2013 was \$11,178,712 of which \$10,232,445 related to employees covered by one of these three retirement systems. Forfeitures of non-vested employer contributions are used to pay for administrative costs. If forfeitures are insufficient, costs are financed through investment earnings.

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. 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.

The financial statements are prepared using the accrual basis of accounting. Plan member

NOTE 10 - EMPLOYEE PENSION PLANS (CONTINUED)

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 accordance with the terms of each plan.

Civilian Employee Retirement System

The City of Norfolk's Civilian Employee Retirement System is a defined contribution plan, which covers substantially all regular employees working greater than 1,000 hours per year. Plan provisions, including contribution requirements, are established and amended by City ordinances. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. The City contributes an amount up to 6% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employer contributions to this plan totaled \$349,513, and employee contributions totaled \$585,007.

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

Vested terminated employees	23
Active Employees:	
Non-vested	12
Partially vested	21
Fully vested	<u>104</u>
Total membership	<u>160</u>

Police and Firemen's Retirement Systems

The Police Retirement System, a single employer defined benefit plan, covers all regular uniformed employees of the Norfolk Police Division, as required by State statutes and City ordinances. Effective January 1, 1984, the plan was changed from a defined benefit plan to a defined contribution plan in which the City matches employee contributions, up to 6% of compensation. State statutes require that beginning October 1, 2013 until October 1, 2015, police officers contribute 6 ½ % of compensation to the plan and then 7% of compensation after October 1, 2015. The Firemen's Retirement System, a single employer defined benefit plan, covers all regular uniformed employees of the Norfolk Fire Division, as required by State statutes and City ordinances. The Firemen's Retirement Plan was also changed, effective January 1, 1984, from a defined benefit plan to a defined contribution plan in which the City contributes twice the employees' contribution, which is 6 1/2% of base pay.

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

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

	<u>Police Retirement System</u>	<u>Firemen's Retirement System</u>	<u>Total</u>
Current covered employees:			
Non-vested	2	7	9
Partially vested	13	4	17
Fully vested	24	25	49
	<u>39</u>	<u>36</u>	<u>75</u>
Retirees and beneficiaries currently			
Receiving benefits from the plan	-	8	8
Terminated employees entitled to, But not yet receiving benefits	<u>15</u>	<u>5</u>	<u>20</u>
Total active and inactive participants	<u><u>54</u></u>	<u><u>49</u></u>	<u><u>103</u></u>

Schedule of Employer Contributions

Fiscal Year Ended	<u>Fire</u>		<u>Police</u>	
	Annual Required	Percentage	Annual Required	Percentage
	Contribution	Contributed	Contribution	Contributed
2005	189,027	100%	120,520	100%
2006	156,272	100%	150,327	100%
2007	179,655	100%	108,094	100%
2008	178,605	100%	126,798	100%
2009	199,195	100%	112,957	100%
2010	209,851	100%	117,965	100%
2011	237,709	100%	123,169	100%
2012	236,834	100%	159,630	100%
2013	255,135	100%	127,535	100%

Funding Progress: The funded status of the plan as of September 30, 2013 was as following:

	<u>Fire</u>	<u>Police</u>
Actuarial Accrued Liability (AAL)	\$7,202,533	\$7,331,218
Actuarial Value of Assets	\$7,202,533	\$7,331,218
Unfunded Actuarial Accrued Liability (UAAL)	\$ -	\$ -
Funded Ratio	100%	100%
Covered Payroll	\$1,658,004	\$2,130,319
UAAL as a Percentage of Covered Payroll	0.00%	0.00%

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial valuations of the Police and Firemen's Retirement Plans are performed annually, with the most recent as of October 1, 2012. 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 Frozen Entry Age Normal 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. These contributions are recognized as expenses when made. 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. Publicly issued financial reports are not available for any of the pension plans.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The City has received financial assistance from federal, state and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and the Single Audit Act, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds, however, such disallowed claims, if any, are not expected to have a materially adverse effect on the City's financial position at September 30, 2013.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$1,222,025. \$353,947 will be paid from the City Highway Allocation Fund, \$254,394 will be paid from Capital Construction Fund and \$613,684 will be paid out of Special Assessment Fund. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$4,982,225. \$3,079,703 will be paid by the Water Division and \$1,902,547 will be paid by the Sewer Division.

The City of Norfolk passed a resolution on May 5, 2008 to make quarterly payments in the amount of \$50,000 each over a 5 year period to Northeast Community College Foundation declaring its intent to support the College of Nursing Northern Division Capital Campaign. The commitment will be paid from the revenue generated from the leasing of the City's electrical distribution system to NPPD after September 30, 2009. As of September 30, 2013 the City has paid \$750,000 towards the College of Nursing Northern Division Capital Campaign.

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In March 2010 the City entered into an Interlocal Agreement with Madison County, Stanton County and Madison County Railroad Transportation Safety to construct a road on new alignment which will connect US Hwy 81 and Nebraska State Highway 35 and said road will be known as Northeast Industrial Highway. The construction has been divided into three phases. The estimated cost of the project is \$11,151,539 and the City agrees to pay \$3,000,000 for its share of the projects. As of September 30, 2013 \$907,938 is left to be paid.

On August 5, 2013 the City entered into an agreement with Bellefeuil, Szur & Associates for software licensing, conversion services, program customization, implementation, and training for a new integrated municipal financial management system at a cost of \$182,546. Implementation of the new software will take place in March 2014.

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

NOTE 12 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

A. The following fund had a deficit balance as of September 30, 2013:

Capital Project Fund	Special Assessment	(\$43,090)
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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 \$91,075,053.

The City carries a blanket limit of 91 million.

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:

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF NET POSTION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Assets:				
Current assets	\$ 6,838,338	\$ 7,153,741	\$ 483,307	\$ 14,475,386
Restricted assets	277,395	1,467,793	67,484	1,812,672
Capital assets	24,216,746	12,624,834	1,170,442	38,012,022
Total assets	<u>31,332,479</u>	<u>21,246,368</u>	<u>1,721,233</u>	<u>54,300,080</u>
Deferred outflows of resources:	-	38,583	-	38,583
Liabilities:				
Current liabilities	383,587	1,219,671	159,157	1,762,415
Noncurrent liabilities	2,445,294	5,952,770	63,153	8,461,217
Total liabilities	<u>2,828,881</u>	<u>7,172,441</u>	<u>222,310</u>	<u>10,223,632</u>
Net position:				
Net Investment in Capital Assets	23,466,140	9,002,531	1,140,442	33,609,113
Restricted	407,395	2,178,793	146,484	2,732,672
Unrestricted	4,630,063	2,931,186	211,997	7,773,246
Total net position	<u>\$28,503,598</u>	<u>\$14,112,510</u>	<u>\$ 1,498,923</u>	<u>\$44,115,031</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$2,900,045	\$3,740,332	\$1,704,065	\$ 8,344,442
Depreciation and amortization	568,072	682,821	79,859	1,330,752
Other operating expenses	1,835,392	2,176,366	1,512,535	5,524,293
Operating income	<u>496,581</u>	<u>881,145</u>	<u>111,671</u>	<u>1,489,397</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(45,216)	(136,021)	(797)	(182,034)
Interest income	4,420	6,115	(1,005)	9,530
Insurance Proceeds	-	100,910	24,798	125,708
Market Value (loss)	-	(1,102)	-	(1,102)
Interfund transfers in	-	42,859	6,529	49,388
(Loss) on disposal of Capital Assets	(110)	(4,471)	(417)	(4,998)
Contributions	15,000	31,737	-	46,737
Change in net position	470,675	921,172	140,779	1,532,626
Beginning net position	<u>28,032,923</u>	<u>13,191,338</u>	<u>1,358,144</u>	<u>42,582,405</u>
Ending net position	<u>\$28,503,598</u>	<u>\$14,112,510</u>	<u>\$1,498,923</u>	<u>\$44,115,031</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 12- INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Net cash provided (used) by:				
Operating activities	\$1,306,630	\$1,886,306	\$106,604	\$ 3,299,540
Capital and related financing activities	1,749,111	496,541	(340,516)	1,905,136
Investing activities	1,917	12,308	(1,105)	13,120
Net increase (decrease)	3,057,658	2,395,155	(235,017)	5,217,796
Beginning cash and cash equivalents	3,278,966	5,694,759	595,101	9,568,826
Ending cash and cash equivalents	<u>\$6,336,624</u>	<u>\$8,089,914</u>	<u>\$360,084</u>	<u>\$14,786,622</u>

Individual Fund Information for the Employee Retirement Funds follows:

COMBINING STATEMENT OF NET POSITION

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$2,679,279	\$3,048,367	\$7,022,304	\$12,749,950
Open Ended Mutual Funds	4,523,254	4,282,851	13,261,521	22,067,626
Total Assets	<u>7,202,533</u>	<u>7,331,218</u>	<u>20,283,825</u>	<u>34,817,576</u>
NET POSITION				
Held in Trust for Pension Benefits	7,202,533	7,331,218	20,283,825	34,817,576
Total Net Position	<u>\$7,202,533</u>	<u>\$7,331,218</u>	<u>\$20,283,825</u>	<u>\$34,817,576</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

COMBINING STATEMENT OF CHANGES IN NET POSITION

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 255,135	\$ 127,819	\$ 349,513	\$ 732,467
Employee	<u>107,771</u>	<u>127,819</u>	<u>585,007</u>	<u>820,597</u>
Total Contributions	<u>362,906</u>	<u>255,638</u>	<u>934,520</u>	<u>1,553,064</u>
Investment Income:				
Interest, Dividends and Market Gains	<u>782,319</u>	<u>719,002</u>	<u>2,185,718</u>	<u>3,687,039</u>
Total Additions	<u>1,145,225</u>	<u>974,640</u>	<u>3,120,238</u>	<u>5,240,103</u>
DEDUCTIONS				
Pension Benefits	453,587	14,400	178,985	646,972
Administration	1,246	1,837	2,362	5,445
Contribution Refunds	<u>130,552</u>	<u>115,912</u>	<u>128,465</u>	<u>374,929</u>
Total Deductions	<u>585,385</u>	<u>132,149</u>	<u>309,812</u>	<u>1,027,346</u>
Change in Net Position	559,840	842,491	2,810,426	4,212,757
Net Position-Beginning of Period	<u>6,642,693</u>	<u>6,488,727</u>	<u>17,473,399</u>	<u>30,604,819</u>
Net Position-End of Period	<u><u>\$7,202,533</u></u>	<u><u>\$7,331,218</u></u>	<u><u>\$20,283,825</u></u>	<u><u>\$34,817,576</u></u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and group health and dental claims. Through an interlocal agreement, the City participates in the League Association of Risk Management (LARM) a public entity risk pool formed under the Intergovernmental Risk Management Act, *Neb. Rev. Stat. Sections 44-4301 et seq*, to cover the risk of loss except for health and dental coverage, which is self-insured. The City pays an annual premium contribution to LARM for its insurance coverage membership in the self-insurance pool. LARM purchases reinsurance through commercial companies for claims in excess of \$100,000 per occurrence and \$350,000 in annual aggregate for property, or in excess of \$300,000 per single loss for liability. Workers Compensation reinsurance covers claims in excess of \$750,000 for a single loss or an annual aggregate losses of \$5 million. The retentions meet the actuarially determined requirements of reducing the risk assessments over premiums. The policy period is October 1, 2012 to September 30, 2013. 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 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, 2013 claims liability of \$327,109 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, 2013 and the year ending September 30, 2012 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2012	\$337,677	\$2,112,324	\$2,152,219	\$297,782
2013	\$297,782	\$1,722,875	\$1,693,548	\$327,109

NOTE 14 – RELATED PARTY TRANSACTIONS

As discussed in Note 1. A., the City, along with twenty-four other cities and counties in Northeast Nebraska, created the Northeast Nebraska Solid Waste Coalition (NNSWC). Waste from the City's transfer station is taken to the NNSWC. During the year, the City paid the NNSWC \$698,039 in garbage fees and at September 30, 2013, \$61,240 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$37,611 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$4,451 for NNSWC expenses paid by the City and at September 30, 2013, \$3,926 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 \$120,000 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$13,133 was received from the Housing Agency. At September 30, 2013, \$10,945 was due from the Housing Agency.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2013

NOTE 15 – ADJUSTMENTS DUE TO CHANGE IN ACCOUNTING PRINCIPLE

On October 1, 2012 the City adopted GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. As a result of implementation, certain assets and liabilities have been reclassified to deferred inflows and outflows of resources. Deferred losses on bond refundings have been reclassified from the long-term debt liabilities to a deferred outflow of resources. Additionally, the term “net assets” has been replaced with the term “net position.”

On October 1, 2012 the City adopted GASB 65, Items Previously Reported as Assets and Liabilities. The pronouncement requires bond issuance costs to be reported as an expense in the period incurred. For comparative purposes, the City restated the presentation of the September 30, 2012 year ended financial statement. The effect of this restatement is:

	<u>September 30, 2012</u> <u>as Previously Stated</u>	<u>Change in</u> <u>Accounting Principle</u>	<u>September 30, 2012</u> <u>As Restated</u>
<u>Governmental Activities:</u>			
Bond issuance costs, net of accumulated amortization	\$ 242,680	\$ (242,680)	\$ -
Net (Expense) Revenue:			
General Government	(1,951,630)	1,398	(1,950,232)
Public Safety	(6,990,322)	1,615	(6,988,707)
Public Works	(2,677,380)	366	(2,677,014)
Parks, Recreation and Public Property	(1,502,726)	9,063	(1,493,663)
Net assets/position	58,880,765	(242,681)	58,638,084
<u>Business Type Activities:</u>			
Bond issuance costs, net of accumulated amortization	79,252	(79,252)	-
Net (Expense) Revenue:			
Water	1,197,434	(7,568)	1,189,866
Sewer	1,039,026	(21,788)	1,017,238
Net assets/position	42,661,657	(79,252)	42,582,405

NOTE 16 – SUBSEQUENT EVENT

On February 25, 2014 the City called Series 2008 General Obligation Off-Street Parking Bonds in the amount of \$250,000 and issued refunding Bonds in the amount of \$260,000. The refunding of these General Obligation Bonds should reduce debt service payments over the next 15 years by \$37,756 and reduce interest rates from 3.5% to 5.3% with rates of 0.30% to 3.75%.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
 Required Supplementary Information Funding Progress
 September 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date(1) Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Fire						
2005	5,012,780	5,012,780	-	100.0%	1,304,663	0.00%
2006	5,205,751	5,205,751	-	100.0%	1,335,544	0.00%
2007	5,836,535	5,836,535	-	100.0%	1,380,975	0.00%
2008	5,404,516	5,404,516	-	100.0%	1,418,670	0.00%
2009	5,764,455	5,764,455	-	100.0%	1,532,259	0.00%
2010	6,473,699	6,473,699	-	100.0%	1,614,224	0.00%
2011	6,361,945	6,361,945	-	100.0%	1,685,413	0.00%
2012	6,642,693	6,642,693	-	100.0%	1,618,850	0.00%
2013	7,202,533	7,202,533	-	100.0%	1,658,004	0.00%
Police						
2005	4,178,798	4,178,798	-	100.0%	1,867,048	0.00%
2006	4,572,173	4,572,173	-	100.0%	1,845,749	0.00%
2007	5,048,089	5,048,089	-	100.0%	1,787,394	0.00%
2008	4,812,827	4,812,827	-	100.0%	1,878,457	0.00%
2009	4,982,489	4,982,489	-	100.0%	1,882,616	0.00%
2010	5,562,521	5,562,521	-	100.0%	1,966,089	0.00%
2011	5,502,858	5,502,858	-	100.0%	2,052,810	0.00%
2012	6,488,727	6,488,727	-	100.0%	2,032,175	0.00%
2013	7,331,218	7,331,218	-	100.0%	2,130,319	0.00%

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND AND MAJOR SPECIAL REVENUE FUND - BUDGETARY BASIS
For the Year Ended September 30, 2013

	General Fund			Community Development Block Grant Fund		
	Budgeted	Actual	Variance with	Budgeted	Actual	Variance with
	Original & Final		Final Budget Positive (Negative)	Original & Final		Final Budget Positive (Negative)
Revenue:						
Taxes	\$ 9,234,609	\$ 9,026,006	\$ (208,603)	\$ -	\$ -	\$ -
Special Assessments	-	64,458	64,458	-	-	-
Licenses and Permits	186,025	244,703	58,678	-	-	-
Intergovernmental Revenue	414,099	546,110	132,011	1,128,535	470,474	(658,061)
Charges for Services	1,572,249	1,880,706	308,457	-	-	-
Occupation and Franchise Taxes	744,800	745,425	625	-	-	-
Payments in Lieu of Taxes	85,000	103,802	18,802	-	-	-
Contributions	1,000	9,011	8,011	-	-	-
Loan Repayments	-	-	-	119,714	69,076	(50,638)
Rental Income	4,615,486	4,627,419	11,933	-	-	-
Interest	3,800	2,451	(1,349)	500	237	(263)
Keno Revenue	465,000	545,923	80,923	-	-	-
Miscellaneous	55,000	119,803	64,803	-	-	-
Total Revenue	<u>17,377,068</u>	<u>17,915,817</u>	<u>538,749</u>	<u>1,248,749</u>	<u>539,787</u>	<u>(708,962)</u>
Current Expenditures:						
Public Safety	8,767,588	8,086,206	681,382	-	-	-
Public Works	3,168,834	2,871,994	296,840	-	-	-
Public Library	1,360,975	1,289,036	71,939	-	-	-
Parks, Recreation and Public Property	2,294,504	2,019,089	275,415	-	-	-
Community Improvement and Development	482,322	447,611	34,711	1,436,749	610,300	826,449
General Government	2,681,944	2,467,951	213,993	-	-	-
Total Expenditures	<u>18,756,167</u>	<u>17,181,887</u>	<u>1,574,280</u>	<u>1,436,749</u>	<u>610,300</u>	<u>826,449</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,379,099)</u>	<u>733,930</u>	<u>2,113,028</u>	<u>(188,000)</u>	<u>(70,513)</u>	<u>117,487</u>
Other Financing Sources (Uses):						
Insurance Proceeds	-	4,262	4,262	-	-	-
Transfers In	730,000	700,000	(30,000)	-	-	-
Transfers Out	(1,284,963)	(1,439,401)	(154,438)	-	-	-
Total other Financing Sources (Uses)	<u>(554,963)</u>	<u>(735,139)</u>	<u>(180,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,934,062)</u>	<u>\$ (1,209)</u>	<u>\$ 1,932,852</u>	<u>\$ (188,000)</u>	<u>\$ (70,513)</u>	<u>\$ 117,487</u>
Fund Balances-Beginning of Year		<u>4,820,447</u>			<u>161,038</u>	
Fund Balances- End of Year		<u>\$ 4,819,238</u>			<u>\$ 90,525</u>	

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2013

Budgets

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

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

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

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

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

BUDGETARY CONTROL

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

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2013

	General	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	(\$1,209)	(\$70,513)
Basis differences:		
To adjust revenues from recognition on a cash basis	(134,811)	107,410
To adjust total expenditures from recognition on a cash basis	(89,708)	(48,037)
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	(\$225,728)	(\$11,140)

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	\$(27,496,473)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	430,669
Expenditures and other financing uses, on a GAAP basis	\$ (27,065,804)

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$34,443,290	\$27,496,473	\$(6,946,817)

OTHER SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

CITY HIGHWAY ALLOCATION FUND - This fund is used to account for the City's share of motor fuel tax revenues that are legally restricted to street expenditures.

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

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

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

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

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

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

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

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

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

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

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

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2013

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Assets						
Cash and Equity in Pooled Investment Account	\$ 2,653,225	\$ 221,141	\$ 2,183	\$200,370	\$ 189,676	\$ 45,060
Cash at County Treasurer	-	7,813	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	-	7,931	62,582	23,701	-	-
Taxes	-	8,019	-	-	-	-
Accrued Interest	1,192	98	1	-	86	20
Notes Receivable	-	71,846	-	-	-	-
Due from Other Governmental Agencies	503,234	-	-	-	9,497	-
Prepaid Assets	-	-	-	-	-	-
Total Assets	3,157,651	316,848	64,766	224,071	199,259	45,080
Liabilities						
Accounts Payable	502,376	28,375	221	7,345	2,926	1,000
Due to Other Funds	-	-	-	-	-	-
Unearned Revenue	-	-	-	19,508	-	-
Total Liabilities	502,376	28,375	221	26,853	2,926	1,000
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	-	5,759	-	-	-	-
Unavailable Revenue-Loan Repayments	-	71,846	-	-	-	-
Total Deferred Inflows of Resources	-	77,605	-	-	-	-
Fund Balances (Deficits)						
Non Spendable:						
Prepaid Items	-	-	-	-	-	-
Restricted	2,655,275	210,868	64,545	197,218	196,333	44,080
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	2,655,275	210,868	64,545	197,218	196,333	44,080
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 3,157,651	\$ 316,848	\$ 64,766	\$224,071	\$ 199,259	\$ 45,080

Special Revenue Funds			Capital Projects			Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Development Operating	Capital Construction	Community Development Agency	Special Assessments	
\$ 52,277	\$ 1,102,663	\$ 84,352	\$ 2,104,987	\$ 373,601	\$ -	\$ 7,029,535
-	45,322	-	-	-	-	53,135
-	-	-	275,125	-	-	369,339
-	12,979	-	-	-	-	20,998
23	495	38	945	-	-	2,898
-	1,558	-	-	-	-	73,404
-	-	-	-	-	-	512,731
8,916	-	-	-	-	-	8,916
61,216	1,163,017	84,390	2,381,057	373,601	-	8,070,956
628	-	1,100	414,907	-	41,187	1,000,065
-	-	-	-	-	1,903	1,903
-	-	-	-	-	-	19,508
628	-	1,100	414,907	-	43,090	1,021,476
-	7,736	-	-	-	-	13,495
-	1,558	-	-	-	-	73,404
-	9,294	-	-	-	-	86,899
8,916	-	-	-	-	-	8,916
51,672	1,153,723	83,290	213,643	373,601	-	5,244,248
-	-	-	288,033	-	-	288,033
-	-	-	1,464,474	-	-	1,464,474
-	-	-	-	-	(43,090)	(43,090)
60,588	1,153,723	83,290	1,966,150	373,601	(43,090)	6,962,581
\$ 61,216	\$ 1,163,017	\$ 84,390	\$ 2,381,057	\$ 373,601	\$ -	\$ 8,070,956

CITY OF NORFOLK, NEBRASKA

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

Governmental Nonmajor Funds

For the Year Ended September 30, 2013

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Revenue:						
Taxes	\$ -	\$ 80,885	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,219,599	2,148	-	100,809	117,025	36,913
Occupation & Franchise Taxes	-	-	289,258	-	-	-
Contributions	-	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Rental Income	-	26,710	-	-	-	-
Loan Repayments	-	8,997	-	-	-	-
Interest	1,635	2,233	14	-	113	30
Miscellaneous	-	-	-	16,563	-	-
Total Revenue	2,221,234	120,973	289,272	117,372	117,138	36,943
Expenditures:						
Public Safety	-	-	11,636	98,201	193,763	-
Public Works	1,912,794	92,030	-	-	-	56,536
Parks, Recreation and Public Property	-	-	-	-	-	-
Community Improvement and Development	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Debt Service	-	22,520	-	-	-	-
Total Expenditures	1,912,794	114,550	11,636	98,201	193,763	56,536
Excess (Deficiency) of Revenues over Expenditures	308,440	6,423	277,636	19,171	(76,625)	(19,593)
Other Financing Sources (Uses):						
Insurance Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	35,500	7,382
Transfers Out	(415,000)	-	(285,000)	-	-	-
Total other Financing Sources (Uses)	(415,000)	-	(285,000)	-	35,500	7,382
Net Change in Fund Balance	(106,560)	6,423	(7,364)	19,171	(41,125)	(12,211)
Fund Balances - Beginning of Year	2,761,835	204,445	71,909	178,047	237,458	56,291
Fund Balances - End of Year	\$ 2,655,275	\$ 210,868	\$ 64,545	\$197,218	\$ 196,333	\$ 44,080

Special Revenue Funds			Capital Projects			Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Economic Development	Capital Construction	Community Development Agency	Special Assessments	
\$ -	\$ 392,154	\$ -	\$ -	\$ -	\$ -	\$ 473,039
108,632	30,147	100,000	449,537	-	-	3,164,810
-	-	-	-	-	-	289,258
-	-	-	45,931	-	-	45,931
-	26,557	-	-	-	-	26,557
-	-	-	-	-	-	26,710
-	-	-	-	-	-	8,997
39	630	44	1,215	-	-	5,953
-	1,000	-	-	-	-	17,563
108,671	450,488	100,044	496,683	-	-	4,058,818
28,033	-	-	588,489	-	-	920,122
-	-	-	562,278	-	42,790	2,666,428
-	-	-	708,243	-	-	708,243
-	156,731	196,721	-	427	-	353,879
-	-	-	23,160	-	-	23,160
-	-	-	-	-	-	22,520
28,033	156,731	196,721	1,882,170	427	42,790	4,694,352
80,638	293,757	(96,677)	(1,385,487)	(427)	(42,790)	(635,534)
-	-	-	303,807	-	-	303,807
-	-	100,000	1,213,272	-	-	1,356,154
(140,082)	-	-	(42,859)	-	-	(882,941)
(140,082)	-	100,000	1,474,220	-	-	777,020
(59,444)	293,757	3,323	88,733	(427)	(42,790)	141,486
120,032	859,966	79,967	1,877,417	374,028	(300)	6,821,095
\$ 60,588	\$ 1,153,723	\$ 83,290	\$ 1,966,150	\$ 373,601	\$ (43,090)	\$ 6,962,581

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, 2013

	City Highway Allocation Fund			Vehicle Parking			911		
	Budgeted		Variance with	Budgeted		Variance with	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)	Original & Final	Actual	Final Budget Positive (Negative)	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ 77,351	\$ 80,038	\$ 2,687	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,050,000	2,216,480	166,480	300	2,148	1,848	-	-	-
Occupation and Franchise Taxes	-	-	-	-	-	-	315,000	\$291,946	(23,054)
Loan Repayments	-	-	-	11,651	8,997	(2,654)	-	-	-
Rental Income	-	-	-	11,000	21,378	10,378	-	-	-
Interest	3,100	714	(2,386)	2,933	2,156	(777)	20	14	(6)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total Revenue	<u>2,053,100</u>	<u>2,217,194</u>	<u>164,094</u>	<u>103,235</u>	<u>114,717</u>	<u>11,482</u>	<u>315,020</u>	<u>291,960</u>	<u>(23,060)</u>
Current Expenditures:									
Public Safety	-	-	-	-	-	-	11,513	11,669	(156)
Public Works	3,975,549	1,732,952	2,242,597	199,765	71,817	127,948	-	-	-
Debt Service	-	-	-	22,520	22,520	-	-	-	-
Total Expenditures	<u>3,975,549</u>	<u>1,732,952</u>	<u>2,242,597</u>	<u>222,285</u>	<u>94,337</u>	<u>127,948</u>	<u>11,513</u>	<u>11,669</u>	<u>(156)</u>
Excess (Deficiency) of Revenues Over Expenditure	<u>(1,922,449)</u>	<u>484,242</u>	<u>2,406,691</u>	<u>(119,050)</u>	<u>20,380</u>	<u>139,430</u>	<u>303,507</u>	<u>280,291</u>	<u>(23,216)</u>
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(415,000)	(415,000)	-	-	-	-	(315,000)	(285,000)	30,000
Total Other Financing Sources (Uses)	<u>(415,000)</u>	<u>(415,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315,000)</u>	<u>(285,000)</u>	<u>30,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,337,449)</u>	<u>\$ 69,242</u>	<u>\$ 2,406,691</u>	<u>\$ (119,050)</u>	<u>\$ 20,380</u>	<u>\$ 139,430</u>	<u>\$ (11,493)</u>	<u>\$ (4,709)</u>	<u>\$ 6,784</u>
Fund Balances-Beginning of Year		<u>2,583,983</u>			<u>208,574</u>			<u>6,892</u>	
Fund Balances- End of Year		<u>\$ 2,653,225</u>			<u>\$ 228,954</u>			<u>\$ 2,183</u>	

SNARE			REGION 11			Storm Water Management		
Budgeted		Variance with	Budgeted		Variance with	Budgeted		Variance with
Original &	Final	Final Budget	Original &	Final	Final Budget	Original &	Final	Final Budget
Final	Actual	Positive (Negative)	Final	Actual	Positive (Negative)	Final	Actual	Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
138,851	92,431	(46,420)	78,179	125,916	47,737	36,912	36,913	1
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	300	52	(248)	-	16	16
2,999	16,563	13,564	-	-	-	-	-	-
141,850	108,994	(32,856)	78,479	125,968	47,489	36,912	36,929	17
138,139	91,907	46,232	133,631	192,602	(58,971)	-	-	-
-	-	-	-	-	-	83,641	60,086	23,555
-	-	-	-	-	-	-	-	-
138,139	91,907	46,232	133,631	192,602	(58,971)	83,641	60,086	23,555
3,711	17,087	13,376	(55,152)	(66,634)	(11,482)	(46,729)	(23,157)	23,572
-	-	-	35,500	35,500	-	7,382	7,382	-
-	-	-	-	-	-	-	-	-
-	-	-	35,500	35,500	-	7,382	7,382	-
<u>\$ 3,711</u>	<u>\$ 17,087</u>	<u>\$ 13,376</u>	<u>\$(19,652)</u>	<u>\$(31,134)</u>	<u>\$ (11,482)</u>	<u>\$(39,347)</u>	<u>\$(15,775)</u>	<u>\$ 23,572</u>
	<u>183,283</u>			<u>220,810</u>			<u>60,835</u>	
	<u>\$200,370</u>			<u>\$189,676</u>			<u>\$ 45,060</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, 2013

	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	\$ -	\$ -	\$ -	\$ 400,000	\$ 391,221	\$ (8,779)	\$ -	\$ -	\$ -
Intergovernmental Revenue	69,602	119,084	49,482	-	29,979	29,979	100,000	100,000	-
Contributions	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-
Occupation and Franchise Taxes	-	-	-	-	-	-	-	\$ -	-
Payments in Lieu of Taxes	-	-	-	22,000	26,557	4,557	-	-	-
Loan Repayments	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Real Estate	-	-	-	-	-	-	-	-	-
Interest	80	26	(54)	300	220	(80)	100	15	(85)
Miscellaneous	-	-	-	-	1,000	1,000	-	-	-
Total Revenue	<u>69,682</u>	<u>119,110</u>	<u>49,428</u>	<u>422,300</u>	<u>448,977</u>	<u>26,677</u>	<u>100,100</u>	<u>100,015</u>	<u>(85)</u>
Current Expenditures:									
Public Safety	26,863	28,352	(1,489)	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Public Library	-	-	-	-	-	-	-	-	-
Parks, Recreation and Public Property	-	-	-	-	-	-	-	-	-
Community Improvement and Development	-	-	-	826,506	156,731	669,775	202,554	196,223	6,331
General Government	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>26,863</u>	<u>28,352</u>	<u>(1,489)</u>	<u>826,506</u>	<u>156,731</u>	<u>669,775</u>	<u>202,554</u>	<u>196,223</u>	<u>6,331</u>
Excess (deficiency) of revenues over expenditures	<u>42,819</u>	<u>90,758</u>	<u>47,939</u>	<u>(404,206)</u>	<u>292,246</u>	<u>696,452</u>	<u>(102,454)</u>	<u>(96,208)</u>	<u>6,246</u>
Other financing sources (uses):									
Transfers In	-	-	-	-	-	-	100,000	100,000	-
Transfers Out	(150,000)	(140,082)	9,918	-	-	-	-	-	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>(140,082)</u>	<u>9,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (107,181)</u>	<u>\$ (49,324)</u>	<u>\$ 57,857</u>	<u>\$ (404,206)</u>	<u>\$ 292,246</u>	<u>\$ 696,452</u>	<u>\$ (2,454)</u>	<u>\$ 3,792</u>	<u>\$ 6,246</u>
Fund balances-beginning of year		<u>101,601</u>			<u>855,739</u>			<u>80,560</u>	
Fund balances- end of year		<u>\$ 52,277</u>			<u>\$ 1,147,985</u>			<u>\$ 84,352</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, 2013

	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	\$ 282,600	\$ 217,498	\$ (65,102)	\$ -	\$ -	\$ -
Contributions	4,800	45,898	41,098	-	-	-
Interest	1,000	595	(405)	17	-	(17)
Total Revenue	<u>288,400</u>	<u>263,991</u>	<u>(24,409)</u>	<u>17</u>	<u>-</u>	<u>(17)</u>
Expenditures:						
Public Safety	542,600	588,489	(45,889)	-	-	-
Public Works	558,700	635,088	(76,388)	1,432,000	1,903	1,430,097
Parks, Recreation and Public Property	1,207,830	1,449,789	(241,959)	-	-	-
General Government	590,000	23,160	566,840	-	-	-
Debt Service	-	-	-	10,000	-	10,000
Total Expenditures	<u>2,899,130</u>	<u>2,696,526</u>	<u>202,604</u>	<u>1,442,000</u>	<u>1,903</u>	<u>1,440,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,610,730)</u>	<u>(2,432,535)</u>	<u>178,195</u>	<u>(1,441,983)</u>	<u>(1,903)</u>	<u>1,440,080</u>
Other Financing Sources (Uses):						
Proceeds from Debt Financing	160,000	-	(160,000)	1,450,000	-	(1,450,000)
Insurance Proceeds	-	261,157	261,157	-	-	-
Transfers In	1,060,281	1,213,272	152,991	-	-	-
Transfers Out	-	(42,859)	(42,859)	-	-	-
Total Other Financing Sources (Uses)	<u>1,220,281</u>	<u>1,431,570</u>	<u>211,289</u>	<u>1,450,000</u>	<u>-</u>	<u>(1,450,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,390,449)</u>	<u>\$ (1,000,965)</u>	<u>\$ 389,484</u>	<u>\$ 8,017</u>	<u>\$ (1,903)</u>	<u>\$ (9,920)</u>
Fund Balances-Beginning of Year		<u>3,105,952</u>			<u>-</u>	
Fund Balances- End of Year		<u>\$ 2,104,987</u>			<u>\$ (1,903)</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, 2013

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 690,676	\$ 675,572	\$ (15,104)
Special Assessments	138,610	224,758	86,148
Intergovernmental Revenue	-	52,054	52,054
Occupation and Franchise Taxes	1,508,000	1,608,642	100,642
Payments in Lieu of Taxes	40,000	45,856	5,856
Interest	47,488	42,977	(4,511)
Total Revenue	<u>2,424,774</u>	<u>2,649,859</u>	<u>225,085</u>
Current Expenditures:			
Parks, Recreation and Public Property	30,160	34,015	(3,855)
General Government	-	109	(109)
Debt Service	2,093,440	2,084,532	8,908
Total Expenditures	<u>2,123,600</u>	<u>2,118,656</u>	<u>4,944</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>301,174</u>	<u>531,203</u>	<u>230,029</u>
Other Financing Sources (Uses):			
Transfers In	216,800	216,800	-
Total Other Financing Sources (Uses)	<u>216,800</u>	<u>216,800</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 517,974</u>	<u>\$ 748,003</u>	<u>\$ 230,029</u>
Fund Balances-Beginning of Year		<u>2,482,522</u>	
Fund Balances- End of Year		<u>\$ 3,230,525</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, 2013

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Assets:				
Cash and Equity in Pooled Investment Account	\$5,912,816	\$5,868,134	\$213,489	\$11,994,439
Receivables:				
Accounts	544,583	524,673	190,545	1,259,801
Special Assessments	6,860	1,597	-	8,457
Interest	2,846	3,634	162	6,642
Restricted Cash:				
Cash & Cash Equivalents	146,413	753,987	79,111	979,511
Inventories:				
Fiber Optic System Held for Resale	223,104	-	-	223,104
Prepaid Assets	1,716	1,716	-	3,432
Total Current Assets	6,838,338	7,153,741	483,307	14,475,386
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	277,395	1,467,793	67,484	1,812,672
Property, Plant and Equipment:				
Land	2,318,859	758,017	52,284	3,129,160
Water and Pollution Control Plant	9,569,640	16,094,344	996,256	26,660,240
Water Distribution and Sewage System	18,676,464	8,123,655	-	26,800,119
Equipment	2,012,392	1,653,181	940,779	4,606,352
Construction in Progress	208,207	1,174,399	-	1,382,606
	32,785,562	27,803,596	1,989,319	62,578,477
Less Accumulated Depreciation	8,568,816	15,178,762	818,877	24,566,455
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	24,216,746	12,624,834	1,170,442	38,012,022
Total Noncurrent Assets	24,494,141	14,092,627	1,237,926	39,824,694
Total Assets	31,332,479	21,246,368	1,721,233	54,300,080
Deferred Outflows of Resources:				
Deferred Loss on Refunding	-	38,583	-	38,583
Total Deferred Outflows of Resources	-	38,583	-	38,583

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Liabilities:				
Accounts and Contracts Payable	\$190,424	\$413,792	\$116,217	\$720,433
Accrued Compensated Absences	46,750	51,892	28,741	127,383
Unavailable Revenue	-	-	88	88
Payables from Restricted Assets:				
Accrued Interest Payable	16,413	42,987	111	59,511
Revenue Bonds - Current	130,000	711,000	14,000	855,000
Total Current Liabilities	383,587	1,219,671	159,157	1,762,415
Noncurrent Liabilities:				
Revenue Bonds	2,395,000	5,894,000	16,000	8,305,000
Accrued Compensated Absences	50,294	58,770	47,153	156,217
Total Noncurrent Liabilities	2,445,294	5,952,770	63,153	8,461,217
Total Liabilities	2,828,881	7,172,441	222,310	10,223,632
Net Position				
Net Investment in Capital Assets	23,466,140	9,002,531	1,140,442	33,609,113
Restricted for:				
Debt Service	407,395	1,379,733	146,484	1,933,612
Future Capital Assets	-	799,060	-	799,060
Unrestricted	4,630,063	2,931,186	211,997	7,773,246
Total Net Position	\$ 28,503,598	\$ 14,112,510	\$ 1,498,923	\$ 44,115,031

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2013

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating Revenues:				
User Charges	\$2,735,023	\$3,733,574	\$1,631,943	\$8,100,540
Intergovernmental Revenue	-	-	69,172	69,172
Miscellaneous Income	165,022	6,758	2,950	174,730
Total Operating Revenues	2,900,045	3,740,332	1,704,065	8,344,442
Operating Expenses:				
Payroll and Related Taxes and Benefits	761,136	844,404	411,583	2,017,123
Utilities	312,631	473,366	26,760	812,757
Repairs and Maintenance	441,139	501,853	68,760	1,011,752
Purchased Services	-	-	948,890	948,890
General and Administration	320,486	356,743	56,542	733,771
Depreciation and Amortization	568,072	682,821	79,859	1,330,752
Total Operating Expenses	2,403,464	2,859,187	1,592,394	6,855,045
Operating Income	496,581	881,145	111,671	1,489,397
Nonoperating Revenues (Expenses):				
Interest on Bonds and Other Debt	(45,216)	(136,021)	(797)	(182,034)
Interest Income	4,420	6,115	(1,005)	9,530
Insurance Proceeds	-	100,910	24,798	125,708
Market Value (Loss)	-	(1,102)	-	(1,102)
Interfund Transfers In	-	42,859	6,529	49,388
(Loss) on Disposal of Capital Assets	(110)	(4,471)	(417)	(4,998)
Total Nonoperating Revenues (Expenses)	(40,906)	8,290	29,108	(3,508)
Income before Capital Contributions	455,675	889,435	140,779	1,485,889
Capital Contributions	15,000	31,737	-	46,737
Change in Net Position	470,675	921,172	140,779	1,532,626
Net Position - Beginning of Period	28,032,923	13,191,338	1,358,144	42,582,405
Net Position - End of Period	\$28,503,598	\$14,112,510	\$1,498,923	\$44,115,031

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2013

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 3,061,617	\$ 3,820,692	\$ 1,611,722	\$ 8,494,031
Cash Paid to Suppliers for Goods and Services	(994,423)	(1,083,908)	(1,090,687)	(3,169,018)
Cash Paid to Employees for Services	(760,564)	(850,478)	(414,431)	(2,025,473)
Net Cash Provided by Operating Activities	1,306,630	1,886,306	106,604	3,299,540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(80,333)	(843,472)	(411,874)	(1,335,679)
Proceeds of Grants	-	3,699	115,000	118,699
Proceeds from Sales of Capital Assets	-	100,910	29,798	130,708
Proceeds of Bond Sales	2,000,000	2,000,000	-	4,000,000
Transfers In	-	42,859	6,530	49,389
Principal Paid on Notes and Bonds	(140,000)	(686,000)	(79,000)	(905,000)
Interest Paid on Notes and Bonds	(30,556)	(121,455)	(970)	(152,981)
Net Cash Provided (Used) Provided for Capital and	1,749,111	496,541	(340,516)	1,905,136
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	1,917	12,308	(1,105)	13,120
Net Cash Provided (Used) for Investing Activities	1,917	12,308	(1,105)	13,120
Net Increase (Decrease) in Cash and Cash Equivalents	3,057,658	2,395,155	(235,017)	5,217,796
Cash and Cash Equivalents at Beginning of Year	3,278,966	5,694,759	595,101	9,568,826
Cash and Cash Equivalents at End of Year	\$ 6,336,624	\$ 8,089,914	\$ 360,084	\$ 14,786,622

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2013

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 496,581	\$ 881,145	\$ 111,671	\$ 1,489,397
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	568,072	682,821	79,859	1,330,752
Intergovernmental Revenue	-	-	(69,172)	(69,172)
(Increase) Decrease in Assets:				
Accounts Receivable	158,808	80,362	(23,259)	215,911
Special Assessments	2,764	-	-	2,764
Prepaid Assets	(1,716)	(1,716)	-	(3,432)
Inventories	(1,914)	-	-	(1,914)
Increase (Decrease) in Liabilities:				
Accounts and Contracts Payable	83,463	249,768	10,265	343,496
Accrued Compensated Absences	572	(6,074)	(2,848)	(8,350)
Unavailable Revenue	-	-	88	88
Total Adjustments	810,049	1,005,161	(5,067)	1,810,143
Net Cash Provided by Operating Activities	\$ 1,306,630	\$ 1,886,306	\$ 106,604	\$ 3,299,540

**Supplemental Schedule of Noncash Capital and Related
Financing Activities:**

Developers Contribution of Distribution System	\$ 15,000	\$ 31,737	\$ -	\$ 46,737
Accounts Payable Exchanged for Capital Assets	\$ 47,312	\$ 95,871	\$ 20,596	\$ 163,779

**Reconciliation of Cash and Cash Equivalents to the
Balance Sheet:**

Cash and Equity in Pooled Investment Account	\$ 5,912,816	\$ 5,868,134	\$ 213,489	\$ 11,994,439
Restricted Cash - Current	146,413	753,987	79,111	979,511
Restricted Cash - Noncurrent	277,395	1,467,793	67,484	1,812,672
	\$ 6,336,624	\$ 8,089,914	\$ 360,084	\$ 14,786,622

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, 2013

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$ 2,679,279	\$ 3,048,367	\$ 7,022,304	\$ 12,749,950
Open Ended Mutual Funds	4,523,254	4,282,851	13,261,521	22,067,626
Total Assets	<u>7,202,533</u>	<u>7,331,218</u>	<u>20,283,825</u>	<u>34,817,576</u>
NET POSITION				
Held in Trust for Pension Benefits	7,202,533	7,331,218	20,283,825	34,817,576
Total Net Position	<u>\$ 7,202,533</u>	<u>\$ 7,331,218</u>	<u>\$ 20,283,825</u>	<u>\$ 34,817,576</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2013

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 255,135	\$ 127,819	\$ 349,513	\$ 732,467
Employee	107,771	127,819	585,007	820,597
Total Contributions	<u>362,906</u>	<u>255,638</u>	<u>934,520</u>	<u>1,553,064</u>
Investment Income:				
Interest, Dividends and Market Gains	<u>782,319</u>	<u>719,002</u>	<u>2,185,718</u>	<u>3,687,039</u>
Total Additions	<u>1,145,225</u>	<u>974,640</u>	<u>3,120,238</u>	<u>5,240,103</u>
DEDUCTIONS				
Pension Benefits	453,587	14,400	178,985	646,972
Contribution Refunds	130,552	115,912	128,465	374,929
Administration	<u>1,246</u>	<u>1,837</u>	<u>2,362</u>	<u>5,445</u>
Total Deductions	<u>585,385</u>	<u>132,149</u>	<u>309,812</u>	<u>1,027,346</u>
Change in Net Position	559,840	842,491	2,810,426	4,212,757
Net Position -- Beginning of Period	<u>6,642,693</u>	<u>6,488,727</u>	<u>17,473,399</u>	<u>30,604,819</u>
Net Position -- End of Period	<u><u>\$ 7,202,533</u></u>	<u><u>\$ 7,331,218</u></u>	<u><u>\$ 20,283,825</u></u>	<u><u>\$ 34,817,576</u></u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2013

	Balance September 30, 2012	Additions	Deductions	Balance September 30, 2013
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 504,567	\$ 33,180	\$ 10,757	\$ 526,990
Cash at County Treasurer	-	350	-	350
Taxes Receivable	26,946	-	26,946	-
	<hr/>			
Total Assets	531,513	33,530	37,703	527,340
	<hr/>			
<u>Liabilities</u>				
Due to Bondholders	531,513	33,530	37,703	527,340
	<hr/>			
Total Liabilities	\$ 531,513	\$ 33,530	\$ 37,703	\$ 527,340
	<hr/>			

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

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

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

Source:

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

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

TABLE 1

	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities					
Net Investment in Capital Assets	\$ -	\$ 37,538,073	\$ 36,664,204	\$ 36,774,090	\$ 36,650,941
Restricted for:					
Debt Service	-	1,117,646	504,468	1,193,594	1,218,131
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
Total Governmental Activities Net Position	-	58,638,082	55,508,954	52,034,070	52,074,150
Business-Type Activities					
Net Investment in Capital Assets	-	33,789,528	33,161,053	29,797,795	28,504,434
Restricted	1,933,612	2,233,386	1,723,206	2,570,858	2,513,381
Unrestricted	-	6,559,493	5,251,421	6,555,425	6,831,206
Total Business-Type Activities Net Position	1,933,612	42,582,407	40,135,680	38,924,078	37,849,021
Primary Government:					
Net Investment in Capital Assets	-	71,327,601	69,825,257	66,571,885	65,155,375
Restricted	1,933,612	8,582,796	6,884,966	2,570,858	2,513,381
Unrestricted	-	21,310,092	18,934,411	20,621,811	21,036,284
Total Primary Government Net Position	\$ 1,933,612	\$ 101,220,489	\$ 95,644,634	\$ 89,764,554	\$ 88,705,040

	2008	2007	2006	2005	2004
\$	35,777,924	\$ 34,084,125	\$ 35,743,248	\$ 16,357,346	\$ 13,724,889
	1,255,485	1,318,671	1,283,781	1,273,539	1,459,976
	-	-	-	-	-
	-	-	-	-	-
	13,841,116	13,935,043	11,243,475	9,872,675	8,982,873
	50,874,525	49,337,839	48,270,504	27,503,560	24,167,738
	28,220,779	28,660,480	27,771,725	24,975,734	24,456,367
	2,479,789	1,637,751	1,639,618	1,690,576	1,517,324
	6,545,033	6,467,537	5,873,732	6,762,586	6,090,984
	37,245,601	36,765,768	35,285,075	33,428,896	32,064,675
	63,998,703	62,744,605	63,514,973	41,333,080	38,181,256
	2,479,789	1,637,751	1,639,618	1,690,576	1,517,324
	20,386,149	20,402,580	17,117,207	16,635,261	15,073,857
\$	86,864,641	\$ 84,784,936	\$ 82,271,798	\$ 59,658,917	\$ 54,772,437

CITY OF NORFOLK, NEBRASKA

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental Activities										
General Government	\$ 1,851,020	\$ 2,434,382	\$ 1,660,197	\$ 2,940,797	\$ 2,363,397	\$ 1,984,006	\$ 2,062,088	\$ 3,263,794	\$ 1,635,190	\$ 1,432,865
Public Safety	8,750,908	8,507,028	8,473,093	8,137,286	7,841,533	7,638,269	7,663,541	7,408,066	7,113,536	6,916,478
Public Works	6,282,178	5,426,164	6,877,940	5,477,606	5,664,242	4,513,410	4,162,060	3,202,666	2,535,262	3,116,384
Public Library	1,308,791	1,258,780	1,203,191	1,163,623	1,173,863	1,123,880	1,051,044	1,043,951	1,047,321	970,290
Parks, Recreation and Public Property	3,012,478	2,176,083	1,468,214	1,599,713	1,604,612	1,383,166	1,283,585	1,233,518	1,246,438	1,148,436
Community Improvement & Development	1,199,963	825,295	686,717	1,287,249	999,898	543,549	1,133,491	1,213,623	779,952	928,781
Debt Service	673,495	699,623	565,025	218,415	272,480	296,199	258,179	265,219	258,982	275,672
Total Governmental Activities Expenses	23,078,833	21,327,355	20,934,377	20,824,689	19,920,025	17,482,479	17,613,988	17,630,837	14,616,681	14,788,906
Business-Type Activities										
Water Division	2,448,790	2,078,471	1,990,118	1,977,520	1,877,440	1,925,737	1,856,242	1,870,805	1,730,215	1,650,534
Sewer Division	2,999,679	2,709,764	2,644,975	2,696,190	2,529,041	2,691,318	2,627,136	2,443,955	2,524,819	2,591,885
Solid Waste Division	1,593,608	1,659,361	1,649,899	1,668,167	1,579,945	1,672,295	1,666,120	1,717,494	1,733,917	1,757,442
Total Business-Type Activities	7,042,077	6,447,596	6,284,992	6,341,877	5,986,426	6,289,350	6,149,498	6,032,254	5,988,951	5,999,861
Total Primary Government Expenses	\$ 30,120,910	\$ 27,774,951	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829	\$ 23,763,486	\$ 23,663,091	\$ 20,605,632	\$ 20,788,767
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 544,417	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626	391,281	\$ 377,825	\$ 328,275
Public Safety	1,013,391	965,103	978,401	922,686	991,781	1,149,353	906,560	944,002	964,306	826,082
Public Works	113,369	182,375	109,797	122,459	132,948	125,042	80,856	93,846	77,702	82,029
Public Library	25,820	27,149	26,970	24,134	25,588	28,091	28,220	29,686	32,046	31,571
Parks, Recreation and Public Property	445,399	471,172	113,352	139,042	145,293	149,314	146,157	158,053	138,722	114,954
Community Improvement and Development	120,000	120,000	120,000	115,146	84,000	61,000	66,000	66,000	66,000	-
Operating Grants & Contributions	3,602,142	3,285,816	3,315,948	3,124,585	2,849,515	2,805,130	3,031,310	3,496,950	2,821,686	2,474,845
Capital Grants & Contributions	880,045	530,453	1,723,050	337,404	1,942,912	757,509	864,556	378,175	1,832,950	1,863,073
Total Governmental Activities Program Revenues	6,744,583	6,066,218	6,870,486	5,171,798	6,603,649	5,442,289	5,492,285	5,557,993	6,311,237	5,720,829
Business-Type Activities:										
Charges for Services:										
Water Division	2,900,045	3,201,639	2,615,148	2,487,553	2,210,112	2,243,427	2,559,572	2,495,101	2,426,990	2,678,424
Sewer Division	3,740,332	3,562,527	3,120,580	2,838,860	2,343,513	2,320,624	2,457,164	2,523,573	2,486,428	2,493,485
Solid Waste	1,634,893	1,716,396	1,731,288	1,759,703	1,699,431	1,742,372	1,811,596	1,737,503	1,750,821	1,857,459
Operating Grants & Contributions	125,708	23,545	15,544	-	-	-	-	-	-	-
Capital Grants & Contributions	99,172	263,456	-	263,880	144,210	175,807	403,630	791,145	493,256	438,990
Total Business-Type Activities Program Revenues	8,500,150	8,767,563	7,482,560	7,349,996	6,397,266	6,482,230	7,231,962	7,547,322	7,157,495	7,468,358
Total Primary Government Program Revenues	\$ 15,244,733	\$ 14,833,781	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519	\$ 12,724,247	\$ 13,105,315	\$ 13,468,732	\$ 13,189,187
Net (Expense)/Revenue										
Governmental Activities	\$ (16,334,250)	\$ (15,261,137)	\$ (14,063,891)	\$ (15,652,891)	\$ (13,316,376)	\$ (12,040,190)	\$ (12,121,703)	\$ (12,072,843)	\$ (8,305,444)	\$ (9,068,077)
Business-Type Activities	1,458,073	2,319,967	1,197,568	1,008,119	410,840	192,880	1,082,464	1,515,068	1,168,544	1,468,497
Total Primary Government Net Expense	\$ (14,876,177)	\$ (12,941,170)	\$ (12,866,323)	\$ (14,644,772)	\$ (12,905,536)	\$ (11,847,310)	\$ (11,039,239)	\$ (10,557,775)	\$ (7,136,900)	\$ (7,599,580)

(Continued)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	3,117,062	\$ 3,129,497	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912	\$ 1,625,182	\$ 1,392,282	\$ 893,417	\$ 899,918
Sales Tax	7,081,725	7,629,397	7,072,877	6,919,663	6,760,144	6,750,098	6,427,716	6,548,082	6,593,166	6,445,480
Other Taxes	176,215	270,292	254,665	240,021	199,591	199,225	191,073	209,536	184,404	175,420
Occupation and Franchise Taxes	2,653,429	2,514,570	2,030,762	971,022	873,472	883,195	787,763	618,984	589,118	606,176
Interest	56,716	123,026	99,146	106,069	251,126	430,171	561,205	461,182	325,101	212,803
General Intergovernmental Revenues Unrestricted	394,575	124,392	295,309	289,270	260,190	282,997	248,438	242,041	224,482	503,560
Unrestricted Keno Revenues	547,095	494,447	432,584	359,060	428,302	29,141	-	-	-	-
Use of Property	4,578,545	4,471,873	4,186,984	3,822,961	3,418,900	3,270,414	3,209,969	3,170,236	2,723,425	2,622,930
Revenue from Sale of Uncapitalized Property	55,625	14,162	17,747	57,219	44,059	9,985	77,072	83,761	-	-
Gain on Sale of Assets	-	-	-	-	-	8,170	27,532	-	43,800	133,757
Miscellaneous	57,054	32,379	51,113	153,345	363,181	47,709	33,088	68,035	64,353	30,476
Interfund Transfers	(66,125)	(158,646)	-	-	(27,194)	-	-	-	-	-
Total Governmental Activities	\$ 18,651,916	\$ 18,645,389	\$ 17,538,775	\$ 15,612,901	\$ 14,516,001	\$ 13,606,017	\$ 13,189,038	\$ 12,794,139	\$ 11,641,266	\$ 11,630,520
Business Type of Activities:										
Interest	8,428	18,008	14,034	66,938	165,386	286,953	398,229	332,022	190,177	101,752
Gain on Sale of Assets	-	-	-	-	-	-	-	9,089	5,500	-
Contributed Capital Revenue	-	-	-	-	-	-	-	-	-	-
Interfund Transfers	66,125	158,646	-	-	27,194	-	-	-	-	-
Total Business-Type Activities	74,553	176,654	14,034	66,938	192,580	286,953	398,229	341,111	195,677	101,752
Total Primary Government	\$ 18,726,469	\$ 18,822,043	\$ 17,552,809	\$ 15,679,839	\$ 14,708,581	\$ 13,892,970	\$ 13,587,267	\$ 13,135,250	\$ 11,836,943	\$ 11,732,272
Change in Net Position										
Governmental Activities	\$ 2,317,666	\$ 3,384,252	\$ 3,474,884	\$ (40,080)	\$ 1,199,625	\$ 1,565,827	\$ 1,067,335	\$ 721,295	\$ 3,335,822	\$ 2,562,443
Business-Type Activities	1,532,626	2,496,621	1,211,602	1,075,057	603,420	479,833	1,480,693	1,856,179	1,364,221	1,570,249
Total Primary Government	\$ 3,850,292	\$ 5,880,873	\$ 4,686,486	\$ 1,034,977	\$ 1,803,045	\$ 2,045,660	\$ 2,548,028	\$ 2,577,474	\$ 4,700,043	\$ 4,132,692

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

TABLE 3

	Fiscal Year				
	2013	2012	2011	2010	2009
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ 120,187	\$ 132,221
Non Spendable	27,097	42,528	51,342	-	-
Restricted	38,785	111,041	205,522	-	-
Committed	141,536	196,394	192,587	-	-
Unreserved	-	-	-	5,989,588	5,568,550
Assigned	138,401	1,934,062	1,848,271	-	-
Unassigned	7,151,157	5,438,679	5,008,200	-	-
Total General Fund	7,496,976	7,722,704	7,305,922	6,109,775	5,700,771
All Other Governmental Funds					
Reserved	-	-	-	1,943,994	1,609,878
Non Spendable	8,916	8,561	9,505	-	-
Restricted	7,136,685	6,974,935	15,196,509	-	-
Committed	1,973,057	1,436,837	809,108	-	-
Unreserved, Reported in:					
Special Revenue Funds	-	-	-	2,817,380	3,400,398
Capital Project Funds	-	-	-	737,259	540,066
Assigned	1,464,474	1,220,280	717,619	-	-
Unassigned	(43,090)	(300)	(269,619)	-	-
Total All Other Governmental Funds	\$ 10,540,042	\$ 9,640,313	\$ 16,463,122	\$ 5,498,633	\$ 5,550,342
Total Governmental Funds					
Reserved	-	-	-	2,064,181	1,742,099
Non Spendable	36,013	51,089	60,847	-	-
Restricted	7,175,470	7,085,976	15,402,031	-	-
Committed	2,114,593	1,633,231	1,001,695	-	-
Unreserved	-	-	-	9,544,227	9,509,014
Assigned	1,602,875	3,154,342	2,565,890	-	-
Unassigned	7,108,067	5,438,379	4,738,581	-	-
Total Governmental Fund	\$ 18,037,018	\$ 17,363,017	\$ 23,769,044	\$ 11,608,408	\$ 11,251,113

Fiscal Year				
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 225,910	\$ 177,324	\$ 95,529	\$ 118,407	\$ 176,929
-	-	-	-	-
-	-	-	-	-
5,322,046	5,122,971	4,725,445	4,506,250	4,364,021
-	-	-	-	-
<u>5,547,956</u>	<u>5,300,295</u>	<u>4,820,974</u>	<u>4,624,657</u>	<u>4,540,950</u>
2,107,669	1,451,727	1,541,024	2,376,709	3,200,208
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,521,157	4,251,381	3,222,836	1,838,962	730,183
(1,591,264)	(951,132)	(480,858)	(237,724)	(411,948)
-	-	-	-	-
-	-	-	-	-
<u>4,037,562</u>	<u>4,751,976</u>	<u>4,283,002</u>	<u>3,977,947</u>	<u>3,518,443</u>
2,333,579	1,629,051	1,636,553	118,407	176,929
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,251,939	8,423,220	7,467,423	4,506,250	4,364,021
-	-	-	-	-
-	-	-	-	-
<u>9,585,518</u>	<u>10,052,271</u>	<u>9,103,976</u>	<u>4,624,657</u>	<u>4,540,950</u>

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Revenues					
Taxes	\$10,142,968	\$ 10,758,892	\$10,178,587	\$ 9,613,934	\$ 9,027,255
Special Assessments	289,216	325,136	472,266	151,392	685,607
Licenses & Permits	244,733	224,947	201,651	233,786	323,800
Intergovernmental Revenue	4,330,390	3,619,939	4,414,712	3,846,761	3,805,003
Keno Revenue	547,095	494,447	432,584	359,060	428,302
Charges for Services	1,865,085	1,863,308	1,464,667	1,330,223	1,374,689
Occupation & Franchise Taxes	2,653,429	2,621,917	2,138,542	1,093,679	667,778
Contributions	54,942	35,293	54,228	72,234	81,360
Payments in Lieu of Taxes	176,215	162,944	146,885	117,364	82,402
Parking Fees and Rentals	4,584,494	4,474,023	4,204,014	3,830,046	3,422,615
Loan Repayments	78,073	557,448	136,519	82,419	120,700
Interest	54,192	114,312	90,235	71,269	186,036
Miscellaneous	138,377	84,580	105,741	232,156	434,854
Total Revenue	<u>25,159,209</u>	<u>25,337,186</u>	<u>24,040,631</u>	<u>21,034,323</u>	<u>20,640,401</u>
Expenditures					
General Government	2,543,757	2,491,369	4,263,408	2,419,970	2,580,140
Public Safety	9,138,087	8,194,543	8,238,009	7,974,899	7,475,999
Public Works	5,658,796	5,353,264	5,588,853	4,853,161	5,585,140
Public Library	1,288,130	1,204,614	1,329,905	1,485,872	1,139,770
Parks, Recreation & Public Prop	2,661,914	11,655,476	8,267,527	1,519,769	1,828,716
Community Improvement & Deve	1,322,343	963,266	794,940	1,560,058	976,102
Debt Service					
Principal Retirement	1,453,810	1,928,649	1,179,881	870,714	773,690
Interest	677,052	442,032	442,032	234,421	275,001
Capital Outlay	-	-	-	159,664	370,248
Total Expenditure	<u>24,743,889</u>	<u>32,233,213</u>	<u>30,104,555</u>	<u>21,078,528</u>	<u>21,004,806</u>
Excess (Deficiency) of Revenues over expenditures	<u>415,320</u>	<u>(6,896,027)</u>	<u>(6,063,924)</u>	<u>(44,205)</u>	<u>(364,405)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	308,069	-	-	-	-
Proceeds from Debt Financing	-	490,000	20,305,000	401,500	2,030,000
Premium on Bonds	-	-	49,560	-	-
Bonds Refunded	-	-	(2,130,000)	-	-
Transfers In	2,272,954	-	1,919,961	2,068,596	1,840,990
Transfers Out	(2,322,342)	2,272,954	(1,919,961)	(2,068,596)	(1,840,990)
Total Other Financing Sources (U	<u>258,681</u>	<u>2,762,954</u>	<u>18,224,560</u>	<u>401,500</u>	<u>2,030,000</u>
Net Change in Fund Balances	<u>\$ 674,001</u>	<u>\$ (4,133,073)</u>	<u>\$ 12,160,636</u>	<u>\$ 357,295</u>	<u>\$ 1,665,595</u>
Debt Service as a Percentage of Noncapital Expenditures	9.72%	11.69%	7.81%	5.76%	5.59%

Fiscal Year				
2008	2007	2006	2005	2004
\$ 8,765,893	\$8,299,868	\$ 8,089,424	\$ 7,640,946	\$ 7,487,814
82,426	238,417	170,769	539,200	268,341
430,258	305,364	347,386	369,424	313,124
3,743,612	4,036,117	3,878,013	4,439,050	4,760,706
29,141	-	-	-	-
1,358,621	1,195,069	1,236,475	1,184,021	1,033,465
686,840	666,704	618,984	589,118	606,176
100,005	-	-	3,154	5,451
74,697	65,162	60,477	30,851	33,004
3,272,094	3,211,734	3,173,556	2,728,535	2,627,681
289,700	103,469	131,383	24,778	28,124
338,732	432,788	364,385	272,344	189,878
112,561	177,839	227,609	163,005	238,154
<u>19,284,580</u>	<u>18,732,531</u>	<u>18,298,461</u>	<u>17,984,426</u>	<u>17,591,918</u>
2,409,948	2,434,218	2,348,104	1,761,517	1,644,901
7,367,551	7,659,058	7,263,047	6,948,410	7,124,232
4,789,513	3,127,771	3,209,134	4,250,718	4,832,602
1,097,450	1,039,277	1,014,735	1,006,569	922,952
1,392,253	1,193,539	1,126,493	1,237,366	1,333,068
805,175	1,156,157	1,430,551	874,048	969,638
755,714	708,691	840,952	770,000	1,070,000
304,002	258,047	268,402	268,360	280,456
829,727	587,478	295,671	954,227	1,901,354
<u>19,751,333</u>	<u>18,164,236</u>	<u>17,797,089</u>	<u>18,071,215</u>	<u>20,079,203</u>
(466,753)	568,295	501,372	(86,789)	(2,487,285)
-	-	-	-	-
-	380,000	-	630,000	1,145,000
-	-	-	-	-
-	-	-	-	-
1,237,142	980,558	900,999	1,569,494	1,413,988
<u>(1,237,142)</u>	<u>(980,558)</u>	<u>(900,999)</u>	<u>(1,569,494)</u>	<u>(1,413,988)</u>
-	380,000	-	630,000	1,145,000
<u>\$ (466,753)</u>	<u>\$ 948,295</u>	<u>\$ 501,372</u>	<u>\$ 543,211</u>	<u>\$(1,342,285)</u>
6.36%	5.90%	6.34%	6.07%	7.43%

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
2013	\$ 510,892,339	1.50%
2012	504,008,240	1.50%
2011	467,925,125	1.50%
2010	459,698,781	1.50%
2009	448,552,315	1.50%
2008	445,836,912	1.50%
2007	422,052,129	1.50%
2006	433,872,362	1.50%
2005	438,658,575	1.50%
2004	426,759,409	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	
2013	1.50%	5.50%	7.00%
2012	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%
2005	1.50%	5.50%	7.00%
2004	1.50%	5.50%	7.00%

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

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

TABLE 7

Business Classifications	2013		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 291,373,702	1	52.87%
Accommodation & Food Services	54,394,901	2	9.87%
Other	205,344,886	-	37.26%
Total	\$ 551,113,489		100.00%

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

Source: Nebraska Dept of Revenue

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

TABLE 8

FISCAL YEAR (2)	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
2013	\$ 1,160,166,057	\$ 42,955,400	\$ 1,203,121,457	0.5781
2012	1,145,320,208	44,351,377	1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
2008	1,097,676,042	44,580,420	1,142,256,462	0.4830
2007	1,053,427,738	42,317,597	1,095,745,335	0.4628
2006	1,011,187,900	41,021,639	1,052,209,539	0.4605
2005	978,737,063	30,215,824	1,008,952,887	0.4419
2004	887,188,956	38,193,403	925,382,359	0.3660

(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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
CITY OF NORFOLK										
GENERAL FUND	0.1320	0.1335	0.1341	0.1341	0.1345	0.0689	0.0460	0.0433	0.0251	0.0286
DEBT SERVICE	0.0609	0.0615	0.0618	0.0618	0.0620	0.0641	0.0668	0.0696	0.0726	0.0191
ECONOMIC DEVELOPMENT FUND	0.0352	0.0356	0.0358	0.0358	0.0000	0.0000	0.0000	0.0000	0.0000	0.000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3476	0.3442	0.3183
TOTAL CITY OF NORFOLK	<u>0.5781</u>	<u>0.5806</u>	<u>0.5817</u>	<u>0.5817</u>	<u>0.5466</u>	<u>0.4830</u>	<u>0.4628</u>	<u>0.4605</u>	<u>0.4419</u>	<u>0.3660</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.4255	0.4249	0.4211	0.4090	0.3990	0.3872	0.4250	0.4049	0.4083	0.3905
SCHOOL DISTRICT NO 2	1.2154	1.2589	1.3182	1.3240	1.3062	1.2230	1.2336	1.2112	1.2176	1.1377
NORTHEAST COMMUNITY COLLEGE	0.0993	0.0983	0.0953	0.0985	0.0935	0.0900	0.0823	0.0904	0.0896	0.0811
NORFOLK AIRPORT AUTHORITY	0.0310	0.0313	0.0315	0.0330	0.0228	0.0236	0.0236	0.0236	0.0447	0.0487
LOWER ELKHORN NRD	0.0266	0.0296	0.0340	0.0379	0.0341	0.0339	0.0356	0.0354	0.0369	0.0348
AGRICULTURAL SOCIETY MADISON COUNTY	0.0131	0.0139	0.0144	0.0145	0.0144	0.0147	0.0155	0.0158	0.0168	0.0185
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150	0.0149	0.0149	0.0150
NORFOLK SANITARY DISTRICT	0.0100	0.0098	0.0095	0.0091	0.0087	0.0066	0.0067	0.0067	0.0068	0.0070
RAILROAD TRANSPORTATION SAFETY DIST.	0.0060	0.0050	0.0106	0.0036	0.0039	0.0040	0.0041	0.0046	0.0046	0.0000
TOTAL OVERLAPPING RATES	<u>1.8419</u>	<u>1.8867</u>	<u>1.9496</u>	<u>1.9445</u>	<u>1.8975</u>	<u>1.7980</u>	<u>1.8414</u>	<u>1.8075</u>	<u>1.8402</u>	<u>1.7333</u>
TOTAL PROPERTY TAXES	2.4199	2.4673	2.5313	2.5262	2.4441	2.2810	2.3042	2.2680	2.2821	2.0993

(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	2013			2004		
		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	\$ 13,165,843	1	1.09%	\$ 12,611,927	1	1.36%
WAL-MART STORES INC	RETAIL STORE	9,792,578	2	0.81%	9,302,641	2	1.01%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,329,320	3	0.78%	6,761,394	5	0.73%
HEARTLAND PANTRY INC	RETAIL STORE	8,800,461	4	0.73%	8,030,903	3	0.87%
HERITAGE OF NORFOLK INC	NURSING HOME	6,565,133	5	0.55%	-	-	0.00%
MENARD INC	RETAIL STORE	6,244,800	6	0.52%	5,690,930	6	0.61%
QWEST CORPORATION	TELEPHONE COMPANY	5,008,859	7	0.42%	7,389,323	4	0.80%
NYE NORFOLK LLC	APARTMENTS	4,721,642	8	0.39%	-	-	0.00%
DAYTON HUDSON CORP	RETAIL STORE	4,703,809	9	0.39%	-	-	0.00%
M F P MID-AMERICA SHOPPING CENTERS LLC	RETAIL STORE	4,500,000	10	0.37%	4,089,139	9	0.44%
WIS-PAK	BOTTLING DISTRIBUTION CO	-	-	0.00%	5,370,178	7	0.58%
MC MEADOWS LLC	APARTMENTS	-	-	0.00%	4,690,887	8	0.51%
TIMM PROPERTIES LTD	APARTMENTS	-	-	0.00%	3,877,142	10	0.42%
TOTAL		\$ 72,832,445		6.05%	\$ 67,814,464		7.33%

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
2013	\$ 2,825,242	\$ 2,736,874	96.87%	\$ -	\$ 2,736,874	96.87%
2012	2,823,416	2,737,455	96.96%	83,488	2,820,943	99.91%
2011	2,825,657	2,726,631	96.50%	97,533	2,824,164	99.95%
2010	2,404,312	2,317,303	96.38%	83,615	2,400,918	99.86%
2009	1,603,272	1,557,427	97.14%	45,552	1,602,979	99.98%
2008	1,317,224	1,268,047	96.27%	49,177	1,317,224	100.00%
2007	1,269,573	1,214,170	95.64%	55,403	1,269,573	100.00%
2006	1,061,657	1,028,673	96.89%	32,033	1,060,706	99.91%
2005	498,288	476,127	95.55%	22,161	498,288	100.00%
2004	494,557	476,228	96.29%	18,329	494,557	100.00%

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			
	GENERAL OBLIGATION BONDS (2)	SPECIAL ASSESSMENT BONDS	BOND ANTICIPATION NOTES	NOTES PAYABLE
2013	\$18,960,000	\$ 1,535,000	\$ -	\$ -
2012	20,180,000	1,745,000	-	23,809
2011	21,210,000	1,415,000	525,000	255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954
2008	3,895,000	935,000	2,335,000	169,644
2007	4,365,000	1,185,000	2,320,000	205,358
2006	4,410,000	1,430,000	755,000	244,048
2005	4,805,000	1,870,000	495,000	-
2004	5,200,000	1,615,000	385,000	-

Notes: (1) See Table 16 for income and population data. 2013 population and 2013 and 2012 personal income numbers are unavailable.

TABLE 12

<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>REVENUE</u>	<u>STATE</u>	<u>TOTAL</u>	<u>DEBT PER</u>	<u>PERCENTAGE</u>
<u>BONDS</u>	<u>REVOLVING</u>	<u>PRIMARY</u>	<u>CAPITA (1)</u>	<u>OF PERSONAL</u>
	<u>LOAN</u>	<u>GOVERNMENT</u>		<u>INCOME (1)</u>
\$ 9,160,000	\$ -	\$ 29,655,000	N/A	N/A
6,065,000	-	28,013,809	1,151.32	N/A
3,550,000	710,008	27,665,367	1,140.93	2.12
6,110,000	827,066	13,347,306	551.31	1.10
6,820,000	940,690	14,356,644	616.91	1.20
7,510,000	1,050,980	15,895,624	692.92	1.35
8,175,000	1,158,035	17,408,393	752.11	1.60
8,825,000	1,261,949	16,925,997	709.24	1.65
9,455,000	1,362,814	17,987,814	750.49	1.78
10,075,000	1,460,720	18,735,720	780.43	1.91

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
2013	\$ 18,960,000	\$ 470,340	\$ 19,430,340	\$ 1,556,817	\$ 17,873,523	N/A	1.54%
2012	20,180,000	532,264	20,712,264	1,117,646	19,594,618	805.30	1.71%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	1.85%
2010	3,480,000	618,952	4,098,952	1,193,594	2,905,358	120.01	0.26%
2009	3,720,000	729,722	4,449,722	1,218,131	3,231,591	138.86	0.29%
2008	3,895,000	394,928	4,289,928	1,255,485	3,034,443	132.28	0.29%
2007	4,365,000	508,914	4,873,914	1,318,671	3,555,243	153.60	0.35%
2006	4,410,000	620,399	5,030,399	1,283,781	3,746,618	156.99	0.38%
2005	4,805,000	852,040	5,657,040	1,273,539	4,383,501	182.89	0.49%
2004	5,200,000	757,985	5,957,985	1,459,976	4,498,009	187.36	0.54%

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

CITY OF NORFOLK, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 20,495,000	100.00%	\$ 20,495,000
OVERLAPPING:			
Norfolk School District #2	\$ 24,835,000	62.59%	\$ 15,544,535

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	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2013	\$ 8,344,442	\$ 5,524,293	\$ 2,820,149	\$905,000	\$182,034	\$1,087,034	2.59
2012	8,677,238	4,965,477	3,711,761	1,120,008	95,519	1,215,527	3.05
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76
2008	6,593,376	4,685,259	1,908,117	772,055	336,859	1,108,914	1.72
2007	7,226,561	4,627,357	2,599,204	753,914	358,648	1,112,562	2.34
2006	7,097,288	4,483,310	2,613,978	730,863	377,722	1,108,585	2.36
2005	6,854,416	4,406,612	2,447,804	717,906	399,002	1,116,908	2.19
2004	7,131,120	4,277,024	2,854,096	630,034	371,009	1,001,043	2.85

1) 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)
2013	N/A	N/A	N/A	4,148	2.9%
2012	24,332	N/A	N/A	4,110	3.2%
2011	24,248	1,305,431	37,372	4,009	3.6%
2010	24,210	1,213,230	34,728	4,023	3.8%
2009	23,272	1,198,153	33,949	3,891	4.2%
2008	22,940	1,176,748	36,103	3,830	3.0%
2007	23,146	1,134,031	33,064	3,803	2.7%
2006	23,865	1,067,230	30,260	3,941	3.5%
2005	23,968	1,050,390	29,590	3,902	3.6%
2004	24,007	1,020,437	28,653	3,997	3.2%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2013 numbers are unavailable.
 (2) State of Nebraska, NE Dept of Economic Development. 2013 and 2012 numbers are unavailable for Personal Income and for Per Capita Personal Income. Numbers are shown for Madison County.
 (3) Norfolk Public Schools PreK-12
 (4) State of Nebraska, NE Dept of Labor

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

TABLE 17

EMPLOYER	2013			2004		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,275	1	5.59%	1,000	2	4.28%
Norfolk Public Schools	705	2	3.09%	561	4	2.40%
Affiliated Foods Midwest	654	3	2.87%	501	6	2.15%
Covidien	500	4	2.19%			
Vulcraft Division of Nucor Steel	478	5	2.09%	355	9	1.52%
Nucor Steel Division	423	6	1.85%	492	7	2.11%
Walmart	407	7	1.78%			
Veyance Technologies	350	8	1.53%			
Norfolk Iron & Metal	320	9	1.40%			
Wis-Pak	102	10	0.45%			
Tyson Foods, Norfolk				1,100	1	4.71%
Dale Electronics				777	3	3.33%
Sherwood Medical Industries				520	5	2.23%
Goodyear Tire & Rubber				385	8	1.65%
Norfolk Regional Center				335	10	1.43%
Total	5,214		22.84%	6,026		25.80%

Source: Norfolk Area Chamber of Commerce

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

TABLE 18

	Full-Time Equivalent City Government Employees by Function as of September 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government	25.88	25.88	26.18	25.55	23.55	24.60	24.80	25.00	25.00	25.00
Engineering	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	58.00	58.00	58.00	58.00	60.00	60.50	60.50	65.50	65.50	64.50
Fire	37.00	38.00	38.00	38.00	38.00	37.00	37.00	38.00	38.00	38.00
Region 11	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
SNARE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.63	0.50	0.50
Streets	23.25	22.25	22.25	22.00	22.00	21.00	21.00	22.00	22.00	22.00
Culture & Recreation										
Parks	21.00	20.00	20.00	22.00	22.00	18.00	18.00	18.00	18.00	17.00
Recreation	1.67	1.67	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Auditorium	2.43	2.43	2.43	2.43	2.43	2.43	1.68	1.68	1.68	1.68
Library	15.1	15.1	14.97	14.97	14.97	14.96	15.69	16.69	15.80	15.80
Housing	5.75	5.75	5.75	5.75	5.75	5.63	5.73	5.73	5.73	5.73
Community Character Development Coalition	0.00	0.00	0.00	4.25	5.00	4.88	4.88	0.00	4.50	3.03
Economic Development Operating	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Water Pollution Control	9.00	9.00	9.50	9.50	13.50	13.50	13.50	13.50	13.50	13.50
Solid Waste Management	6.38	6.38	5.88	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Total	228.96	227.96	225.46	230.70	236.45	232.75	233.01	236.46	238.95	235.48

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Purchase Ordered Processed	765	1,223	1,393	1,365	1,773	1,887	2,025	2,100	2,537	2,845
Water/Sewer Customers Billed	9,479	9,419	9,392	9,306	9,276	9,118	9,049	9,000	8,850	8,910
Engineering										
Miles of Paving Districts	0.00	0.00	0.20	0.20	0.51	0.20	1.20	1.10	0.80	0.90
Miles of Street Reconstruction	0.40	1.10	0.75	0.30	0.35	0.50	1.20	1.00	1.50	0.80
Public Safety										
Police:										
Criminal Arrests	1,645	1,809	1,701	1,655	1,932	1,679	1,858	2,500	2,738	2,303
Traffic Arrests	2,294	2,709	2,804	2,313	2,348	2,514	2,480	3,550	3,718	3,688
Drug/Alcohol Arrests	817	897	762	556	715	782	817	1,200	1,065	1,376
Fire:										
Rescue Calls	1,941	1,866	1,861	1,678	1,714	1,744	1,682	1,715	1,925	1,657
Building and Safety										
Building Permits	347	356	375	386	382	392	412	549	575	497
Culture and Recreation										
Library										
Total Circulation	320,282	299,776	324,042	319,997	338,308	314,489	318,284	334,736	333,602	339,374
Water:										
Water Inspections	66	47	42	48	39	40	39	62	47	45
Locates	3,449	3,070	2,521	2,743	2,406	2,589	2,928	2,708	2,502	2,583
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.077	1.083	1.189	1.269	1.017	1.105	1.127	1.000	1.265	1.254
Sewer Maintenance										
Sewer Inspections	61	34	20	32	22	37	22	46	39	38
Solid Waste Management										
Average Daily Tonnage	104	108	108	113	110	116	117	117	121	128

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
City Auditorium (1)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Offices (2)	1.00	1.00	1.00	-	-	-	-	-	-	-
City Council Chambers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Streets										
Streets (Miles)	144.08	144.29	144.29	144.29	143.88	142.30	142.30	137.26	135.90	135.90
Streetlights	2,257	2,258	2,327	2,244	2,236	2,237	2,266	2,246	2,204	2,192
Parks										
Parks Acreage	403.50	403.50	403.50	403.50	396.00	378.00	364.00	364.00	364.00	364.00
Parks #	13.00	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00
Swimming Pools	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tennis Courts	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Library										
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water mains (miles)	123.00	123.00	123.00	122.00	121.00	120.00	120.00	145.00	142.00	141.00
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)	127.00	127.00	127.00	127.00	126.00	125.00	125.00	155.00	153.00	152.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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

(2) Administrative and Engineering Offices as of March 2012

Sources: Various City Departments