

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2015

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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NORFOLK
NEBRASKA**

for the year ended

September 30, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2015*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 16, 2016

**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, 2015 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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

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

CITY PROFILE

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

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

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

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

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

LOCAL ECONOMY

Norfolk continues to have low unemployment. Madison County's unemployment rate was 2.6% in December 2015, well below the national average of 5.0%. Real estate values are increasing. For the second year in a row there is a significant increase in assessed valuation. Norfolk's 2015 assessed valuation increased 4.81% and the 2014 assessed valuation increased 4.67%, most of which was due to increased value of existing property. This comes after 4 years of little increase in assessed valuation.

On January 30, 2014 Tejas Tubular announced it would locate a new manufacturing plant in Norfolk creating more than 200 jobs. A year later, Tejas Tubular announced it is postponing its plans to locate a plant in Norfolk. Uncertainty in the oil market delayed their aggressive timeline and caused the need to make adjustments in their strategic plan for growth. On October 28, 2015 OCT Pipe announced its plans to locate a new manufacturing plant in Norfolk. Plans are to construct a facility that is more than 1-million-square-foot with an investment of over \$100 million creating at least 180 jobs. OCT Pipe will produce and sell drilling and production pipe to major oil and gas production companies. The local Nucor steel mill is expected to be a major supplier of raw materials to the plant supplying 350,000 tons of steel annually.

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

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

The City and Community Development Agency approved a Redevelopment Agreement in January 2016 which provides for using tax increment financing for infrastructure development at the site of OCT Pipe's manufacturing plant to be located in northeast Norfolk at the southwest corner of the intersection of Eisenhower Avenue and Victory Road. The Community Development Agency anticipates issuing an \$11 million tax increment financing bond in 2017 to reimburse the developer for infrastructure costs. The City has also entered into an agreement with OCT Pipe to provide up to \$1 million of Keno lottery proceeds to OCT Pipe as an incentive to complete the project and create new jobs in Norfolk. Funds will be paid to OCT Pipe on a reimbursement basis for construction of a public water main, public sanitary sewer main, storm sewers, and railroad improvements.

The Norfolk area is experiencing a housing shortage. A 2011 study found that with modest growth, Norfolk would need 873 more housing units over the next 10 years. Actual construction has lagged far behind with only 97 new home constructions between 2010 and 2012. Both single-family and multi-family housing is lacking. A housing task force was formed to address the local housing shortage. The task force has discussed ideas to encourage speculative housing construction and the use of tax-increment financing to build streets, water, and sewer in an area. The City's Economic Development staff is also focusing on this issue, as it is difficult to recruit new businesses to the area if there is no supply of housing. The City and Community Development Agency recently approved a Redevelopment Contract which provides for using tax increment financing for infrastructure development in the area located south of Benjamin Avenue and bordered by Meadow Ridge Development. The redeveloper plans to construct single family attached units and single family detached units for a total of 53 housing units. The Redevelopment Contract provides for a maximum of \$900,000 of tax increment financing bonds.

Except for a decline in Norfolk's population, other economic indicators appear mainly positive. Norfolk's population decreased from an estimated 24,523 in 2013 to an estimated 24,444 in 2014. Madison County's unemployment rate decreased .3% from 2.9% in December 2014 to 2.6% in December 2015. School enrollment increased from 4,069 in September 2014 to 4,244 in September 2015. The most recent assessed valuation which was released August 20, 2015, shows taxable property in Norfolk valued at \$1,319,878,702, a 4.81% increase from the prior year.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

The City's maintenance level budget allows for a 3.5% expenditure growth and this is reflected in the LTFP with expenditures projected to grow slightly under 3.5% in most of the next ten

years included in the LTFP. However the City's two largest revenue sources are projected to grow at a slower rate.

The City's largest revenue source is sales tax which is projected to grow at an annual rate of 2.1% in the LTFP. The City urged its congressmen to pass the Marketplace Fairness Act (MFA) to allow collection of sales tax on Internet purchases which would increase sales tax growth. Both Nebraska senators voted for the MFA which passed the Senate in 2013, but stalled in the House Judiciary Committee.

The City's second largest revenue source is lease revenue from Nebraska Public Power District (NPPD) which pays 12% of system revenue to lease the City-owned electrical distribution system. NPPD is making a major effort to hold down rate increases and based on NPPD rate projections, the LTFP shows 1% growth in NPPD lease revenue for the next three years and 2% growth thereafter.

Slow growth in the City's two largest revenue sources, puts pressure on property tax which is the third largest general revenue source. The LTFP shows the City's property tax rate going from .246673 in 2014-2015 to .398666 in 2024-2025. In 2014-2015 the City's property tax levy rate was 4th lowest of the 30 first class cities in Nebraska and would have been 16th lowest with the projected 2024-2025 levy rate. The 2015-2016 budget results in a levy rate unchanged from the prior year at .246673 which is still the 4th lowest levy rate of the 30 first class cities.

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

One of the Mayor and Council goals is a library expansion. A half-cent sales tax increase was approved at the November 2014 general election. The sales tax increase went into effect on April 1, 2015 and will be in effect for 36 months to provide funding for a \$7.4 million library expansion and renovation. The project includes a 2,500 square feet addition, expanded parking, drive-up access to the book drop, improvements to the children's and teen's areas, expanded meeting rooms, and updated work spaces for the Library and Information Services staff.

Another of the Mayor and Council goals is recreation trails. The Council desires adding more recreation trails and have the additional trails connect existing trails. The Council formed a trail advisory board whose responsibility is to help identify, promote, and seek funding for new and expanding trails in and around Norfolk. The City was awarded a \$561,373 grant through the Nebraska Game and Parks Commission. This grant will fund 79% of the total project cost of \$707,966 for a 5,115 feet long trail in Johnson Park and along the north fork of the Elkhorn River. Engineering on the project is currently underway with construction set to begin this

summer. Various improvements to Johnson Park are planned in conjunction with the trail project including a picnic shelter and a performance area with seating.

Street maintenance continues to be a goal of the Mayor and Council. Last year the goal was to designate \$120,000 of Council priority funds for street repairs. This year's goal includes reconstructing the Norfolk Avenue bridge over the North Fork of the Elkhorn River.

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

RELEVANT FINANCIAL POLICIES

The City's important financial policies are included in the City's budget document. During the current year, one of these policies was particularly relevant. In 1988 the City Council adopted a policy that requires a minimum budgeted General Fund ending balance of \$1 million. If adjusted for inflation this would be \$2 million. Over the last several years, the City has been increasing General Fund ending balance to bring it up to a more appropriate level.

AWARDS AND ACKNOWLEDGEMENTS

CERTIFICATE OF ACHIEVEMENT. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the twenty-seventh 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-three years, the most recent for the 2015-2016 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, 2014.

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

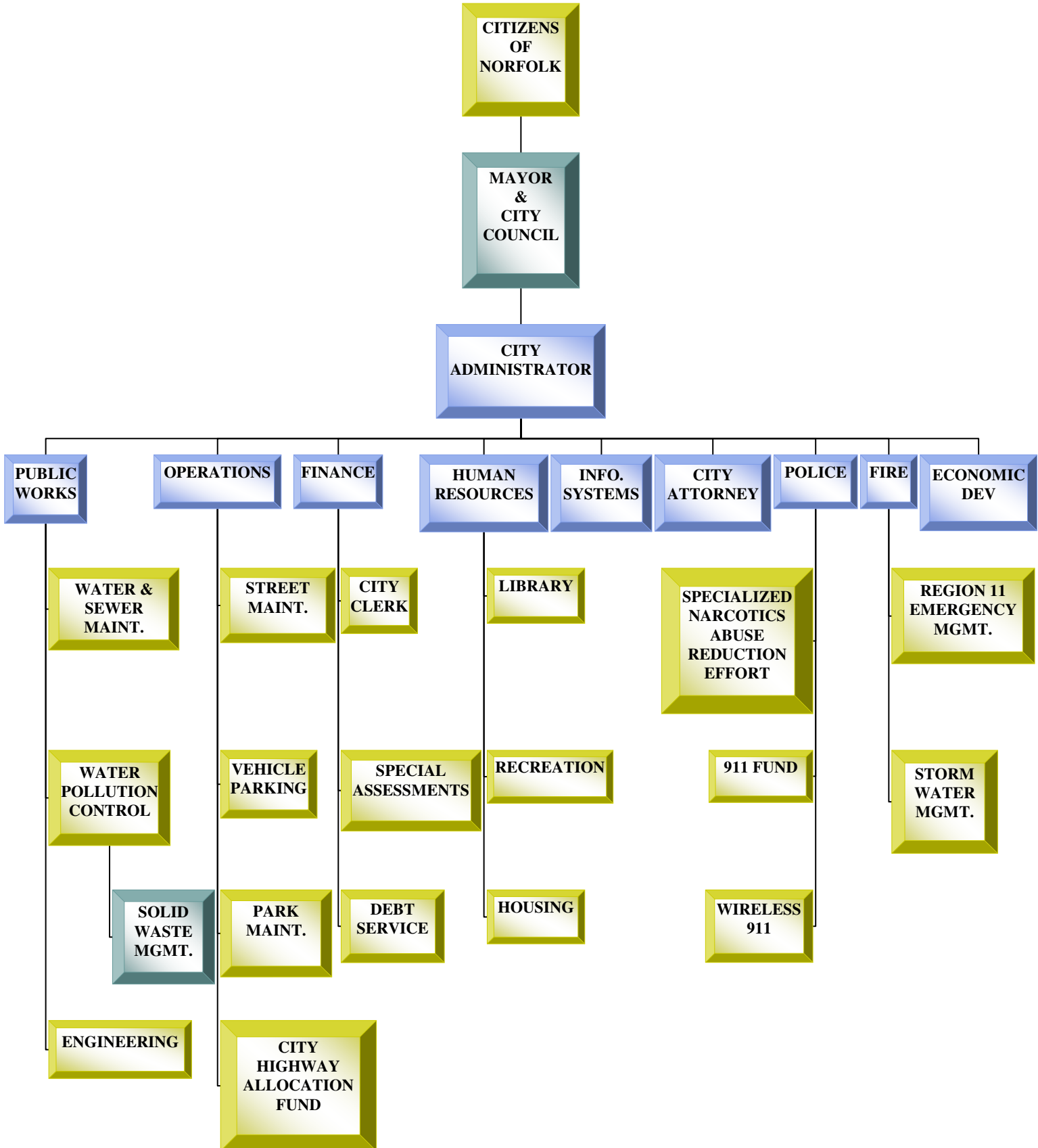
**City of Norfolk
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**City of Norfolk, Nebraska
Organizational Chart**



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2015

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Members
of the City Council
City of Norfolk, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Norfolk, Nebraska (the City), as of and for the year ended September 30, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information


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

The Governmental Non-Major Funds Combining Financial Statements, Enterprise Fund Combining Departmental Financial Schedules, and Fiduciary Fund Combining Financial Statements 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 16, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Hayes & Associates, L.L.C.
Omaha, Nebraska
March 16, 2016

Management Discussion and Analysis

September 30, 2015

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, 2015. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report.

Financial Highlights:

- The assets and deferred outflows of resources of the City of Norfolk exceeded liabilities and deferred inflows of resources at September 30, 2015, by \$115,800,727. Of this amount, \$25,875,078 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$6,828,719 during the year. Of this amount, the net position of Governmental Activities increased \$5,225,812 and the net position of Business Activities increased \$1,602,907.
- Bonds payable decreased \$1,224,707. Outstanding revenue bonds total \$7,440,000, general obligation bonds \$19,921,568, and special assessment bonds \$990,000 backed by the City's full faith and credit.
- The City implemented GASB 68, *Financial Reporting for Pension Plans*, on October 1, 2014. As a result of implementation, Governmental Activities beginning net position decreased \$50,081 to account for the Net Pension Liability as of the beginning of the year. See Note 14 to the financial statements for more information on implementation of GASB 68.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage

money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as grant revenues). The City has the following types of funds:

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

THE CITY AS TRUSTEE

Reporting the City’s Fiduciary Responsibilities

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

THE CITY AS A WHOLE

As stated earlier, net position may serve over time as a useful indicator of a government’s financial position. The largest part of the City’s net position reflects its investment in

capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the year ended September 30, 2015, net position was as follows:

City of Norfolk's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 36,333,879	\$ 29,029,190	\$ 11,875,906	\$ 13,058,754	\$ 48,209,785	\$ 42,087,944
Capital Assets	59,670,157	58,710,573	43,694,406	42,179,573	103,364,563	100,890,146
Total Assets	96,004,036	87,739,763	55,570,312	55,238,327	151,574,348	142,978,090
Deferred Outflows of Resources	17,543	8,793	19,292	28,937	36,835	37,730
Long-Term Liabilities	25,460,664	23,157,254	7,742,389	8,611,733	33,203,053	31,768,987
Other Liabilities	2,027,052	1,443,238	370,283	781,506	2,397,335	2,224,744
Total Liabilities	27,487,716	24,600,492	8,112,672	9,393,239	35,600,388	33,993,731
Deferred Inflows of Resources	210,068	-	-	-	210,068	-
Net Position:						
Net Investment in Capital Assets	39,859,311	39,846,176	37,014,955	36,984,047	76,874,266	76,830,223
Restricted	10,570,933	6,590,708	2,480,450	2,545,137	13,051,383	9,135,845
Unrestricted	17,893,551	16,711,180	7,981,527	6,344,841	25,875,078	23,056,021
Total Net Position	\$ 68,323,795	\$ 63,148,064	\$ 47,476,932	\$ 45,874,025	\$ 115,800,727	\$ 109,022,089

A portion of net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$25,875,078 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 \$3,915,538 increase in restricted net position. The increase is in the Governmental Activities which went from \$6,590,708 last year to \$10,570,933 this year, an increase of \$3,980,225. The increase is primarily due to an increase in amounts restricted for road projects and community programs and services.

Total revenue reported in fiscal year 2015 was \$36,984,809. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

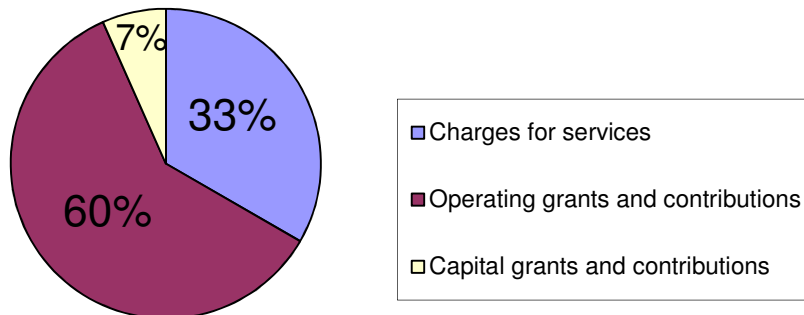
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 2,305,670	\$ 2,293,583	\$ 7,989,747	\$ 8,106,367	\$ 10,295,417	\$ 10,399,950
Operating grants and contributions	4,148,833	3,894,437	81,487	-	4,230,320	3,894,437
Capital grants and contributions	458,660	531,933	340,886	422,145	799,546	954,078
Total Program Revenues	6,913,163	6,719,953	8,412,120	8,528,512	15,325,283	15,248,465
General Revenues:						
Property taxes	3,428,471	3,097,189	-	-	3,428,471	3,097,189
Sales taxes	9,358,568	8,035,671	-	-	9,358,568	8,035,671
Other taxes	202,868	184,689	-	-	202,868	184,689
Occupation and franchise taxes	2,764,650	2,781,028	-	-	2,764,650	2,781,028
Interest	58,091	49,656	11,899	13,699	69,990	63,355
General intergovernmental revenues	365,627	276,969	-	-	365,627	276,969
Keno Revenues	611,740	572,632	-	-	611,740	572,632
Use of property	4,620,527	4,677,788	84,919	81,422	4,705,446	4,759,210
Revenue from Sale of Uncapitalized Property	74,113	42,511	-	-	74,113	42,511
Miscellaneous	55,506	40,009	22,547	32,190	78,053	72,199
Total General Revenues	21,540,161	19,758,142	119,365	127,311	21,659,526	19,885,453
Total Revenues	28,453,324	26,478,095	8,531,485	8,655,823	36,984,809	35,133,918
Expenses:						
General Government	2,622,419	2,552,931	-	-	2,622,419	2,552,931
Public Safety	9,111,824	8,912,927	-	-	9,111,824	8,912,927
Public Works	5,279,551	7,114,441	-	-	5,279,551	7,114,441
Public Library	1,386,198	1,409,728	-	-	1,386,198	1,409,728
Parks, Recreation and Public Property	2,927,345	2,674,471	-	-	2,927,345	2,674,471
Community Improvement and Development	1,213,129	994,906	-	-	1,213,129	994,906
Debt Service	673,579	626,377	-	-	673,579	626,377
Water System	-	-	2,102,160	2,386,409	2,102,160	2,386,409
Sewer System	-	-	3,075,988	2,770,537	3,075,988	2,770,537
Solid Waste	-	-	1,763,897	1,739,883	1,763,897	1,739,883
Total Expenses	23,214,045	24,285,781	6,942,045	6,896,829	30,156,090	31,182,610
Increase (Decrease) in Net Position before Transfers	5,239,279	2,192,314	1,589,440	1,758,994	6,828,719	3,951,308
Transfers	(13,467)	-	13,467	-	-	-
Increase (Decrease) in Net Position	5,225,812	2,192,314	1,602,907	1,758,994	6,828,719	3,951,308
Net Position - Beginning Unadjusted	63,148,064	60,955,750	45,874,025	44,115,031	109,022,089	105,070,781
Implementation of GASB 68	(50,081)	-	-	-	(50,081)	-
Net Position - Beginning Adjusted	63,097,983	60,955,750	45,874,025	44,115,031	108,972,008	105,070,781
Net Position - Ending	\$ 68,323,795	\$ 63,148,064	\$ 47,476,932	\$ 45,874,025	\$ 115,800,727	\$ 109,022,089

Program revenues totaled \$15,325,283. Of this total \$8,412,120 was program revenues from Business-Type Activities and \$6,913,163 was program revenues from General Governmental Activities. Program revenues from General Governmental Activities increased \$193,210 while program revenues from Business-Type Activities decreased \$116,392. General Governmental Activities operating grants and contributions increased \$254,396, primarily due to an increase in Community Development Block Grant funds and grant funds from the State of Nebraska for rental rehabilitation. Partially offsetting this increase was a \$73,273 decrease in capital grants and contributions. In the prior year the City received a grant through the Nebraska Department of Roads Enhancement Program and the Federal Highway Administration for a trail along the Elkhorn River in Ta-Ha-Zouka Park. Program revenues from Business-Type Activities consist primarily of charges for services. Almost 95% of Business-Type Activities program revenues is use fees for water, sewer, and solid waste. Other Business-Type Activities program revenues in the current year include insurance proceeds and contributed capital.

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

Program Revenues General Governmental

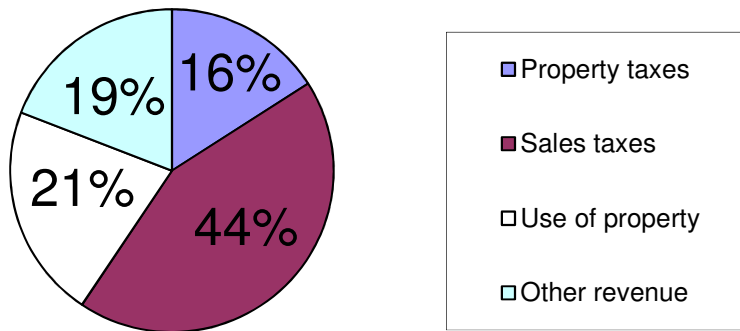


General revenues for Governmental Activities increased \$1,782,019 or 9% going from \$19,758,142 last year to \$21,540,161 in the current year. The largest general revenue source is sales tax, which increased \$1,322,897 or 16.5%. Sales tax increased for two reasons. The first reason is voters approved a half-cent sales tax increase at the November 2014 general election to fund a library expansion and renovation. The sales tax increase became effective April 1, 2015 with the City receiving the first this sales tax in June 2015. Approximately \$871,000 has been received during the current fiscal year. The second reason sales tax increased is because of a hail storm that occurred in June 2014. For more than a year following the storm, sales tax receipts were high as people were purchasing new cars and making repairs to their property. Property taxes increased

\$331,282. As explained in the letter of transmittal the property tax levy rate increased 8.8% to fund two additional police officers and to fund a portion of Park personnel previously funded from Keno revenue. Property taxes also increased because the City is allowing any increase in assessed valuation to increase property taxes to partially offset inflation over the years when the property tax asking remained constant. General intergovernmental revenues increased \$88,658 due to an increase in funds from the State of Nebraska in the form of Municipal Equalization Fund revenue and property tax credit.

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

General Revenues General Governmental



Total expenses decreased \$1,026,520 or 3.3% going from \$31,182,610 last year to \$30,156,090 this year. Expenses in Governmental Activities decreased \$1,071,736 or 4.4% and expenses in Business-Type Activities remained relatively flat, increasing \$45,216 or 0.7%.

The biggest decrease in expenses was in public works which went from \$7,114,441 last year to \$5,279,551 this year, a decrease of \$1,834,890. In the prior year there were a number of infrastructure projects in the City Highway Allocation Fund, such as street overlay projects on Victory Road, Norfolk Avenue, and 1st Street. In the current year, there was minimal street maintenance work. The significant projects in the current year, which include Prospect Avenue from 4th Street to 7th Street and Krenzien Drive from Michigan Avenue to Pasewalk Avenue, are in Construction in Progress and will be capitalized.

Partially offsetting the decrease in public works was a \$252,874 increase in parks, recreation and public property. Parks, recreation and public property went from \$2,674,471 in the prior year to \$2,927,345 in the current year. Approximately half of the increase is repairs to the roof of the multi-purpose building at Veterans Memorial Park that was damaged in the hail storm in June 2014. Insurance proceeds were received to

cover the cost of repairs and is included in program revenues. The remaining increase is primarily normal increases in salaries and other operating expenses.

Also increasing was community improvement and development which went from \$994,906 last year to \$1,213,129 this year, an increase of \$218,223 or 21.9%. As mentioned earlier, there was an increase in Community Development Block Grant funds and grant funds from the State of Nebraska for rental rehabilitation. These funds were used for downtown second story rental rehabilitation, improvements to Prospect Avenue, down payment assistance, and downtown commercial rehabilitation.

Public safety increased \$198,897 or 2.2%, primarily due to the Police Division hiring two additional police officers. For the last two years, patrol shifts have been working short due to turnover, injuries and illness. Other factors have also contributed to the need for additional officers. The introduction of in-car video cameras and videotaped in-custody interviews have increased the time it takes to complete reports, as officers review the recordings to ensure the report is consistent with the recording.

Expenses for Business-Type Activities remained relatively unchanged, increasing \$45,216 or 0.7%, going from \$6,896,829 last year to \$6,942,045 this year. Expenses in the Sewer Division increased \$305,451 due partially to repairs to the grit loadout building and other buildings that were damaged in the hail storm. Depreciation and amortization increased \$68,698 because a \$1.3 million project for sewer system remediation was capitalized in the prior year. Water Division expenses decreased \$284,249 primarily due to a decrease in repairs and maintenance from painting a water storage tank in the prior year. Expenses in the Solid Waste Division increased \$24,014 or 1.4%. More garbage was received in fiscal year 2015 resulting in more purchased services to haul away the garbage and more fees at the landfill.

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

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

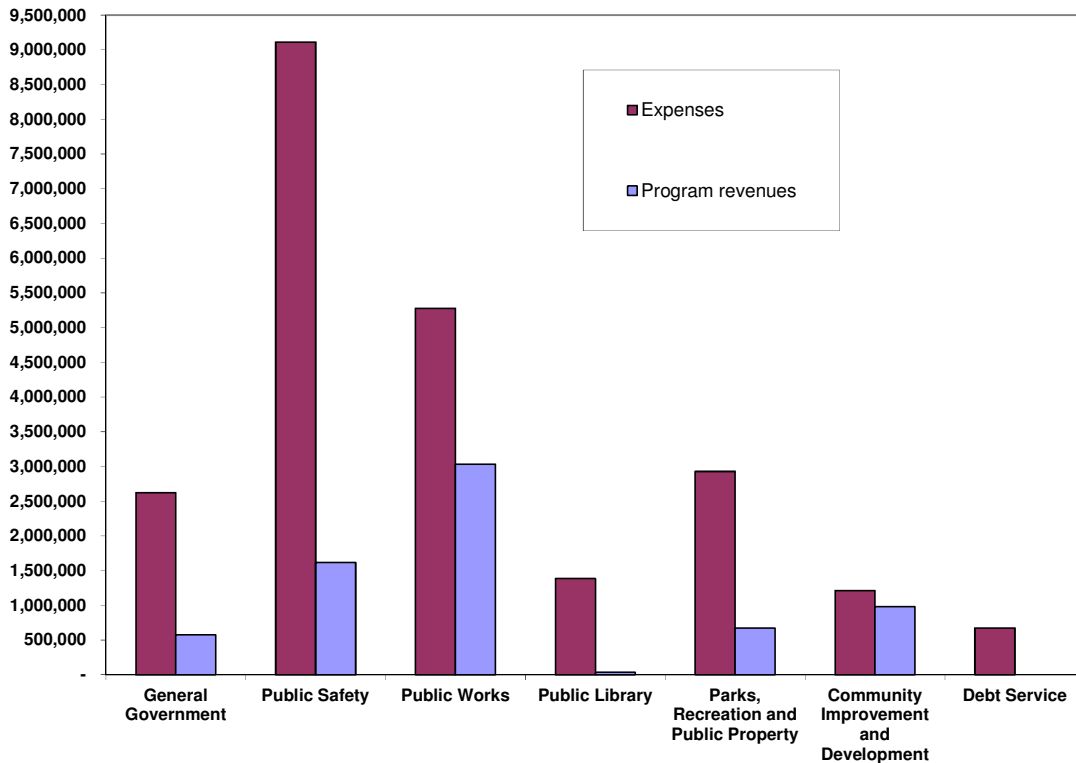
Governmental Activities

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 \$9,111,824 and total program revenues of only \$1,616,983 comprised of \$1,110,300 of charges for services, \$484,975 of operating grants and contributions, and \$21,708 of capital grants and contributions. The net cost of public safety was \$7,494,841 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:

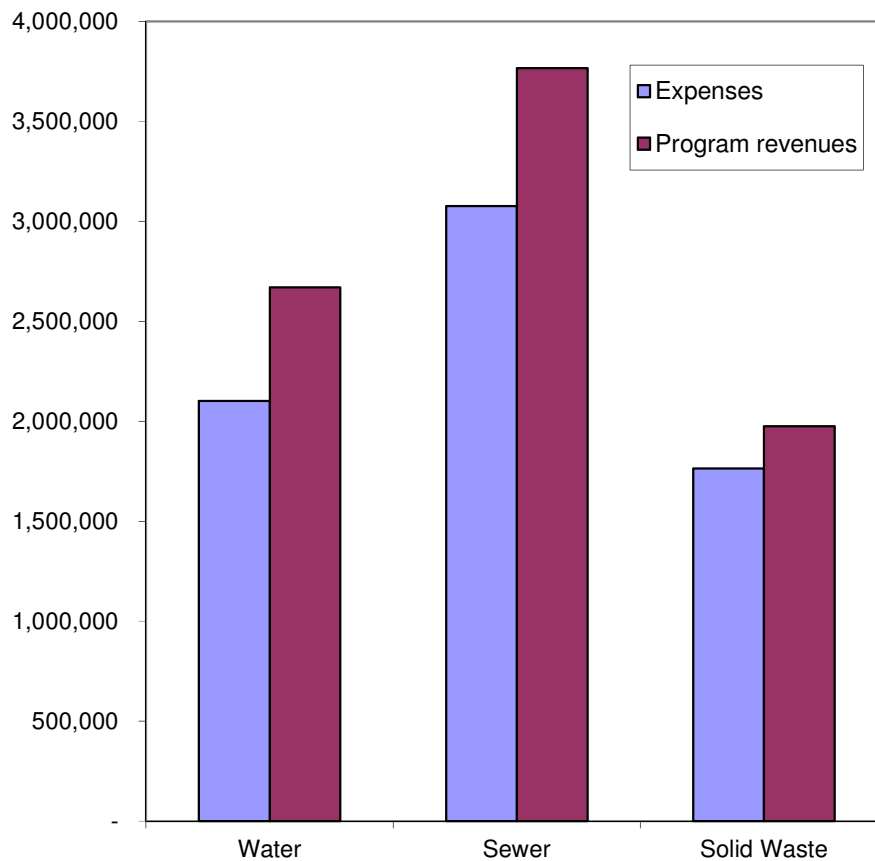
- General Government..... Fees
- Public Safety..... Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants
- Public Library..... Service Charges, Fees
- 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 \$1,602,907 accounting for 23% 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 \$677,382. 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 September 1, 2015. The Sewer Master Plan completed by Black & Veatch 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 2015 Sewer Division revenues exceeded expenses by \$710,689. Solid Waste Division revenues exceeded expenses by \$214,836.

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 \$26,381,607. The combined Governmental Fund balance increased \$4,900,517 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$1,227,292 increasing fund balance from \$8,120,596 last year to \$9,347,888 this year. As discussed earlier, there was a \$1,322,897 increase in sales tax due to voter approval of a half-cent sales tax increase to fund a library expansion and renovation. Sales tax receipts also increased as people purchased new cars and made repairs to their property following a June 2014 hail storm. Most of the sales tax for the library has been transferred to the Capital Projects Fund. A \$331,282 increase in property tax was partially offset by an increase in public safety expenditures since two additional police officers were hired.

The Debt Service Fund increased \$942,927. Of this increase approximately \$630,000 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 are callable in December 2015. The remaining increase in fund balance is property taxes and special assessment collections to be used on future debt service.

The Special Assessments Fund decreased \$1,076,177. There were four paving districts and one sewer district completed or in process during the year. Sewer District 247 extends sewer service to commercial and industrial properties south of the Elkhorn River along Highway 81. This is a \$3 million project to be funded by approximately 75% special assessments and 25% sewer revenues. Bond anticipation notes have been issued for the paving districts and the special assessment portion of Sewer District 247 until permanent financing is in place.

The only other major fund is the Community Development Block Grant Fund. This fund had an increase in fund balance of \$531,838. The increase is primarily due to receiving \$500,000 from Meadow Ridge Partners for early payoff of their HOME loan.

The Capital Construction Fund, a nonmajor fund, had an increase in fund balance of \$1,760,666. About half of the increase is sales tax transferred from the General Fund for the library renovation and expansion. No bonds are being issued for this project so sales tax is being held in this fund until construction begins in late 2016 or early 2017. The amount of keno funds in the Capital Construction Fund increased \$301,246 from the prior

year. The remaining increase is unspent Public Safety Tax Anticipation Bond proceeds which will be used to purchase an ambulance and police mobile data console upgrades.

The City Highway Allocation Fund increased almost \$1.5 million going from \$1,587,443 last year to \$3,038,500 this year. During the year there were only two major street projects and one was partially funded with a grant from the Community Development Block Grant Fund. A couple significant projects that were planned ended up being delayed until future years. One of these projects is reconstruction of the Norfolk Avenue bridge.

Three nonmajor funds had a decrease in fund balance. The decreases ranged from \$7,355 to \$57,946. The largest decrease was in the Vehicle Parking Fund, which primarily decreased due to a lease payment to the Downtown Norfolk Association to lease the new digital sign downtown.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$19.3 million of revenue and \$21.2 million of expenditures resulting in a budgeted decrease in fund balance of \$1.9 million. Actual fund balance increased \$841,703 because revenues exceeded budget by \$2 million and expenditures were under budget by \$.7 million. This combined with beginning fund balance exceeding budget by \$.7 million, resulted in an ending fund balance of about \$3.4 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$1,404,229 due to the increase in sales tax. At the time the budget was prepared, voters had not voted on the half-cent sales tax increase and, therefore, the additional half-cent sales tax was not budgeted. Miscellaneous revenue exceeded budget by \$211,181 due to sale of the building on Madison Avenue that housed the City's former council chambers. Intergovernmental revenue exceeded budget by \$183,039. The excess is primarily due to receipts from the State of Nebraska for property tax credit and homestead exemption. These receipts are not budgeted in intergovernmental revenue as they are budgeted as part of property taxes. Most other revenue categories exceeded budget since the City normally budgets conservatively. Three revenue categories were under budget by a total of \$223,822 due to ambulance charges, NPPD lease revenue, and interest income being under budget.

Expenditures in all categories were under budget resulting in \$1,596,344 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 \$11,754 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.

Transfers out exceeded budget by \$861,204 due to transfers of sales tax to the Capital Construction Fund for the library expansion and renovation. Similar to the sales tax receipts not being budgeted since the vote took place after the budget was prepared, the transfer to the Capital Construction Fund was not budgeted. Insurance proceeds, an unbudgeted item, of \$202,270 were received primarily relating to damage caused by the June 2014 hail storm.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, water and sewer systems, drainage systems and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of September 30, 2015, was \$76,874,266 (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			
	2015	2014	2015	2014	2015	2014
Land	\$ 15,175	\$ 28,128	\$ 2,586	\$ 35,118	\$ 17,761	\$ 63,246
Buildings and improvements	992,878	36,989	57,647	-	1,050,525	36,989
Water distribution and sewage system	-	-	2,305,148	4,324,523	2,305,148	4,324,523
Equipment, furniture and fixtures	1,359,986	790,146	2,011,281	345,240	3,371,267	1,135,386
Infrastructure	1,230,486	1,944,443	-	-	1,230,486	1,944,443
Construction in progress	3,854,623	1,568,542	2,251,144	2,433,310	6,105,767	4,001,852
Total Gross Additions	\$ 7,453,148	\$ 4,368,248	\$ 6,627,806	\$ 7,138,191	\$ 14,080,954	\$ 11,506,439

Gross additions to capital assets for Governmental Activities were \$7,453,148 compared to \$4,368,248 of additions in the prior year. In the current year approximately \$1.8 million was current year cost that was recorded in construction in progress before being reclassified to buildings and improvements, infrastructure, or furniture and equipment. Significant additions in the current year include: Prospect Avenue improvements, fire truck, phone system, police heating/ventilation/air conditioning upgrade, street loader and sweeper, recreation trails, 5th Street improvements, and paving districts in Berry Hill, Fox Ridge, and Andrew's Regency. Significant additions to construction in progress include: extending sewer service south of the Elkhorn River, Krenzien Avenue improvements, and reconstruction of the Norfolk Avenue bridge.

Total gross additions to capital assets for Business-Type activities were \$6,627,806 compared to \$7,138,191 in the prior year. In the current year approximately \$1.7 million was current year cost that was recorded in construction in progress before being reclassified to water distribution and sewage system. The largest project was the southwest sanitary sewer interceptor from 4th Street and Jackson Avenue to 13th Street and Monroe Avenue. Another large project was replacing the sequential batch reactors at

the Water Pollution Control plant. Other significant additions include: grit dewatering equipment, solids applicator truck, and sanitary sewer improvements along 7th Street.

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

DEBT ADMINISTRATION

At year-end the City had \$28,351,568 of bonded debt outstanding, net of original issue discounts/premiums. This is a decrease of \$1,224,707 from the prior year. During the year the City issued \$1,340,000 of public safety tax anticipation bonds to fund various public safety equipment such as an ambulance, fire truck, and police station heating/ventilation/air conditioning upgrade.

Moody's rated the City's general obligation bond issue dated December 22, 2010 Aa3. When the City refunded this bond issue in January 2016, Moody's reaffirmed the Aa3 rating. The ratio of general bonded debt to assessed real property value for the City has increased from .38% in 2006 to 1.44% currently due to a \$16.4 million recreation bond issue in fiscal year 2010-2011. Total debt per capita was \$709.24 in 2006 compared to \$1,210.93 in 2014, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 2.74.

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

ECONOMIC FACTORS

Effective April 1, 2015 the sales tax rate increased one-half percent, bringing the combined city and state sales tax rate to 7 ½ percent. The one-half percent rate increase will be in effect until March 31, 2018 and will provide funding for a \$7.4 million library expansion and renovation.

Sewer rates increased 6% effective September 1, 2015. A rate increase was needed to meet the existing cost of service and provide for sewer capital requirements including expansion of sewer service south of the Elkhorn River.

The City and Community Development Agency approved a Redevelopment Agreement in January 2016 which provides for using tax increment financing for infrastructure development at the site of OCT Pipe's manufacturing plant located in northeast Norfolk at the southwest corner of the intersection of Eisenhower Avenue and Victory Road. The Community Development Agency anticipates issuing an \$11 million tax increment financing bond in 2017 to reimburse the developer for infrastructure costs. The City has also entered into an agreement with OCT Pipe to provide up to \$1 million of Keno lottery proceeds to OCT Pipe as an incentive to construct a manufacturing plant and create new

jobs in Norfolk. Funds will be paid to OCT Pipe on a reimbursement basis for construction of a public water main, public sanitary sewer main, storm sewers, and railroad improvements. OCT Pipe plans to construct a facility that is more than 1-million-square-foot with an investment of over \$100 million and create at least 180 jobs.

In December 2010 the City issued \$16.4 million General Obligation Recreation Facilities Bonds. The City Council enacted occupation taxes on food and beverage and lodging to pay debt service on the bonds. As mentioned earlier the occupation tax receipts have been better than anticipated. The City has accumulated \$2 million of taxes above normal debt service on the bonds. In January 2016 the City called the bonds and used \$2 million to pay off the longest maturities and refunded \$9.73 million of outstanding bonds. The City anticipates the refunding will reduce debt service payments over the next 15 years by \$2,257,865 and obtain a net present value benefit of \$1,728,074. In addition to the interest savings from the refunding, there is a further interest savings of \$1,207,951 from using the \$2 million to pay the bonds early, resulting in total interest savings of \$3,465,816 over the next 15 years. Final maturity of the refunding bonds is December 15, 2023, 7 years earlier than the original bonds.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$8,816,995. The City has appropriated \$2,430,482 of this amount for spending in the 2015-2016 fiscal year budget. This action was taken as a precaution, given that the City budgets conservatively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF NORFOLK, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2015

With Summarized Financial Information as of September 30, 2014

	Primary Government		Totals	
	Gov ernmental	Business-Type	2015	2014
	Activities	Activities		
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 30,523,168	\$ 7,890,565	\$ 38,413,733	\$ 31,495,343
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	168,550	1,227,460	1,396,010	1,285,301
Taxes	2,167,655	-	2,167,655	1,826,538
Special Assessments	331,436	2,934	334,370	508,027
Notes Receivable	1,125,088	-	1,125,088	1,933,143
Due from Other Governmental Agencies	1,945,010	-	1,945,010	2,149,655
Inventories	32,149	223,104	255,253	275,442
Prepaid Assets	20,905	2,028	22,933	11,870
Net Pension Asset	19,918	-	19,918	-
Restricted Assets:				
Cash and Cash Equivalents	-	2,529,815	2,529,815	2,602,625
Land	8,342,731	3,166,864	11,509,595	11,503,217
Construction in Progress	2,088,140	894,105	2,982,245	3,486,724
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	49,239,286	39,633,437	88,872,723	85,900,205
Total Assets	96,004,036	55,570,312	151,574,348	142,978,090
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	5,862	19,292	25,154	37,730
Deferred Outflow of Resources Related to Pensions	11,681	-	11,681	-
Total Deferred Outflows of Resources	17,543	19,292	36,835	37,730
LIABILITIES				
Accounts Payable	1,842,613	320,918	2,163,531	1,989,343
Unearned Revenue	5,011	-	5,011	6,695
Accrued Interest Payable	179,428	-	179,428	171,218
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	49,365	49,365	57,488
Revenue Bonds - Current	-	845,000	845,000	865,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	1,600,000	-	1,600,000	1,490,000
Various Purpose Bonds	205,000	-	205,000	205,000
Compensated Absences and Benefits	903,157	130,470	1,033,627	988,697
Due in more than one year:				
Revenue Bonds Payable	-	6,595,000	6,595,000	7,440,000
General Obligation Bonds	18,321,568	-	18,321,568	18,586,275
Various Purpose Bonds	785,000	-	785,000	990,000
Bond Anticipation Notes	2,590,000	-	2,590,000	-
Compensated Absences and Benefits	1,055,939	171,919	1,227,858	1,204,015
Total Liabilities	27,487,716	8,112,672	35,600,388	33,993,731
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pensions	57,880	-	57,880	-
Deferred Inflows of County Funding	152,188	-	152,188	-
Total Deferred Outflows of Resources	210,068	-	210,068	-
NET POSITION				
Net Investment in Capital Assets	39,859,311	37,014,955	76,874,266	76,830,223
Restricted for:				
Debt Service	2,056,725	1,846,582	3,903,307	3,667,722
Future Capital Assets	-	633,868	633,868	596,232
Road Projects	3,038,500	-	3,038,500	1,587,443
Community Programs & Services	5,475,708	-	5,475,708	3,284,448
Unrestricted	17,893,551	7,981,527	25,875,078	23,056,021
Total Net Position	\$ 68,323,795	\$ 47,476,932	\$ 115,800,727	\$ 109,022,089

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

With Summarized Financial Information for the Year Ended September 30, 2014

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			2015	2014
Primary Government:								
Governmental Activities:								
General Government	\$ 2,622,419	493,501	\$ 83,379	\$ -	\$ (2,045,539)		\$ (2,045,539)	\$ (2,022,070)
Public Safety	9,111,824	1,110,300	484,975	21,708	(7,494,841)		(7,494,841)	(7,248,750)
Public Works	5,279,551	110,592	2,554,617	365,696	(2,248,646)		(2,248,646)	(4,465,282)
Public Library	1,386,198	30,326	6,104	-	(1,349,768)		(1,349,768)	(1,373,901)
Parks, Recreation and Public Property	2,927,345	462,350	137,166	71,256	(2,256,573)		(2,256,573)	(1,603,755)
Community Improvement and Development	1,213,129	98,601	882,592	-	(231,936)		(231,936)	(225,693)
Debt Service	673,579	-	-	-	(673,579)		(673,579)	(626,377)
Total governmental activities	<u>23,214,045</u>	<u>2,305,670</u>	<u>4,148,833</u>	<u>458,660</u>	<u>(16,300,882)</u>		<u>(16,300,882)</u>	<u>(17,565,828)</u>
Business-Type Activities:								
Water Division	2,102,160	2,496,043	30,892	142,630		567,405	567,405	236,861
Sewer Division	3,075,988	3,518,523	50,595	197,247		690,377	690,377	1,339,444
Solid Waste Division	1,763,897	1,975,181	-	1,009		212,293	212,293	55,378
Total Business-Type Activities:	<u>6,942,045</u>	<u>7,989,747</u>	<u>81,487</u>	<u>340,886</u>		<u>1,470,075</u>	<u>1,470,075</u>	<u>1,631,683</u>
Total Primary Government	<u>\$ 30,156,090</u>	<u>\$ 10,295,417</u>	<u>\$ 4,230,320</u>	<u>\$ 799,546</u>	<u>(16,300,882)</u>	<u>1,470,075</u>	<u>(14,830,807)</u>	<u>(15,934,145)</u>
General Revenues:								
Property taxes					3,428,471	-	3,428,471	3,097,189
Sales Taxes					9,358,568	-	9,358,568	8,035,671
Other taxes					202,868	-	202,868	184,689
Occupation and Franchise Taxes					2,764,650	-	2,764,650	2,781,028
Interest					58,091	11,899	69,990	63,355
General Intergovernmental Revenues Unrestricted					365,627	-	365,627	276,969
Unrestricted Keno Revenue					611,740	-	611,740	572,632
Use of property					4,620,527	84,919	4,705,446	4,759,210
Revenue from Sale of Uncapitalized Property					74,113	-	74,113	42,511
Miscellaneous					55,506	22,547	78,053	72,199
Interfund Transfers					(13,467)	13,467	-	-
Total general revenues and transfers					<u>21,526,694</u>	<u>132,832</u>	<u>21,659,526</u>	<u>19,885,453</u>
Change in Net Position					<u>5,225,812</u>	<u>1,602,907</u>	<u>6,828,719</u>	<u>3,951,308</u>
Net Position - Beginning Unadjusted					63,148,064	45,874,025	109,022,089	105,070,781
Implementation of GASB 68					(50,081)	-	(50,081)	-
Net Position - Beginning Adjusted					<u>63,097,983</u>	<u>45,874,025</u>	<u>108,972,008</u>	<u>105,070,781</u>
Net Position - Ending					<u>\$ 68,323,795</u>	<u>\$ 47,476,932</u>	<u>\$ 115,800,727</u>	<u>\$ 109,022,089</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2015

	General	Community Development Block Grant	Debt Service	Special Assessments	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Equity in Pooled Investment Account	\$ 5,700,528	\$ 715,870	\$ 4,789,466	\$ 1,752,480	\$ 12,581,637	\$ 25,539,981
Cash at County Treasurer	311,025	-	102,778	-	69,334	483,137
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	158,842	-	-	-	9,708	168,550
Taxes	1,902,767	-	194,980	-	69,908	2,167,655
Special Assessments	39,039	-	292,397	-	-	331,436
Notes Receivable	-	1,070,905	-	-	54,183	1,125,088
Due from Other Governmental Agencies	1,461,550	147,937	-	-	335,523	1,945,010
Inventories	16,965	-	-	-	-	16,965
Prepaid Assets	5,777	-	-	-	15,128	20,905
Total Assets	<u>9,596,493</u>	<u>1,934,712</u>	<u>5,379,621</u>	<u>1,752,480</u>	<u>13,135,421</u>	<u>31,798,727</u>
Liabilities						
Accounts Payable	180,247	14,575	3,448	283,018	679,465	1,160,753
Unearned Revenue	-	-	-	-	5,011	5,011
Bond Anticipation Notes	-	-	-	2,590,000	-	2,590,000
Total Liabilities	<u>180,247</u>	<u>14,575</u>	<u>3,448</u>	<u>2,873,018</u>	<u>684,476</u>	<u>3,755,764</u>
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	29,319	-	11,006	-	12,319	52,644
Unavailable Revenue-Loan Repayments	-	1,070,905	-	-	54,183	1,125,088
Unavailable Revenue-Special Assessments	39,039	-	292,397	-	-	331,436
Unavailable Revenue-County Funding	-	-	-	-	152,188	152,188
Total Deferred Inflows of Resources	<u>68,358</u>	<u>1,070,905</u>	<u>303,403</u>	<u>-</u>	<u>218,690</u>	<u>1,661,356</u>
Fund Balances (Deficits)						
Non Spendable	22,742	-	-	-	15,128	37,870
Restricted	476,210	849,232	2,236,153	-	9,519,532	13,081,127
Committed	-	-	2,836,617	-	-	2,836,617
Assigned	31,941	-	-	-	2,697,595	2,729,536
Unassigned	8,816,995	-	-	(1,120,538)	-	7,696,457
Total Fund Balances (Deficits)	<u>9,347,888</u>	<u>849,232</u>	<u>5,072,770</u>	<u>(1,120,538)</u>	<u>12,232,255</u>	<u>26,381,607</u>
Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 9,596,493</u>	<u>\$ 1,934,712</u>	<u>\$ 5,379,621</u>	<u>\$ 1,752,480</u>	<u>\$ 13,135,421</u>	<u>\$ 31,798,727</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, 2015

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

Total Fund Balance - Governmental Funds (page 32)	\$ 26,381,607
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	59,670,157
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.	3,818,193
Unavailable revenues that provide current financial resources for governmental activities	1,509,165
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	(179,428)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	17,543
Deferred inflows of resources related to pensions are not due and payable in the current year and, therefore, are not reported in the funds.	(57,880)
Net pension asset is not a financial resource and, therefore, not reported in the funds.	19,918
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(22,870,664)</u>
Total Net Position - Governmental Activities (page 30)	<u><u>\$ 68,323,795</u></u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2015

	General	Community Development Block Grant	Debt Service	Special Assessments	Other Governmental Funds	Total Governmental Funds
Revenue:						
Taxes	\$ 11,645,901	\$ -	\$ 681,267	\$ -	\$ 476,406	\$ 12,803,574
Special Assessments	671	-	184,316	-	-	184,987
Licenses and Permits	321,575	-	-	-	-	321,575
Intergovernmental Revenue	593,548	590,296	53,794	-	3,109,637	4,347,275
Charges for Services	1,841,576	-	-	-	-	1,841,576
Keno Revenue	611,740	-	-	-	-	611,740
Occupation and Franchise Taxes	714,250	-	1,802,450	-	247,951	2,764,651
Contributions	10,870	-	-	187,500	6,207	204,577
Payments in Lieu of Taxes	128,986	-	46,786	-	27,095	202,867
Parking Fees and Rentals	4,599,658	-	-	-	20,870	4,620,528
Loan Repayments	-	561,393	-	-	9,490	570,883
Interest	1,997	411	34,830	567	13,848	51,653
Miscellaneous	276,422	440	-	-	37,243	314,105
Total Revenue	20,747,194	1,152,540	2,803,443	188,067	3,948,747	28,839,991
Current Expenditures:						
Public Safety	8,957,661	-	-	-	1,061,582	10,019,243
Public Works	3,085,063	274,984	-	1,264,244	1,142,525	5,766,816
Public Library	1,334,676	-	-	-	-	1,334,676
Parks, Recreation and Public Property	2,022,078	-	36,050	-	256,641	2,314,769
Community Improvement and Development	444,514	345,718	-	-	475,527	1,265,759
General Government	2,465,751	-	-	-	109,311	2,575,062
Debt Service:						
Debt Service	-	-	1,959,861	-	402,284	2,362,145
Total Expenditures	18,309,743	620,702	1,995,911	1,264,244	3,447,870	25,638,470
Excess (Deficiency) of Revenues Over Expenditures	2,437,451	531,838	807,532	(1,076,177)	500,877	3,201,521
Other Financing Sources (Uses):						
Issuance of Debt	-	-	-	-	1,480,000	1,480,000
Insurance Proceeds	218,996	-	-	-	-	218,996
Transfers In	668,246	-	135,395	-	1,962,006	2,765,647
Transfers Out	(2,097,401)	-	-	-	(668,246)	(2,765,647)
Total Other Financing Sources (Uses)	(1,210,159)	-	135,395	-	2,773,760	1,698,996
Net Change in Fund Balance	1,227,292	531,838	942,927	(1,076,177)	3,274,637	4,900,517
Fund Balances Beginning of Year	8,120,596	317,394	4,129,843	(44,361)	8,957,618	21,481,090
Fund Balances End of Year	\$ 9,347,888	\$ 849,232	\$ 5,072,770	\$ (1,120,538)	\$ 12,232,255	\$ 26,381,607

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, 2015

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

Net change in fund balances - total governmental funds (page 34) \$ 4,900,517

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	\$ 4,429,070	
Depreciation expense	<u>(3,264,847)</u>	1,164,223

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. 14,144

Revenues reported in the funds that are not available to provide current financial resources (1,074,501)

Accrued interest expense that does not require current financial resources (8,210)

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: (73,118)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources. 23,800

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. 62,181

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was: (1,480,000)

The effect of bond premiums and deferred refunding charges when new debt is issued, whereas, these amounts are deferred and amortized in the statement of activities 1,776

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: 1,695,000

Change in net position of governmental activities (page 31) \$ 5,225,812

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2015

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 7,890,565	\$ 4,500,050
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,227,460	-
Special Assessments	2,934	-
Restricted Cash		
Cash and Cash Equivalents	894,365	-
Inventories	223,104	-
Prepaid Assets	2,028	-
Total Current Assets	10,240,456	4,500,050
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,635,450	-
Capital Assets:		
Land	3,166,864	-
Construction in Progress	894,105	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	39,633,437	-
Total Noncurrent Assets	45,329,856	-
Total Assets	55,570,312	4,500,050
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	19,292	-
Total Deferred Outflows of Resources	19,292	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	320,918	681,857
Accrued Wages and Compensated Absences	130,470	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	49,365	-
Revenue Bonds - Current	845,000	-
Total Current Liabilities	1,345,753	681,857
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	6,595,000	-
Compensated Absences and Benefits, Long-Term	171,919	-
Total Noncurrent Liabilities	6,766,919	-
Total Liabilities	8,112,672	681,857
NET POSITION		
Net Investment in Capital Assets	37,014,955	-
Restricted for:		
Debt Service	1,846,582	-
Future Capital Assets	633,868	-
Unrestricted	7,981,527	3,818,193
Total Net Position	\$ 47,476,932	\$ 3,818,193

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, 2015

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 7,989,747	\$ 2,937,600
Rental Income	84,919	-
Intergovernmental Revenue	-	-
Miscellaneous Income	22,547	-
Total Operating Revenue	8,097,213	2,937,600
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,056,864	-
Purchased Services	1,123,376	-
General and Administration	673,779	2,881,859
Repairs and Maintenance	729,280	-
Utilities	651,696	-
Depreciation and Amortization	1,463,486	-
Total Operating Expenses	6,698,481	2,881,859
Operating Income	1,398,732	55,741
Non-Operating Income (Expense):		
Interest Income	11,899	6,440
Gain (Loss) on Disposal of Capital Assets	(59,331)	-
Insurance Proceeds	81,487	-
Interest Expense	(184,233)	-
Interfund Transfer Out	(862)	-
Total Non-Operating Income (Expenses)	(151,040)	6,440
Income before Contributions	1,247,692	62,181
Capital Contributions	355,215	-
Change in Net Position	1,602,907	62,181
Net Position - Beginning	45,874,025	3,756,012
Net Position - Ending	\$ 47,476,932	\$ 3,818,193

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2015

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 7,926,238	\$ 2,937,600
Cash Paid to Suppliers for Goods and Services	(3,219,687)	(2,480,446)
Cash Paid to Employees for Services	(2,061,238)	-
Net Cash Provided by Operating Activities	<u>2,645,313</u>	<u>457,154</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(3,106,093)	-
Proceeds of Grants	63,509	-
Proceeds from Sales of Capital Assets	7,500	-
Principal Paid on Notes and Bonds	(865,000)	-
Interest Paid on Notes and Bonds	(192,356)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(4,092,440)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Insurance Proceeds	73,186	-
Interest and Dividends on Investments	11,899	6,440
Net Cash Provided for Investing Activities	<u>85,085</u>	<u>6,440</u>
Net Increase in Cash and Cash Equivalents	(1,362,042)	463,594
Cash and Cash Equivalents at Beginning of Year	<u>11,782,422</u>	<u>4,036,456</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,420,380</u>	<u>\$ 4,500,050</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2015

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,398,732	\$ 55,741
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,463,486	-
(Increase) Decrease in Assets:		
Accounts Receivable	(173,531)	-
Special Assessments	2,526	-
Prepaid Assets	80	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(41,636)	401,413
Accrued Compensated Absences	(4,344)	-
Total Adjustments	1,246,661	401,413
Net Cash Provided by Operating Activities	2,645,393	457,154
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	277,376	-
Contributions of Capital Assets	14,330	-
Accounts Payable Exchanged for Capital Assets	56,931	-
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	7,890,565	4,500,050
Restricted Cash - Current	894,365	-
Restricted Cash - Noncurrent	1,635,450	-
	\$ 10,420,380	\$ 4,500,050

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2015

	<u>Pension Trust Funds</u> Employee Retirement Funds	<u>Agency Fund</u> Community Development Agency
ASSETS		
Current Assets:		
Cash	\$ -	\$ 528,926
Cash at County Treasurer	-	6,801
Guaranteed Insurance Contracts Managed by Trustee	12,800,746	-
Open Ended Mutual Funds Managed by Trustee	25,090,179	-
Total Current Assets	<u>37,890,925</u>	<u>535,727</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	535,727
Total Current Liabilities	<u>-</u>	<u>535,727</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>\$ 37,890,925</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, 2015

	<u>Pension Trust Funds Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 902,625
Employee	<u>915,637</u>
Total Contributions	<u>1,818,262</u>
Investment Income:	
Interest, Dividends and Market Gain	<u>34,972</u>
Total Additions	<u>1,853,234</u>
DEDUCTIONS	
Pension Benefits	609,614
Contribution Refunds	1,783,786
Administrative Costs	<u>4,540</u>
Total Deductions	<u>2,397,940</u>
Net Increase	(544,706)
Net Position -- Beginning of Period	<u>38,435,631</u>
Net Position -- End of Period	<u><u>\$ 37,890,925</u></u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units

Community Development Agency (CDA)

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

The Mayor and Council to provide for redevelopment of various blighted areas within the City created the CDA. Members of the CDA consist of the Mayor and City Council with the Mayor serving as Chairman. Officers of the CDA are also officers of the City. Although it is legally separate from the City, the CDA is reported as if it were part of the primary government because its sole purpose is to provide redevelopment of various areas within the City. The 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 landfill began operation on October 30, 1995. The City does not have an equity interest in the NNSWC. The NNSWC issues its own financial statements, which are available upon request from its offices at 309 North Fifth Street in Norfolk Nebraska.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Entities

Norfolk Housing Agency

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

Norfolk Airport Authority

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

B. Basic Financial Statements-Government-Wide Statements

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

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

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

The City does not allocate indirect costs.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

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

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

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

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

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

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

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

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

- 1) Pension Trust Funds – The Pension Trust Funds represent the resources accumulated for pension benefit payments to qualified City employees. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting, so that revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City includes the firefighter, police and civilian retirement funds in its combined retirement fund.
- 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, 2015, 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, 2015

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, 2015. 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. Bond Anticipation Notes are recognized as fund liabilities prior to the long term financing being issued. The remaining portion of such obligations is reported in the government-wide financial statement. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.
12. Net Position/Fund Balances The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

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

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

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

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes as determined by the City's Finance Officer or his or her designee. Resolution 2011-43 adopted by the Mayor and Council on October 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 10 for current year encumbrances.

G. Landfill Closure Costs

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

H. Statement of Cash Flows

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

I. Recent Accounting Pronouncements:

Adoption of New Accounting Pronouncements

During the year, the City adopted adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27*, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, and GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements No. 67 and 68. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. The adoption of these standards did have an impact on the financial statements with an addition of a Net Pension Asset, Deferred Outflow of Resources Related to Pensions and Deferred Inflow of Resources Related to Pensions. See Notes 9 and 14 for more information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Not Adopted

In February 2015, GASB issued Statement No. 72 *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. In June 2015, GASB issued Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the Generally Accepted Accounting Principles (GAAP) hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. In August 2015, GASB issued Statement No. 77 *Tax Abatement Disclosures*. This Statement improves financial reporting by giving the users essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to the financial users. In December 2015, GASB issued Statement No. 79 *Certain External Investment Pools and Pool Participants*. The primary objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. These Statements are effective for the City's year ending September 30, 2016.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2015, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$29,085,717
Money Market Account (at cost)	<u>11,857,831</u>
	<u>\$40,943,548</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2015 and throughout the year, the City's bank deposits, including certificates of deposit, were entirely covered by federal deposit insurance or by collateral held in joint custody in the City's name at third party banks acting as the City's agent (in most cases Federal Reserve Banks).

B. Investments Managed by Trustee:

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

Under this arrangement, the insurance company guarantees the City a minimum rate of return. If the rate of return on the general assets of the insurance company exceeds the guaranteed rate of return, the City's investments are credited with the actual rate of return. These guaranteed insurance contracts are not marketable. Any withdrawals from these accounts are at cost plus accumulated earnings and these insurance contracts are valued on that basis. At September 30, 2015, \$12,800,746 was held in these guaranteed insurance contracts. The other pension assets

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

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

are invested in open-ended mutual funds, which are stated at fair value, and, at September 30, 2015, amounted to \$25,090,179.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2015:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 920,483
Revenue bond account	615,464
Operation and maintenance account	<u>360,000</u>
	1,895,947
Pursuant to grant agreements:	
Improvement and extension account	<u>633,868</u>
	<u>\$2,529,815</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, 2015, are net of allowance for uncollectable. The allowance for uncollectable in the general fund was \$239,000 at September 30, 2015.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2015, there were no short-term interfund borrowings.

As of September 30, 2015, there were no long-term advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,338,939	\$ 15,175	\$ 11,383	\$ 8,342,731
Construction in Progress	1,257,595	3,854,623	3,024,078	2,088,140
Total capital assets not being depreciated	<u>9,596,534</u>	<u>3,869,798</u>	<u>3,035,461</u>	<u>10,430,871</u>
Capital assets being depreciated:				
Buildings and improvements	22,244,240	992,878	209,165	23,027,953
Equipment, furniture and fixtures	13,619,115	1,359,986	526,128	14,452,973
Infrastructure	49,305,878	1,230,486	-	50,536,364
Total capital assets being depreciated	<u>85,169,233</u>	<u>3,583,350</u>	<u>735,293</u>	<u>88,017,290</u>
Less: Accumulated Depreciation for:				
Buildings and improvements	6,915,899	759,854	128,560	7,547,193
Equipment, furniture and fixtures	8,923,917	788,478	413,477	9,298,918
Infrastructure	20,215,378	1,716,515	-	21,931,893
Total accumulated depreciation	<u>36,055,194</u>	<u>3,264,847</u>	<u>542,037</u>	<u>38,778,004</u>
Total capital assets being depreciated, net	<u>49,114,039</u>	<u>318,503</u>	<u>193,256</u>	<u>49,239,286</u>
Governmental activities capital assets, net	<u>\$58,710,573</u>	<u>\$4,188,301</u>	<u>\$3,228,717</u>	<u>\$59,670,157</u>

Construction in progress at September 30, 2015 for the governmental activities consisted of costs associated with Paving Districts, Ambulance, Trail Projects, Street Projects, Street Building Project and Central Park Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,164,278	\$ 2,586	\$ -	\$ 3,166,864
Construction in Progress	2,229,129	2,251,144	3,586,168	894,105
Total capital assets not being depreciated	5,393,407	2,253,730	3,586,168	4,060,969
Capital assets being depreciated:				
Water and pollution control plant	26,660,240	57,647	223,766	26,494,121
Water distribution and sewage system	31,124,642	2,305,148	-	33,429,790
Equipment	4,750,336	2,011,281	265,233	6,496,384
Total capital assets being depreciated	62,535,218	4,374,076	488,999	66,420,295
Less: Accumulated Depreciation for:				
Water and pollution control plant	17,979,277	810,706	162,394	18,627,589
Water distribution and sewage system	5,478,124	374,894	-	5,853,018
Equipment, furniture and fixtures	2,291,651	268,240	253,640	2,306,251
Total accumulated depreciation	25,749,052	1,453,840	416,034	26,786,858
Total capital assets being depreciated, net	36,786,166	2,920,236	72,965	39,633,437
Business-type activities capital assets, net	\$42,179,573	\$5,173,966	\$3,659,133	\$43,694,406

Construction in progress at September 30, 2015 consisted of costs associated with the Water Pollution Control Influent Pump Improvements, Northeast Industrial 20" Water Main and Sanitary Sewer Line, and US Hwy 81 Sewer Service Extension.

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

Governmental Activities:	
General Government	\$ 174,507
Public Safety	484,542
Public Works	1,623,864
Parks, Recreation, and Public Property	900,408
Public Library	70,254
Community Improvement and Development	11,272
Total depreciation expense – governmental activities	<u>\$ 3,264,847</u>
Business-Type Activities:	
Solid Waste Management	\$ 95,665
Water	602,996
Sewer	755,179
Total depreciation expense – business-type activities	<u>\$ 1,453,840</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,342,731	\$ 3,166,864
Construction in Progress	2,088,140	894,105
Capital Assets (Net of Accumulated Depreciation)	49,239,286	39,633,437
Unspent Bond Proceeds for Capital Assets	1,639,860	741,257
Deferred Refunding on Early Retirement of Debt	5,862	19,292
Less: General Obligation Bonds Payable	17,876,568	-
Various Purpose Bonds Payable	990,000	-
Bond Anticipation Notes	2,590,000	-
Revenue Bonds Payable	-	7,440,000
	\$ 39,859,311	\$ 37,014,955

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bonds payable and other long-term obligations for the period ended September 30, 2015 were as follows:

	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assess- ment bonds) .40% to 4.25%, Various maturities through 2031	\$20,100,000	\$1,340,000	\$1,490,000	\$19,950,000	\$ 1,600,000
Bond Issuance Premium/Discount	(23,275)	-	5,157	(28,432)	-
Total General Obligation Bonds	20,076,725	1,340,000	1,495,157	19,921,568	1,600,000
Special assessment bonds, with City commitment, .55% to 2.20%, various maturities through 2022	1,195,000	-	205,000	990,000	205,000
Bond Anticipation Notes .83% to .94%, maturity on November 1, 2017	-	2,590,000	-	2,590,000	-
Accrued compensated absences	1,885,979	927,263	854,146	1,959,096	903,157
Total Governmental Activities	\$23,157,704	\$ 4,857,263	\$ 2,554,303	\$25,460,664	\$ 2,708,157

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2015

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

Business Type Activities:	Balance October 1, 2014	Additions	Retirements	Balance September 30, 2015	Due Within One Year
Revenue Bonds, .80% to 4.05%, various maturities through 2033	\$ 8,305,000	\$ -	\$ 865,000	\$ 7,440,000	\$ 845,000
Accrued Compensated absences	306,773	130,167	134,551	302,389	130,470
Total Business Type Activities	8,611,773	130,167	999,551	7,742,389	975,470
Grand Total	\$31,769,477	\$4,987,430	\$3,553,854	\$33,203,053	\$ 3,683,627

Annual debt service requirements as of September 30, 2015 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
2016	\$ 1,600,000	\$ 642,655	\$205,000	\$ 11,888	\$ 845,000	\$ 181,280
2017	1,560,000	609,919	210,000	10,635	895,000	167,893
2018	1,255,000	573,054	210,000	8,775	290,000	159,034
2019	1,290,000	540,421	210,000	6,310	290,000	155,034
2020	1,320,000	502,886	50,000	3,135	300,000	150,216
2021	1,355,000	462,297	50,000	2,235	305,000	144,421
2022	1,020,000	417,588	55,000	1,210	310,000	137,730
2023	1,025,000	384,260	-	-	320,000	130,244
2024	1,070,000	349,402	-	-	330,000	121,903
2025	1,100,000	311,484	-	-	340,000	112,624
2026	1,140,000	271,059	-	-	340,000	102,611
2027	1,180,000	227,503	-	-	355,000	91,911
2028	1,225,000	180,852	-	-	365,000	80,430
2029	1,275,000	132,098	-	-	380,000	68,173
2030	1,295,000	81,015	-	-	390,000	55,115
2031	1,240,000	28,835	-	-	400,000	41,313
2032	-	-	-	-	565,000	24,252
2033	-	-	-	-	420,000	7,140
	\$19,950,000	\$5,715,328	\$990,000	\$ 44,188	\$7,440,000	\$1,931,324

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

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

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

Revenue bonds are the obligation of the Enterprise Fund and are payable solely from the revenues of that fund. The City has pledged future utility customer revenues to repay \$7.4 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 \$9,371,324. Principal and interest for the current year and total customer net revenues were \$1,057,356 and \$2,874,117, 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 \$18,414,364. Principal and interest paid for the current year and total occupation tax revenues were \$1,172,459 and \$1,802,449 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 \$135,395.

The City of Norfolk issued \$2,365,000 of economic development bonds on June 4, 2014 to provide funding for construction of a natural gas pipeline to Norfolk from the east, connecting to the Northern Natural Gas interstate near Bancroft. The bonds will be paid from property tax collected from the City's LB 840 economic development program approved by Norfolk's citizens at the May 2010 primary election. The total principal and interest remaining to be paid on the bonds is \$2,276,760. Principal and interest for the current year and property tax revenue were \$381,116 and \$394,522 respectively.

The City of Norfolk issued \$1,340,000 of public safety bonds on December 30, 2014 to provide E911 equipment upgrade, Police Station heating/ventilation/air conditioning upgrade, pumper, ambulance and mobile data computer upgrades. The interest rates on the bonds range from 0.40% to 3.150% with a final maturity date of December 15, 2029.

On December 19, 2014 the City issued \$340,000 special assessment bond anticipation note with a maturity of November 1, 2017 and an interest rate of .83%. This bond anticipation note was to pay for improvements for Paving Districts #505, 506 and 507.

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 7 – TRANSFERS

The following is a summary of transfers between funds:

	Transfer in: Governmental Funds			Total
	General	Debt Service	Nonmajor Governmental	
Transfer out:				
General	\$ -	\$ 135,395	\$1,962,006	\$2,097,401
Nonmajor Governmental	668,246	-	-	668,246
Total	\$ 668,246	\$ 135,395	\$1,962,006	\$2,765,647

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, 2015

NOTE 8 – 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	Special Assessments	Other Governmental Funds	Total
Nonspendable:						
Fuel Inventory	\$ 22,742	\$ -	\$ -	\$ -	\$ -	\$ 22,742
Prepaid Items	-	-	-	-	15,128	15,128
Restricted For:						
Road Projects	-	-	-	-	3,038,500	3,038,500
Storm Water	-	-	-	-	79,192	79,192
Vehicle Parking	-	-	-	-	87,352	87,352
Hazardous Materials	29,970	-	-	-	-	29,970
WWII Memorial	7,380	-	-	-	-	7,380
Library Renovations	438,860	-	-	-	871,306	1,310,166
Grant Programs	-	849,232	-	-	405,858	1,255,090
911 Operations	-	-	-	-	223,325	223,325
Recreation Projects	-	-	-	-	59,968	59,968
Community Betterment	-	-	-	-	4,754,031	4,754,031
Debt Service	-	-	2,236,153	-	-	2,236,153
Committed For:						
2010 Bond Debt Service	-	-	2,836,617	-	-	2,836,617
Assigned to:						
Public Improvements	4,092	-	-	-	-	4,092
Public Safety Cruiser	27,849	-	-	-	-	27,849
Capital Improvements	-	-	-	-	1,107,357	1,107,357
Community Betterment	-	-	-	-	1,014,249	1,014,249
Council Priority Projects	-	-	-	-	575,989	575,989
Unassigned:	8,816,995	-	-	(1,120,538)	-	7,696,457
Total	\$9,347,888	\$849,232	\$ 5,072,770	(\$1,120,538)	\$ 12,232,255	\$ 26,381,607

NOTE 9 - EMPLOYEE PENSION PLANS

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

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

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

The Firemen's Retirement System has minimum benefit guarantees for participants employed prior to January 1, 1984. With only 2 active plan members and 9 inactive members employed prior to January 1, 1984, it would be misleading to report the entire plan as a defined benefit plan. Therefore, the portion of the plan for members employed prior to January 1, 1984 having minimum benefit guarantees is reported as a defined benefit plan and the portion for members employed on or after January 1, 1984 is reported as a defined contribution plan.

Defined Contribution Pension Plans

The City of Norfolk's Civilian Employee Retirement System is a defined contribution plan, which covers substantially all regular employees working greater than 1,000 hours per year. Plan provisions, including contribution requirements, are established and amended by City ordinances. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. The City contributes an amount up to 6 1/2% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employee contributions totaled \$655,808, and the City recognized pension expense of \$445,004.

The Police Retirement System, a single employer defined contribution plan, covers all regular uniformed employees of the Norfolk Police Division, as required by State statutes and City ordinances. The City matches employee contributions, up to 6 1/2% of compensation. State statutes require that beginning October 1, 2015 police officers contribute 7% of compensation to the plan. Employee contributions totaled \$148,391, and the City recognized pension expense of \$205,149.

The Firemen's Retirement System covers all regular uniformed employees of the Norfolk Fire Division, as required by State statutes and City ordinances. The Firemen's Retirement Plan was changed, effective January 1, 1984, from a single employer defined benefit plan to a single employer defined contribution plan in which the City contributes twice the employees' contribution, which is 6 1/2% of base pay. Employee contributions totaled \$100,626, and the City recognized pension expense of \$201,252.

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

	<u>Civilian</u>	<u>Police</u>	<u>Fire</u>
Vested inactive plan members	22	14	2
Active plan members:			
Non-vested	12	8	9
Partially vested	26	7	2
Fully vested	107	29	23
Total membership	167	58	36

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan

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

Participants are fully vested in the amounts they contribute to the plan, together with the related earnings. Participants become fully vested in employer contributions and related earnings after seven years of service. Current membership is comprised of the following:

Active plan members:	
Fully vested	2
Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	3
	<hr/>
Total active and inactive participants	<u>11</u>

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

Net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial value of assets is market or contract value as more fully discussed in note 2. B. to these statements. The City uses the entry age actuarial method for reporting and disclosure purposes. Any actuarial gains or losses are amortized, as a level percentage of projected payroll, over the future working careers of covered participants using closed amortization periods. The City annually contributes actuarially determined amounts in addition to the matching contributions. Significant actuarial assumptions include a 6% return on plan assets and 4% annual salary increases, 3% of which is assumed to be due to inflation and 1% assumed to be due to merit pay increases. Mortality rates are based on the 1994 Group Annuity Mortality-Static Table.

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Expected real rates of return for each major asset class and asset allocation as of September 30, 2015 are as summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Guaranteed Investment Account	62%	2.87%
Domestic equity	25%	5.23%
International equity	3%	1.20%
Fixed income	1%	4.73%
Real estate	2%	5.21%
Balance funds	5%	5.17%
Target date funds	2%	4.10%

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

For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 10/1/14	\$ 3,586,266	\$ 3,536,185	\$ 50,081
Changes for the year:			
Service cost	66,451		66,451
Interest	76,781		76,781
Differences between expected and actual experience	(89,509)		(89,509)
Contributions-employer		51,220	(51,220)
Contributions-employee		10,812	(10,812)
Net investment income		62,180	(62,180)
Benefit payments, including refunds of employee contributions	(564,501)	(564,501)	-
Administrative expense		(490)	490
Net changes	(510,778)	(440,779)	(69,999)
Balances at 9/30/15	\$ 3,075,488	\$ 3,095,406	\$ (19,918)

Plan fiduciary net position as a percentage of the total pension liability 101%

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

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

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
City's net pension liability (asset)	\$23,969	(\$19,918)	(\$58,211)

For the current year, the City recognized pension expense of \$27,420. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 57,880
Net difference between projected and actual earnings on pension plan investments	11,681	-
Total	\$ 11,681	\$ 57,880

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

Year ended September 30:	
2016	\$ (28,708)
2017	(23,331)
2018	2,920
2019	2,920

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The City has received financial assistance from federal, state and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and the Single Audit Act, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds, however, such disallowed claims, if any, are not expected to have a materially adverse effect on the City's financial position at September 30, 2015.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$3,306,290. \$821,214 will be paid from the City Highway Allocation Fund, \$995,162 will be paid from Capital Construction Fund and \$1,489,914 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 \$840,383. \$132,822 will be paid by the Water Division and \$707,561 will be paid by the Sewer Division.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

As discussed in Note 1 encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	<u>\$31,941</u>
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NOTE 11 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

- A.** The following fund had a deficit balance as of September 30, 2015:

Capital Project Fund	Special Assessment	(\$1,120,538)
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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 \$96,815,339.

The City carries a blanket limit of 103.7 million.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

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

CONDENSED STATEMENT OF NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Assets:				
Current assets	\$ 3,988,935	\$ 5,465,845	\$ 785,676	\$10,240,456
Restricted assets	162,807	1,472,643	-	1,635,450
Capital assets	26,113,362	16,413,778	1,167,266	43,694,406
Total assets	<u>30,265,104</u>	<u>23,352,266</u>	<u>1,952,942</u>	<u>55,570,312</u>
Deferred outflows of resources:	-	19,292	-	19,292
Liabilities:				
Current liabilities	252,098	959,371	134,284	1,345,753
Noncurrent liabilities	492,848	6,229,555	44,516	6,766,919
Total liabilities	<u>744,946</u>	<u>7,188,926</u>	<u>178,800</u>	<u>8,112,672</u>
Net position:				
Net Investment in Capital Assets	25,548,362	10,299,327	1,167,266	37,014,955
Restricted	292,807	2,187,643	-	2,480,450
Unrestricted	3,678,989	3,695,662	606,876	7,981,527
Total net position	<u>\$29,520,158</u>	<u>\$16,182,632</u>	<u>\$ 1,774,142</u>	<u>\$47,476,932</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$ 2,595,986	\$ 3,525,121	\$ 1,976,106	\$ 8,097,213
Depreciation and amortization	602,996	764,825	95,665	1,463,486
Other operating expenses	1,473,920	2,096,297	1,664,778	5,234,995
Operating income	<u>519,070</u>	<u>663,999</u>	<u>215,663</u>	<u>1,398,732</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(20,402)	(163,672)	(159)	(184,233)
Interest income	3,997	7,876	26	11,899
(Loss) on disposal of Capital Assets	(4,842)	(51,194)	(3,295)	(59,331)
Interfund Transfers Out	(862)	-	-	(862)
Insurance Proceeds	30,892	50,595	-	81,487
Contributions	149,529	203,085	2,601	355,215
Change in net position	677,382	710,689	214,836	1,602,907
Beginning net position	<u>28,842,776</u>	<u>15,471,943</u>	<u>1,559,306</u>	<u>45,874,025</u>
Ending net position	<u>\$29,520,158</u>	<u>\$16,182,632</u>	<u>\$ 1,774,142</u>	<u>\$47,476,932</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Net cash provided (used) by:				
Operating activities	\$ 987,156	\$1,424,106	\$ 234,051	\$ 2,645,313
Capital and related financing activities	(2,075,608)	(1,811,137)	(205,695)	(4,092,440)
Investing activities	34,889	50,170	26	85,085
Net increase (decrease)	(1,053,563)	(336,861)	28,382	(1,362,042)
Beginning cash and cash equivalents	4,489,799	6,795,682	496,941	11,782,422
Ending cash and cash equivalents	<u>\$3,436,236</u>	<u>\$6,458,821</u>	<u>\$ 525,323</u>	<u>\$10,420,380</u>

Individual Fund Information for the Employee Retirement Funds follows:

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS					
Guaranteed Insurance Contracts	\$ 527,280	\$1,913,273	\$2,213,720	\$ 8,146,473	\$12,800,746
Open Ended Mutual Funds	4,243,530	1,182,133	5,259,588	14,404,928	25,090,179
Total Assets	<u>4,770,810</u>	<u>3,095,406</u>	<u>7,473,308</u>	<u>22,551,401</u>	<u>37,890,925</u>
NET POSITION					
Held in Trust for Pension Benefits	4,770,810	3,095,406	7,473,308	22,551,401	37,890,925
Total Net Position	<u>\$4,770,810</u>	<u>\$3,095,406</u>	<u>\$7,473,308</u>	<u>\$22,551,401</u>	<u>\$37,890,925</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 201,252	\$ 51,220	\$ 205,149	\$ 445,004	\$ 902,625
Employee	100,626	10,812	148,391	655,808	915,637
Total Contributions	301,878	62,032	353,540	1,100,812	1,818,262
Investment Income:					
Interest, Dividends and Market Gains	(94,553)	62,180	(25,791)	93,136	34,972
Total Additions	207,325	124,212	327,749	1,193,948	1,853,234
DEDUCTIONS					
Pension Benefits	-	525,501	14,400	69,713	609,614
Administration	776	490	1,397	1,877	4,540
Contribution Refunds	-	39,000	511,761	1,233,025	1,783,786
Total Deductions	776	564,991	527,558	1,304,615	2,397,940
Change in Net Position	206,549	(440,779)	(199,809)	(110,667)	(544,706)
Net Position-Beginning of Period	4,564,261	3,536,185	7,673,117	22,662,068	38,435,631
Net Position-End of Period	\$4,770,810	\$3,095,406	\$7,473,308	\$22,551,401	\$37,890,925

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and group health and dental claims. Through an interlocal agreement, the City participates in the League Association of Risk Management (LARM), a public entity risk pool formed under the Intergovernmental Risk Management Act, *Neb. Rev. Stat.* Sections 44-4301 et seq, to cover the risk of loss except for health and dental coverage, which is partially self-insured. The City pays an annual premium contribution to LARM for its insurance coverage membership in the insurance pool. LARM purchases reinsurance through commercial companies for claims in excess of \$350,000 in the annual aggregate for property, or in excess of \$300,000 per single loss for liability. Workers Compensation reinsurance covers claims in excess of \$750,000 for a single loss or an annual aggregate losses of \$5 million. The retentions meet the actuarially determined requirements of reducing the risk of assessments over premiums. The policy period is October 1, 2014 to September 30, 2015. The terms of coverage did not change substantially in the current fiscal year from the prior fiscal year and settled claims have not exceeded this coverage in any of the past three fiscal years

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 12 - RISK MANAGEMENT CONTINUED

dental plans. City contributions to fund this coverage are reported by the respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$50,000 and limits City payments for claims during the year to a maximum of \$998,999. The September 30, 2015 claims liability of \$538,252 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, 2015 and the year ending September 30, 2014 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2014	\$327,109	\$2,250,885	\$2,334,750	\$243,244
2015	\$243,244	\$2,583,177	\$2,288,169	\$538,252

NOTE 13 – RELATED PARTY TRANSACTIONS

As discussed in Note 1. A., the City, along with twenty-four other cities and counties in Northeast Nebraska, created the Northeast Nebraska Solid Waste Coalition (NNSWC). Waste from the City's transfer station is taken to the NNSWC. During the year, the City paid the NNSWC \$711,358 in garbage fees and at September 30, 2015, \$69,666 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$38,922 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$9,123 for NNSWC expenses paid by the City and at September 30, 2015, \$3,428 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 \$98,601 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$14,956 was received from the Housing Agency.

NOTE 14 – ADJUSTMENTS DUE TO CHANGE IN ACCOUNTING PRINCIPLE

On October 1, 2014 the City adopted GASB 68, *Financial Reporting for Pension Plans*, and GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68 and Amendments to Certain Provision of GASB 67 and 68*. These pronouncements require a Net Pension Liability/Asset and all deferred inflows of resources and deferred outflows of resources related to pensions be recorded on the Statement of Net Position. As a result of implementation, Governmental Activities beginning net position decreased \$50,081 to account for the Net Pension Liability as of the beginning of the year. Not all information was available to report deferred inflows of resources and deferred outflows of resources as of the beginning of the year, and as a result, no beginning balances were reported. Similarly, not all information was available to restate the presentation of the September 30, 2014 year ended financial statement for comparison purposes.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2015

NOTE 15 – SUBSEQUENT EVENTS

On January 12, 2016 the City of Norfolk called the Series 2010 Recreation Facilities Bonds. The City paid off the bonds with the longest maturity with \$2 million of accumulated occupation tax revenues. The refunding bonds have a maturity of December 15, 2023 and interest rates ranging from 3.0 % to 2.0%, whereas the Series 2010 Bonds had a maturity of December 15, 2030 and interest rates ranging from 3.0% to 4.2%. This will shorten the bond issue by seven years and reduce debt service payments by \$3,465,816 over the next 15 years.

On October 9, 2015 the City of Norfolk issued special assessment bond anticipation notes in the amount of \$187,000 for paving improvements in Paving District 508. Interest rate is .94% with a final maturity on November 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2015

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

	2015	2014
Total pension liability		
Service cost	\$ 66,451	\$ 84,332
Interest	76,781	230,999
Differences between expected and actual experience	(89,509)	(39,513)
Benefit payments, including refunds of member contributions	(564,501)	(106,171)
Net change in total pension liability	(510,778)	194,429
Total pension liability-beginning	3,586,266	3,416,619
Total pension liability-ending (a)	\$ 3,075,488	\$ 3,586,266
 Plan fiduciary net position		
Contributions-employer	\$ 51,220	\$ 66,996
Contributions-member	10,812	17,044
Net investment income	62,180	217,060
Benefit payments, including refunds of member contributions	(564,501)	(106,171)
Administrative expense	(490)	(500)
Net change in plan fiduciary net position	(440,779)	194,429
Plan fiduciary net position-beginning	3,536,185	3,341,756
Plan fiduciary net position-ending (b)	\$ 3,095,406	\$ 3,536,185
 Firemen's net pension liability (asset)-ending (a) - (b)	\$ (19,918)	\$ 50,081
 Plan fiduciary net position as a percentage of the total pension liability	101%	99%
 Covered-employee payroll	\$ 189,688	\$ 284,521
 City's net pension liability (asset) as a percentage of covered-employee payroll	(11%)	18%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2006 to 2013 are unavailable.

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2015

SCHEDULE OF FIREMEN'S CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	29,596	32,906	39,593	26,382	18,604	14,794	8,750	-	-	-
Contributions in relation to the actuarially determined contribution	29,596	32,906	39,593	26,382	18,604	14,794	8,750	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 189,688	\$ 284,521	\$ 282,568	\$ 273,850	\$ 381,222	\$ 398,109	\$ 392,820	\$ 384,124	\$ 369,614	\$ 359,251
Contributions as a percentage of covered-employee payroll	16%	12%	14%	10%	5%	4%	2%	0%	0%	0%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2015

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.31%	6.56%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2006 to 2013 are unavailable.

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2015

	General Fund		
	Budgeted	Variance with	
	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 9,946,396	\$ 11,350,625	\$ 1,404,229
Special Assessments	-	671	671
Licenses and Permits	216,300	322,573	106,273
Intergovernmental Revenue	412,284	595,323	183,039
Charges for Services	1,951,015	1,880,260	(70,755)
Occupation and Franchise Taxes	706,800	726,519	19,719
Payments in Lieu of Taxes	100,000	128,986	28,986
Contributions	1,000	10,860	9,860
Loan Repayments	-	-	-
Rental Income	4,725,840	4,575,776	(150,064)
Interest	5,000	1,997	(3,003)
Keno Revenue	557,000	613,788	56,788
Miscellaneous	55,000	266,181	211,181
Total Revenue	<u>18,676,635</u>	<u>20,473,559</u>	<u>1,796,924</u>
Current Expenditures:			
Public Safety	9,563,331	8,970,666	592,665
Public Works	3,572,827	3,089,452	483,375
Public Library	1,453,154	1,340,890	112,264
Parks, Recreation and Public Property	2,321,517	2,039,684	281,833
Communtiy Improvement and Development	504,484	445,581	58,903
General Government	2,586,002	2,518,698	67,304
Total Expenditures	<u>20,001,315</u>	<u>18,404,971</u>	<u>1,596,344</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,324,680)</u>	<u>2,068,588</u>	<u>3,393,268</u>
Other Financing Sources (Uses):			
Insurance Proceeds	-	202,270	202,270
Transfers In	680,000	668,246	(11,754)
Transfers Out	(1,236,197)	(2,097,401)	(861,204)
Total other Financing Sources (Uses)	<u>(556,197)</u>	<u>(1,226,885)</u>	<u>(670,688)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,880,877)</u>	<u>\$ 841,703</u>	<u>\$ 2,722,580</u>
Fund Balances-Beginning of Year		<u>5,169,850</u>	
Fund Balances- End of Year		<u>\$ 6,011,553</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, MAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2015

	Community Development Block Grant Fund		
	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:			
Taxes	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Licenses and Permits	-	-	-
Intergovernmental Revenue	2,749,263	619,127	(2,130,136)
Charges for Services	-	-	-
Occupation and Franchise Taxes	-	-	-
Payments in Lieu of Taxes	-	-	-
Contributions	-	-	-
Loan Repayments	20,900	561,393	540,493
Rental Income	-	-	-
Interest	200	411	211
Keno Revenue	-	-	-
Miscellaneous	-	440	440
Total Revenue	2,770,363	1,181,371	(1,588,992)
Current Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Public Library	-	-	-
Parks, Recreation and Public Property	-	-	-
Community Improvement and Development	2,987,413	788,883	2,198,530
General Government	-	-	-
Total Expenditures	2,987,413	788,883	2,198,530
Excess (Deficiency) of Revenues over Expenditures	(217,050)	392,488	609,538
Other Financing Sources (Uses):			
Insurance Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (217,050)	\$ 392,488	\$ 609,538
Fund Balances-Beginning of Year		323,382	
Fund Balances- End of Year		\$ 715,870	

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2015

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 assigned fund balance and generally are re-appropriated in the next fiscal year.

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

BUDGETARY CONTROL

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

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2015

	General	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ 841,703	\$ 392,488
Basis differences:		
To adjust revenues from recognition on a cash basis	273,635	(28,831)
To adjust total expenditures from recognition on a cash basis	111,954	168,181
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$1,227,292	\$ 531,838

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	(\$28,075,328)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	(188,789)
Expenditures and other financing uses, on a GAAP basis	(\$28,264,117)

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

	Budget	Actual	Variance Over (Under) Budget
Fund			
Governmental Funds Expenditures	\$42,785,062	\$28,075,328	\$(14,709,734)

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.

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2015

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Assets						
Cash and Equity in Pooled Investment Account	\$ 3,128,727	\$ 133,908	\$ 98	\$223,629	\$ 160,516	\$ 79,712
Cash at County Treasurer	-	9,812	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	192	195	-	8,400	-	-
Taxes	-	8,163	48,666	-	-	-
Notes Receivable	-	52,025	-	-	-	-
Due from Other Governmental Agencies	293,227	-	-	5,323	9,648	-
Prepaid Assets	-	-	3,403	-	-	-
Total Assets	3,422,146	204,103	52,167	237,352	170,164	79,712
Liabilities						
Accounts Payable	383,646	58,786	141	750	908	520
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	383,646	58,786	141	750	908	520
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	-	5,940	-	-	-	-
Unavailable Revenue-Loan Repayments	-	52,025	-	-	-	-
Unavailable Revenue-County Funding	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	57,965	-	-	-	-
Fund Balances						
Non Spendable	-	-	3,403	-	-	-
Restricted	3,038,500	87,352	48,623	236,602	169,256	79,192
Assigned	-	-	-	-	-	-
Total Fund Balances	3,038,500	87,352	52,026	236,602	169,256	79,192
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 3,422,146	\$ 204,103	\$ 52,167	\$237,352	\$ 170,164	\$ 79,712

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET (CONTINUED)
Governmental Nonmajor Funds
September 30, 2015

Special Revenue Funds			Capital Projects		Total
Wireless 911	LB 840 Economic Development	Economic Development Operating	Capital Construction	Community Development Agency	Governmental Nonmajor Funds
\$ 175,232	\$ 3,910,642	\$ 301,997	\$ 4,091,999	\$ 375,177	\$ 12,581,637
-	59,522	-	-	-	69,334
-	-	-	921	-	9,708
-	13,079	-	-	-	69,908
-	2,158	-	-	-	54,183
-	-	-	27,325	-	335,523
11,725	-	-	-	-	15,128
186,957	3,985,401	301,997	4,120,245	375,177	13,135,421
530	-	3,968	230,216	-	679,465
-	5,011	-	-	-	5,011
530	5,011	3,968	230,216	-	684,476
-	6,379	-	-	-	12,319
-	2,158	-	-	-	54,183
-	-	152,188	-	-	152,188
-	8,537	152,188	-	-	218,690
11,725	-	-	-	-	15,128
174,702	3,971,853	145,841	1,192,434	375,177	9,519,532
-	-	-	2,697,595	-	2,697,595
186,427	3,971,853	145,841	3,890,029	375,177	12,232,255
\$ 186,957	\$ 3,985,401	\$ 301,997	\$ 4,120,245	\$ 375,177	\$ 13,135,421

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2015

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Revenue:						
Taxes	\$ -	\$ 81,884	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,522,961	2,324	-	61,912	136,235	46,296
Occupation & Franchise Taxes	-	-	247,951	-	-	-
Contributions	-	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Rental Income	-	20,870	-	-	-	-
Loan Repayments	-	9,490	-	-	-	-
Interest	2,466	1,754	76	-	215	118
Miscellaneous	-	8	-	36,635	-	-
Total Revenue	2,525,427	116,330	248,027	98,547	136,450	46,414
Expenditures:						
Public Safety	-	-	5,382	76,209	186,584	-
Public Works	659,370	153,108	-	-	-	42,469
Parks, Recreation and Public Property	-	-	-	-	-	-
Community Improvement and Development	-	-	-	-	-	-
General Government	-	-	-	-	-	-
Debt Service	-	21,168	-	-	-	-
Total Expenditures	659,370	174,276	5,382	76,209	186,584	42,469
Excess (Deficiency) of Revenues over Expenditures	1,866,057	(57,946)	242,645	22,338	(50,134)	3,945
Other Financing Sources (Uses):						
Issuance of Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	35,776	9,259
Transfers Out	(415,000)	-	(250,000)	-	-	(3,246)
Total other Financing Sources (Uses)	(415,000)	-	(250,000)	-	35,776	6,013
Net Change in Fund Balance	1,451,057	(57,946)	(7,355)	22,338	(14,358)	9,958
Fund Balances - Beginning of Year	1,587,443	145,298	59,381	214,264	183,614	69,234
Fund Balances - End of Year	\$ 3,038,500	\$ 87,352	\$ 52,026	\$236,602	\$ 169,256	\$ 79,192

CITY OF NORFOLK, NEBRASKA

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

Governmental Nonmajor Funds

For the Year Ended September 30, 2015

<u>Special Revenue Funds</u>			<u>Capital Projects</u>		<u>Total</u>
<u>Wireless</u>	<u>LB 840</u>	<u>Economic</u>		<u>Community</u>	<u>Governmental</u>
<u>911</u>	<u>Economic</u>	<u>Economic</u>	<u>Capital</u>	<u>Development</u>	<u>Nonmajor</u>
	<u>Development</u>	<u>Development</u>	<u>Construction</u>	<u>Agency</u>	<u>Funds</u>
\$ -	\$ 394,522	\$ -	\$ -	\$ -	\$ 476,406
91,411	31,154	152,295	65,049	-	3,109,637
-	-	-	-	-	247,951
-	-	-	6,207	-	6,207
-	27,095	-	-	-	27,095
-	-	-	-	-	20,870
-	-	-	-	-	9,490
170	4,574	225	3,570	680	13,848
-	600	-	-	-	37,243
91,581	457,945	152,520	74,826	680	3,948,747
28,101	-	-	765,306	-	1,061,582
-	-	-	287,578	-	1,142,525
-	-	-	256,641	-	256,641
-	60,008	275,519	-	140,000	475,527
-	-	-	109,311	-	109,311
-	381,116	-	-	-	402,284
28,101	441,124	275,519	1,418,836	140,000	3,447,870
63,480	16,821	(122,999)	(1,344,010)	(139,320)	500,877
-	-	-	1,340,000	140,000	1,480,000
-	-	152,295	1,764,676	-	1,962,006
-	-	-	-	-	(668,246)
-	-	152,295	3,104,676	140,000	2,773,760
63,480	16,821	29,296	1,760,666	680	3,274,637
122,947	3,955,032	116,545	2,129,363	374,497	8,957,618
\$ 186,427	\$ 3,971,853	\$ 145,841	\$ 3,890,029	\$ 375,177	\$ 12,232,255

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, 2015

	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	\$ -	\$ -	\$ -	\$ 78,693	\$ 80,648	\$ 1,955	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,350,000	2,742,338	392,338	300	2,324	2,024	-	-	-
Occupation and Franchise Taxes	-	-	-	-	-	-	270,000	252,432	(17,568)
Loan Repayments	-	-	-	9,848	9,490	(358)	-	-	-
Rental Income	-	-	-	49,000	20,960	(28,040)	-	-	-
Interest	1,100	2,466	1,366	1,840	1,754	(86)	20	76	56
Miscellaneous	-	-	-	-	8	8	-	-	-
Total Revenue	<u>2,351,100</u>	<u>2,744,804</u>	<u>393,704</u>	<u>139,681</u>	<u>115,184</u>	<u>(24,497)</u>	<u>270,020</u>	<u>252,508</u>	<u>(17,512)</u>
Current Expenditures:									
Public Safety	-	-	-	-	-	-	9,996	8,839	1,157
Public Works	1,695,000	468,525	1,226,475	224,689	96,672	128,017	-	-	-
Debt Service	-	-	-	21,168	21,168	-	-	-	-
Total Expenditures	<u>1,695,000</u>	<u>468,525</u>	<u>1,226,475</u>	<u>245,857</u>	<u>117,840</u>	<u>128,017</u>	<u>9,996</u>	<u>8,839</u>	<u>1,157</u>
Excess (Deficiency) of Revenues Over Expenditure	<u>656,100</u>	<u>2,276,279</u>	<u>1,620,179</u>	<u>(106,176)</u>	<u>(2,656)</u>	<u>103,520</u>	<u>260,024</u>	<u>243,669</u>	<u>(16,355)</u>
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(415,000)	(415,000)	-	-	-	-	(265,000)	(250,000)	15,000
Total Other Financing Sources (Uses)	<u>(415,000)</u>	<u>(415,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,000)</u>	<u>(250,000)</u>	<u>15,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 241,100</u>	<u>\$ 1,861,279</u>	<u>\$ 1,620,179</u>	<u>\$(106,176)</u>	<u>\$ (2,656)</u>	<u>\$ 103,520</u>	<u>\$ (4,976)</u>	<u>\$ (6,331)</u>	<u>\$ (1,355)</u>
Fund Balances-Beginning of Year		<u>1,267,448</u>			<u>146,376</u>			<u>6,429</u>	
Fund Balances- End of Year		<u>\$ 3,128,727</u>			<u>\$ 143,720</u>			<u>\$ 98</u>	

CITY OF NORFOLK, NEBRASKA

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

For the Year Ended September 30, 2015

	SNARE			REGION 11			Storm Water Management		
	Budgeted	Variance with		Budgeted	Variance with		Budgeted	Variance with	
		Final Budget	Positive		Final Budget	Positive		Final Budget	Positive
	Original &	Final	(Negative)	Original &	Final	(Negative)	Original &	Final	(Negative)
Final	Actual	(Negative)	Final	Actual	(Negative)	Final	Actual	(Negative)	
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	56,900	50,900	(6,000)	68,664	148,606	79,942	44,294	46,296	2,002
Occupation and Franchise Taxes	-	-	-	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-	-	-
Interest	-	-	-	400	215	(185)	-	118	118
Miscellaneous	-	36,635	36,635	-	-	-	-	-	-
Total Revenue	56,900	87,535	30,635	69,064	148,821	79,757	44,294	46,414	2,120
Current Expenditures:									
Public Safety	57,883	73,877	(15,994)	134,440	186,440	(52,000)	-	-	-
Public Works	-	-	-	-	-	-	107,405	42,949	64,456
Debt Service	-	-	-	-	-	-	-	-	-
Total Expenditures	57,883	73,877	(15,994)	134,440	186,440	(52,000)	107,405	42,949	64,456
Excess (Deficiency) of Revenues Over Expenditure	(983)	13,658	14,641	(65,376)	(37,619)	27,757	(63,111)	3,465	66,576
Other Financing Sources (Uses):									
Transfers In	-	-	-	35,776	35,776	-	8,859	9,259	400
Transfers Out	-	-	-	-	-	-	-	(3,246)	(3,246)
Total Other Financing Sources (Uses)	-	-	-	35,776	35,776	-	8,859	6,013	(2,846)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (983)	\$ 13,658	\$ 14,641	\$ (29,600)	\$ (1,843)	\$ 27,757	\$ (54,252)	\$ 9,478	\$ 63,730
Fund Balances-Beginning of Year		209,971			162,359			70,234	
Fund Balances- End of Year		\$223,629			\$160,516			\$ 79,712	

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, 2015

	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	\$ -	\$ -	\$ -	\$ 400,090	\$ 390,840	\$ (9,250)	\$ -	\$ -	\$ -
Intergovernmental Revenue	91,491	91,411	(80)	1,500	31,154	29,654	152,295	304,483	152,188
Payments in Lieu of Taxes	-	-	-	27,867	27,095	(772)	-	-	-
Interest	220	170	(50)	6,606	7,079	473	200	224	24
Miscellaneous	-	-	-	-	600	600	-	-	-
Total Revenue	91,711	91,581	(130)	436,063	456,768	20,705	152,495	304,707	152,212
Current Expenditures:									
Public Safety	31,842	30,188	1,654	-	-	-	-	-	-
Community Improvement and Development	-	-	-	3,600,000	60,009	3,539,991	320,402	273,045	47,357
Debt Service	-	-	-	381,116	381,116	-	-	-	-
Total Expenditures	31,842	30,188	1,654	3,981,116	441,125	3,539,991	320,402	273,045	47,357
Excess (deficiency) of revenues over expenditures	59,869	61,393	1,524	(3,545,053)	15,643	3,560,696	(167,907)	31,662	199,569
Other financing sources (uses):									
Transfers In	-	-	-	-	-	-	152,295	152,295	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	152,295	152,295	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 59,869</u>	<u>\$ 61,393</u>	<u>\$ 1,524</u>	<u>\$(3,545,053)</u>	<u>\$ 15,643</u>	<u>\$ 3,560,696</u>	<u>\$ (15,612)</u>	<u>\$ 183,957</u>	<u>\$ 199,569</u>
Fund balances-beginning of year		113,839			3,954,521			118,040	
Fund balances- end of year		<u>\$ 175,232</u>			<u>\$ 3,970,164</u>			<u>\$ 301,997</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, 2015

	Capital Construction			Special Assessments		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 1,328,850	\$ 37,725	\$ (1,291,125)	\$ -	\$ -	\$ -
Contributions	5,500	5,762	262	162,500	187,500	25,000
Interest	2,000	3,570	1,570	-	567	567
Total Revenue	<u>1,336,350</u>	<u>47,057</u>	<u>(1,289,293)</u>	<u>162,500</u>	<u>188,067</u>	<u>25,567</u>
Expenditures:						
Public Safety	1,701,873	775,606	926,267	-	-	-
Public Works	844,504	292,978	551,526	4,443,300	982,097	3,461,203
Parks, Recreation and Public Property	2,086,341	257,707	1,828,634	-	-	-
General Government	231,182	168,994	62,188	-	-	-
Total Expenditures	<u>4,863,900</u>	<u>1,495,285</u>	<u>3,368,615</u>	<u>4,443,300</u>	<u>982,097</u>	<u>3,461,203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,527,550)</u>	<u>(1,448,228)</u>	<u>2,079,322</u>	<u>(4,280,800)</u>	<u>(794,030)</u>	<u>3,486,770</u>
Other Financing Sources (Uses):						
Proceeds from Debt Financing	1,830,000	1,340,000	(490,000)	4,330,000	2,590,000	(1,740,000)
Transfers In	883,247	1,764,676	881,429	-	-	-
Total Other Financing Sources (Uses)	<u>2,713,247</u>	<u>3,104,676</u>	<u>391,429</u>	<u>4,330,000</u>	<u>2,590,000</u>	<u>(1,740,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (814,303)</u>	<u>\$ 1,656,448</u>	<u>\$ 2,470,751</u>	<u>\$ 49,200</u>	<u>\$ 1,795,970</u>	<u>\$ 1,746,770</u>
Fund Balances-Beginning of Year		<u>2,435,551</u>			<u>(43,490)</u>	
Fund Balances- End of Year		<u>\$ 4,091,999</u>			<u>\$ 1,752,480</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, 2015

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 690,676	\$ 674,908	\$ (15,768)
Special Assessments	99,434	184,316	84,882
Intergovernmental Revenue	-	53,794	53,794
Occupation and Franchise Taxes	1,667,000	1,787,749	120,749
Payments in Lieu of Taxes	40,000	46,786	6,786
Interest	28,636	34,830	6,194
Total Revenue	<u>2,525,746</u>	<u>2,782,383</u>	<u>256,637</u>
Current Expenditures:			
Parks, Recreation and Public Property	33,340	35,756	(2,416)
Debt Service	1,955,656	1,959,861	(4,205)
Total Expenditures	<u>1,988,996</u>	<u>1,995,617</u>	<u>(6,621)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>536,750</u>	<u>786,766</u>	<u>250,016</u>
Other Financing Sources (Uses):			
Transfers In	135,395	135,395	-
Total Other Financing Sources (Uses)	<u>135,395</u>	<u>135,395</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 672,145</u>	<u>\$ 922,161</u>	<u>\$ 250,016</u>
Fund Balances-Beginning of Year		<u>3,970,083</u>	
Fund Balances- End of Year		<u>\$ 4,892,244</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, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Assets:				
Cash and Equity in Pooled Investment Account	\$3,140,258	\$4,224,984	\$525,323	\$7,890,565
Receivables:				
Accounts	488,792	478,315	260,353	1,227,460
Special Assessments	2,596	338	-	2,934
Restricted Cash:				
Cash & Cash Equivalents	133,171	761,194	-	894,365
Inventories:				
Fiber Optic System Held for Resale	223,104	-	-	223,104
Prepaid Assets	1,014	1,014	-	2,028
Total Current Assets	3,988,935	5,465,845	785,676	10,240,456
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	162,807	1,472,643	-	1,635,450
Property, Plant and Equipment:				
Land	2,353,977	760,603	52,284	3,166,864
Water and Pollution Control Plant	9,698,694	15,962,679	975,376	26,636,749
Water Distribution and Sewage System Equipment	21,660,482	11,626,680	-	33,287,162
Equipment	2,023,069	3,348,495	1,124,819	6,496,383
Construction in Progress	71,390	822,715	-	894,105
	35,807,612	32,521,172	2,152,479	70,481,263
Less Accumulated Depreciation	9,694,250	16,107,394	985,213	26,786,857
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	26,113,362	16,413,778	1,167,266	43,694,406
Total Noncurrent Assets	26,276,169	17,886,421	1,167,266	45,329,856
Total Assets	30,265,104	23,352,266	1,952,942	55,570,312
Deferred Outflows of Resources:				
Deferred Loss on Refunding	-	19,292	-	19,292
Total Deferred Outflows of Resources	-	19,292	-	19,292

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
For the Year Ended September 30, 2015

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Liabilities:				
Accounts and Contracts Payable	\$64,700	\$148,885	\$107,333	\$320,918
Accrued Compensated Absences	54,227	49,292	26,951	130,470
Payables from Restricted Assets:				
Accrued Interest Payable	3,171	46,194	-	49,365
Revenue Bonds - Current	130,000	715,000	-	845,000
Total Current Liabilities	252,098	959,371	134,284	1,345,753
Noncurrent Liabilities:				
Revenue Bonds	435,000	6,160,000	-	6,595,000
Accrued Compensated Absences	57,848	69,555	44,516	171,919
Total Noncurrent Liabilities	492,848	6,229,555	44,516	6,766,919
Total Liabilities	744,946	7,188,926	178,800	8,112,672
Net Position				
Net Investment in Capital Assets	25,548,362	10,299,327	1,167,266	37,014,955
Restricted for:				
Debt Service	292,807	1,553,775	-	1,846,582
Future Capital Assets	-	633,868	-	633,868
Unrestricted	3,678,989	3,695,662	606,876	7,981,527
Total Net Position	\$ 29,520,158	\$ 16,182,632	\$ 1,774,142	\$ 47,476,932

CITY OF NORFOLK, NEBRASKA

**COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES**

For the Year Ended September 30, 2015

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating Revenues:				
User Charges	\$2,496,043	\$3,518,523	\$1,975,181	\$7,989,747
Rental Income	79,169	5,750	-	84,919
Miscellaneous Income	20,774	848	925	22,547
Total Operating Revenues	2,595,986	3,525,121	1,976,106	8,097,213
Operating Expenses:				
Payroll and Related Taxes and Benefits	811,041	857,490	388,333	2,056,864
Utilities	232,877	394,249	24,570	651,696
Repairs and Maintenance	189,390	482,239	57,651	729,280
Purchased Services	-	-	1,123,376	1,123,376
General and Administration	240,612	362,319	70,848	673,779
Depreciation and Amortization	602,996	764,825	95,665	1,463,486
Total Operating Expenses	2,076,916	2,861,122	1,760,443	6,698,481
Operating Income	519,070	663,999	215,663	1,398,732
Nonoperating Revenues (Expenses):				
Interest on Bonds and Other Debt	(20,402)	(163,672)	(159)	(184,233)
Interest Income	3,997	7,876	26	11,899
Insurance Proceeds	30,892	50,595	-	81,487
Interfund Transfers Out	(862)	-	-	(862)
Gain (Loss) on Disposal of Capital Assets	(4,842)	(51,194)	(3,295)	(59,331)
Total Nonoperating Revenues (Expenses)	8,783	(156,395)	(3,428)	(151,040)
Income before Capital Contributions	527,853	507,604	212,235	1,247,692
Capital Contributions	149,529	203,085	2,601	355,215
Change in Net Position	677,382	710,689	214,836	1,602,907
Net Position - Beginning of Period	28,842,776	15,471,943	1,559,306	45,874,025
Net Position - End of Period	\$29,520,158	\$16,182,632	\$1,774,142	\$47,476,932

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2015

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,489,960	\$ 3,498,599	\$ 1,937,679	\$ 7,926,238
Cash Paid to Suppliers for Goods and Services	(697,865)	(1,218,655)	(1,303,167)	(3,219,687)
Cash Paid to Employees for Services	(804,939)	(855,838)	(400,461)	(2,061,238)
Net Cash Provided by Operating Activities	987,156	1,424,106	234,051	2,645,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(212,211)	(2,703,402)	(190,480)	(3,106,093)
Capital Grants and Contributions	-	62,500	1,009	63,509
Proceeds from Sales of Capital Assets	-	7,500	-	7,500
Transfers In (Out)	(1,700,000)	1,700,000	-	-
Principal Paid on Notes and Bonds	(130,000)	(719,000)	(16,000)	(865,000)
Interest Paid on Notes and Bonds	(33,397)	(158,735)	(224)	(192,356)
Net Cash Provided (Used) for Capital and Related Financing	(2,075,608)	(1,811,137)	(205,695)	(4,092,440)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Insurance Proceeds	30,892	42,294	-	73,186
Interest and Dividends on Investments	3,997	7,876	26	11,899
Net Cash Provided (Used) for Investing Activities	34,889	50,170	26	85,085
Net Increase (Decrease) in Cash and Cash Equivalents	(1,053,563)	(336,861)	28,382	(1,362,042)
Cash and Cash Equivalents at Beginning of Year	4,489,799	6,795,682	496,941	11,782,422
Cash and Cash Equivalents at End of Year	\$ 3,436,236	\$ 6,458,821	\$ 525,323	\$ 10,420,380

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2015

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 519,070	\$ 663,999	\$ 215,663	\$ 1,398,732
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	602,996	764,825	95,665	1,463,486
(Increase) Decrease in Assets:				
Accounts Receivable	(108,582)	(26,522)	(38,427)	(173,531)
Special Assessments	2,526	-	-	2,526
Prepaid Assets	40	40	-	80
Increase (Decrease) in Liabilities:				
Accounts and Contracts Payable	(35,026)	20,112	(26,722)	(41,636)
Accrued Compensated Absences	6,132	1,652	(12,128)	(4,344)
Total Adjustments	468,086	760,107	18,388	1,246,581
Net Cash Provided by Operating Activities	\$ 987,156	\$ 1,424,106	\$ 234,051	\$ 2,645,313

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

Developers Contribution of Distribution System	\$ 142,629	\$ 134,747	\$ -	\$ 277,376
Contributions of Capital Assets	\$ 6,900	\$ 5,838	\$ 1,592	\$ 14,330
Accounts Payable Exchanged for Capital Assets	\$ 2,022	\$ 54,909	\$ -	\$ 56,931

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

Cash and Equity in Pooled Investment Account	\$ 3,140,258	\$ 4,224,984	\$ 525,323	\$ 7,890,565
Restricted Cash - Current	133,171	761,194	-	894,365
Restricted Cash - Noncurrent	162,807	1,472,643	-	1,635,450
	\$ 3,436,236	\$ 6,458,821	\$ 525,323	\$ 10,420,380

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, 2015

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS					
Guaranteed Insurance Contracts	\$ 527,280	\$ 1,913,273	\$ 2,213,720	\$ 8,146,473	\$ 12,800,746
Open Ended Mutual Funds	4,243,530	1,182,133	5,259,588	14,404,928	25,090,179
Total Assets	<u>4,770,810</u>	<u>3,095,406</u>	<u>7,473,308</u>	<u>22,551,401</u>	<u>37,890,925</u>
NET POSITION					
Held in Trust for Pension Benefits	4,770,810	3,095,406	7,473,308	22,551,401	37,890,925
Total Net Position	<u>\$ 4,770,810</u>	<u>\$ 3,095,406</u>	<u>\$ 7,473,308</u>	<u>\$ 22,551,401</u>	<u>\$ 37,890,925</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2015

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 201,252	\$ 51,220	\$ 205,149	\$ 445,004	\$ 902,625
Employee	100,626	10,812	148,391	655,808	915,637
Total Contributions	301,878	62,032	353,540	1,100,812	1,818,262
Investment Income:					
Interest, Dividends & Market Gains	(94,553)	62,180	(25,791)	93,136	34,972
Total Additions	207,325	124,212	327,749	1,193,948	1,853,234
DEDUCTIONS					
Pension Benefits	-	525,501	14,400	69,713	609,614
Contribution Refunds	-	39,000	511,761	1,233,025	1,783,786
Administration	776	490	1,397	1,877	4,540
Total Deductions	776	564,991	527,558	1,304,615	2,397,940
Change in Net Position	206,549	(440,779)	(199,809)	(110,667)	(544,706)
Net Position -- Beginning of Period	4,564,261	3,536,185	7,673,117	22,662,068	38,435,631
Net Position -- End of Period	\$ 4,770,810	\$ 3,095,406	\$ 7,473,308	\$ 22,551,401	\$ 37,890,925

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2015

	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 527,944	\$ 30,581	\$ 29,599	\$ 528,926
Cash at County Treasurer	301	6,801	301	6,801
Total Assets	<u>\$ 528,245</u>	<u>\$ 37,382</u>	<u>\$ 29,900</u>	<u>\$ 535,727</u>
<u>Liabilities</u>				
Due to Bondholders	<u>\$ 528,245</u>	<u>\$ 37,382</u>	<u>\$ 29,900</u>	<u>\$ 535,727</u>
Total Liabilities	<u>\$ 528,245</u>	<u>\$ 37,382</u>	<u>\$ 29,900</u>	<u>\$ 535,727</u>

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

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

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

Source:

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

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

TABLE 1

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental Activities					
Net Investment in Capital Assets	\$ 39,859,311	\$ 39,846,176	\$ 38,561,536	\$ 37,538,073	\$ 36,664,204
Restricted for:					
Debt Service	2,056,725	1,718,817	1,556,817	1,117,646	504,468
Road Projects	3,038,500	1,587,443	2,655,276	2,761,835	2,787,524
Community Programs and Services	5,475,708	3,284,448	2,654,437	2,469,929	1,869,768
Unrestricted	17,893,551	16,711,180	15,527,684	14,750,599	13,682,990
Total Governmental Activities Net Position	\$ 68,323,795	\$ 63,148,064	\$ 60,955,750	\$ 58,638,082	\$ 55,508,954
Business-Type Activities					
Net Investment in Capital Assets	\$ 37,014,955	\$ 36,984,047	\$ 33,609,113	\$ 33,789,528	\$ 33,161,053
Restricted	2,480,450	2,545,137	2,732,672	2,233,386	1,723,206
Unrestricted	7,981,527	6,344,841	7,773,246	6,559,493	5,251,421
Total Business-Type Activities Net Position	\$ 47,476,932	\$ 45,874,025	\$ 44,115,031	\$ 42,582,407	\$ 40,135,680
Primary Government:					
Net Investment in Capital Assets	\$ 76,874,266	\$ 76,830,223	\$ 72,170,649	\$ 71,327,601	\$ 69,825,257
Restricted	13,051,383	9,135,845	9,599,202	8,582,796	6,884,966
Unrestricted	25,875,078	23,056,021	23,300,930	21,310,092	18,934,411
Total Primary Government Net Position	\$ 115,800,727	\$ 109,022,089	\$ 105,070,781	\$ 101,220,489	\$ 95,644,634

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

TABLE 1 (CONT.)

		Fiscal Year							
		2010	2009	2008	2007	2006			
\$	36,774,090	\$	36,650,941	\$	35,777,924	\$	34,084,125	\$	35,743,248
	1,193,594		1,218,131		1,255,485		1,318,671		1,283,781
	-		-		-		-		-
	-		-		-		-		-
	14,066,386		14,205,078		13,841,116		13,935,043		11,243,475
\$	52,034,070	\$	52,074,150	\$	50,874,525	\$	49,337,839	\$	48,270,504
<hr/>									
\$	29,797,795	\$	28,504,434	\$	28,220,779	\$	28,660,480	\$	27,771,725
	2,570,858		2,513,381		2,479,789		1,637,751		1,639,618
	6,555,425		6,831,206		6,545,033		6,467,537		5,873,732
\$	38,924,078	\$	37,849,021	\$	37,245,601	\$	36,765,768	\$	35,285,075
<hr/>									
\$	66,571,885	\$	65,155,375	\$	63,998,703	\$	62,744,605	\$	63,514,973
	2,570,858		2,513,381		2,479,789		1,637,751		1,639,618
	20,621,811		21,036,284		20,386,149		20,402,580		17,117,207
\$	89,764,554	\$	88,705,040	\$	86,864,641	\$	84,784,936	\$	82,271,798

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities										
General Government	\$ 2,622,419	\$ 2,552,931	\$ 1,851,020	\$ 2,434,382	\$ 1,660,197	\$ 2,940,797	\$ 2,363,397	\$ 1,984,006	\$ 2,062,088	\$ 3,263,794
Public Safety	9,111,824	8,912,927	8,750,908	8,507,028	8,473,093	8,137,286	7,841,533	7,638,269	7,663,541	7,408,066
Public Works	5,279,551	7,114,441	6,282,178	5,426,164	6,877,940	5,477,606	5,664,242	4,513,410	4,162,060	3,202,666
Public Library	1,386,198	1,409,728	1,308,791	1,258,780	1,203,191	1,163,623	1,173,863	1,123,880	1,051,044	1,043,951
Parks, Recreation and Public Property	2,927,345	2,674,471	3,012,478	2,176,083	1,468,214	1,599,713	1,604,612	1,383,166	1,283,585	1,233,518
Community Improvement & Development	1,213,129	994,906	1,199,963	825,295	686,717	1,287,249	999,898	543,549	1,133,491	1,213,623
Debt Service	673,579	626,377	673,495	699,623	565,025	218,415	272,480	296,199	258,179	265,219
Total Governmental Activities Expenses	23,214,045	24,285,781	23,078,833	21,327,355	20,934,377	20,824,689	19,920,025	17,482,479	17,613,988	17,630,837
Business-Type Activities										
Water Division	2,102,160	2,386,409	2,448,790	2,078,471	1,990,118	1,977,520	1,877,440	1,925,737	1,856,242	1,870,805
Sewer Division	3,075,988	2,770,537	2,999,679	2,709,764	2,644,975	2,696,190	2,529,041	2,691,318	2,627,136	2,443,955
Solid Waste Division	1,763,897	1,739,883	1,593,608	1,659,361	1,649,899	1,668,167	1,579,945	1,672,295	1,666,120	1,717,494
Total Business-Type Activities	6,942,045	6,896,829	7,042,077	6,447,596	6,284,992	6,341,877	5,986,426	6,289,350	6,149,498	6,032,254
Total Primary Government Expenses	\$ 30,156,090	\$ 31,182,610	\$ 30,120,910	\$ 27,774,951	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829	\$ 23,763,486	\$ 23,663,091
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 493,501	\$ 514,625	\$ 544,417	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626	391,281
Public Safety	1,110,300	1,098,611	1,013,391	965,103	978,401	922,686	991,781	1,149,353	906,560	944,002
Public Works	110,592	124,738	113,369	182,375	109,797	122,459	132,948	125,042	80,856	93,846
Public Library	30,326	28,627	25,820	27,149	26,970	24,134	25,588	28,091	28,220	29,686
Parks, Recreation and Public Property	462,350	446,982	445,399	471,172	113,352	139,042	145,293	149,314	146,157	158,053
Community Improvement and Development	98,601	80,000	120,000	120,000	120,000	115,146	84,000	61,000	66,000	66,000
Operating Grants & Contributions	4,148,833	3,894,437	3,602,142	3,285,816	3,315,948	3,124,585	2,849,515	2,805,130	3,031,310	3,496,950
Capital Grants & Contributions	458,660	531,933	880,045	530,453	1,723,050	337,404	1,942,912	757,509	864,556	378,175
Total Governmental Activities Program Revenues	6,913,163	6,719,953	6,744,583	6,066,218	6,870,486	5,171,798	6,603,649	5,442,289	5,492,285	5,557,993
Business-Type Activities:										
Charges for Services:										
Water Division	2,496,043	2,578,265	2,900,045	3,201,639	2,615,148	2,487,553	2,210,112	2,243,427	2,559,572	2,495,101
Sewer Division	3,518,523	3,755,613	3,740,332	3,562,527	3,120,580	2,838,860	2,343,513	2,320,624	2,457,164	2,523,573
Solid Waste	1,975,181	1,772,489	1,634,893	1,716,396	1,731,288	1,759,703	1,699,431	1,742,372	1,811,596	1,737,503
Operating Grants & Contributions	81,487	-	125,708	23,545	15,544	-	-	-	-	-
Capital Grants & Contributions	340,886	422,145	99,172	263,456	-	263,880	144,210	175,807	403,630	791,145
Total Business-Type Activities Program Revenues	8,412,120	8,528,512	8,500,150	8,767,563	7,482,560	7,349,996	6,397,266	6,482,230	7,231,962	7,547,322
Total Primary Government Program Revenues	\$ 15,325,283	\$ 15,248,465	\$ 15,244,733	\$ 14,833,781	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519	\$ 12,724,247	\$ 13,105,315
Net (Expense)/Revenue										
Governmental Activities	\$ (16,300,882)	\$ (17,565,828)	\$ (16,334,250)	\$ (15,261,137)	\$ (14,063,891)	\$ (15,652,891)	\$ (13,316,376)	\$ (12,040,190)	\$ (12,121,703)	\$ (12,072,843)
Business-Type Activities	1,470,075	1,631,683	1,458,073	2,319,967	1,197,568	1,008,119	410,840	192,880	1,082,464	1,515,068
Total Primary Government Net Expense	\$ (14,830,807)	\$ (15,934,145)	\$ (14,876,177)	\$ (12,941,170)	\$ (12,866,323)	\$ (14,644,772)	\$ (12,905,536)	\$ (11,847,310)	\$ (11,039,239)	\$ (10,557,775)

(Continued)

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 3,428,471	\$ 3,097,189	\$ 3,117,062	\$ 3,129,497	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912	\$ 1,625,182	\$ 1,392,282
Sales Tax	9,358,568	8,035,671	7,081,725	7,629,397	7,072,877	6,919,663	6,760,144	6,750,098	6,427,716	6,548,082
Other Taxes	202,868	184,689	176,215	270,292	254,665	240,021	199,591	199,225	191,073	209,536
Occupation and Franchise Taxes	2,764,650	2,781,028	2,653,429	2,514,570	2,030,762	971,022	873,472	883,195	787,763	618,984
Interest	58,091	49,656	56,716	123,026	99,146	106,069	251,126	430,171	561,205	461,182
General Intergovernmental Revenues Unrestricted	365,627	276,969	394,575	124,392	295,309	289,270	260,190	282,997	248,438	242,041
Unrestricted Keno Revenues	611,740	572,632	547,095	494,447	432,584	359,060	428,302	29,141	-	-
Use of Property	4,620,527	4,677,788	4,578,545	4,471,873	4,186,984	3,822,961	3,418,900	3,270,414	3,209,969	3,170,236
Revenue from Sale of Uncapitalized Property	74,113	42,511	55,625	14,162	17,747	57,219	44,059	9,985	77,072	83,761
Gain on Sale of Assets	-	-	-	-	-	-	-	8,170	27,532	-
Miscellaneous	55,506	40,009	57,054	32,379	51,113	153,345	363,181	47,709	33,088	68,035
Interfund Transfers	(13,467)	-	(66,125)	(158,646)	-	-	(27,194)	-	-	-
Total Governmental Activities	21,526,694	19,758,142	18,651,916	18,645,389	17,538,775	15,612,901	14,516,001	13,606,017	13,189,038	12,794,139
Business Type of Activities:										
Interest	11,899	13,699	8,428	18,008	14,034	66,938	165,386	286,953	398,229	332,022
Gain on Sale of Assets	-	-	-	-	-	-	-	-	-	9,089
Use of Property	84,919	81,422	-	-	-	-	-	-	-	-
Miscellaneous	22,547	32,190	-	-	-	-	-	-	-	-
Interfund Transfers	13,467	-	66,125	158,646	-	-	27,194	-	-	-
Total Business-Type Activities	132,832	127,311	74,553	176,654	14,034	66,938	192,580	286,953	398,229	341,111
Total Primary Government	\$ 21,659,526	\$ 19,885,453	\$ 18,726,469	\$ 18,822,043	\$ 17,552,809	\$ 15,679,839	\$ 14,708,581	\$ 13,892,970	\$ 13,587,267	\$ 13,135,250
Change in Net Position										
Governmental Activities	\$ 5,225,812	\$ 2,192,314	\$ 2,317,666	\$ 3,384,252	\$ 3,474,884	\$ (40,080)	\$ 1,199,625	\$ 1,565,827	\$ 1,067,335	\$ 721,295
Business-Type Activities	1,602,907	1,758,994	1,532,626	2,496,621	1,211,602	1,075,057	603,420	479,833	1,480,693	1,856,179
Total Primary Government	\$ 6,828,719	\$ 3,951,308	\$ 3,850,292	\$ 5,880,873	\$ 4,686,486	\$ 1,034,977	\$ 1,803,045	\$ 2,045,660	\$ 2,548,028	\$ 2,577,474

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

TABLE 3

	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	22,742	37,154	27,097	42,528	51,342
Restricted	476,210	38,291	38,785	111,041	205,522
Committed	-	31,144	141,536	196,394	192,587
Unreserved	-	-	-	-	-
Assigned	31,941	10,044	138,401	1,934,062	1,848,271
Unassigned	8,816,995	8,003,963	7,151,157	5,438,679	5,008,200
Total General Fund	\$ 9,347,888	\$ 8,120,596	\$ 7,496,976	\$ 7,722,704	\$ 7,305,922
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	15,128	9,762	8,916	8,561	9,505
Restricted	12,604,917	9,088,635	7,136,685	6,974,935	15,196,509
Committed	2,836,617	2,952,632	1,973,057	1,436,837	809,108
Unreserved, Reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Assigned	2,697,595	1,353,826	1,464,474	1,220,280	717,619
Unassigned	(1,120,538)	(44,361)	(43,090)	(300)	(269,619)
Total All Other Governmental Funds	\$ 17,033,719	\$ 13,360,494	\$ 10,540,042	\$ 9,640,313	\$ 16,463,122
Total Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	37,870	46,916	36,013	51,089	60,847
Restricted	13,081,127	9,126,926	7,175,470	7,085,976	15,402,031
Committed	2,836,617	2,983,776	2,114,593	1,633,231	1,001,695
Unreserved	-	-	-	-	-
Assigned	2,729,536	1,363,870	1,602,875	3,154,342	2,565,890
Unassigned	7,696,457	7,959,602	7,108,067	5,438,379	4,738,581
Total Governmental Fund	\$ 26,381,607	\$ 21,481,090	\$ 18,037,018	\$ 17,363,017	\$ 23,769,044

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

TABLE 3 (CONT.)

	Fiscal Year				
	2010	2009	2008	2007	2006
General Fund					
Reserved	\$ 120,187	\$ 132,221	\$ 225,910	\$ 177,324	\$ 95,529
Non Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unreserved	5,989,588	5,568,550	5,322,046	5,122,971	4,725,445
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 6,109,775</u>	<u>\$ 5,700,771</u>	<u>\$ 5,547,956</u>	<u>\$ 5,300,295</u>	<u>\$ 4,820,974</u>
All Other Governmental Funds					
Reserved	\$ 1,943,994	\$ 1,609,878	\$ 2,107,669	\$ 1,451,727	\$ 1,541,024
Non Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	2,817,380	3,400,398	3,521,157	4,251,381	3,222,836
Capital Project Funds	737,259	540,066	(1,591,264)	(951,132)	(480,858)
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 5,498,633</u>	<u>\$ 5,550,342</u>	<u>\$ 4,037,562</u>	<u>\$ 4,751,976</u>	<u>\$ 4,283,002</u>
Total Governmental Funds					
Reserved	\$ 2,064,181	\$ 1,742,099	\$ 2,333,579	\$ 1,629,051	\$ 1,636,553
Non Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unreserved	9,544,227	9,509,014	7,251,939	8,423,220	7,467,423
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Governmental Fund	<u>\$11,608,408</u>	<u>\$11,251,113</u>	<u>\$ 9,585,518</u>	<u>\$ 10,052,271</u>	<u>\$ 9,103,976</u>

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Taxes	\$12,803,574	\$11,118,944	\$10,142,968	\$10,758,892	\$10,178,587
Special Assessments	184,987	200,654	289,216	325,136	472,266
Licenses & Permits	321,575	271,175	244,733	224,947	201,651
Intergovernmental Revenue	4,347,275	4,079,487	4,330,390	3,619,939	4,414,712
Keno Revenue	611,740	572,632	547,095	494,447	432,584
Charges for Services	1,841,576	1,890,616	1,865,085	1,863,308	1,464,667
Occupation & Franchise Taxes	2,764,651	2,781,029	2,653,429	2,621,917	2,138,542
Contributions	204,577	559,517	54,942	35,293	54,228
Payments in Lieu of Taxes	202,867	184,689	176,215	162,944	146,885
Parking Fees and Rentals	4,620,528	4,681,679	4,584,494	4,474,023	4,204,014
Loan Repayments	570,883	104,783	78,073	557,448	136,519
Interest	51,653	49,655	54,192	114,312	90,235
Miscellaneous	314,105	124,215	138,377	84,580	105,741
Total Revenue	<u>28,839,991</u>	<u>26,619,075</u>	<u>25,159,209</u>	<u>25,337,186</u>	<u>24,040,631</u>
Expenditures					
General Government	2,575,062	2,698,982	2,543,757	2,491,369	4,263,408
Public Safety	10,019,243	8,967,532	9,138,087	8,194,543	8,238,009
Public Works	5,766,816	6,597,380	5,658,796	5,353,264	5,588,853
Public Library	1,334,676	1,355,079	1,288,130	1,204,614	1,329,905
Parks, Recreation & Public Property	2,314,769	2,816,830	2,661,914	11,655,476	8,267,527
Community Improvement & Development	1,265,759	1,031,844	1,322,343	963,266	794,940
Debt Service					
Principal Retirement	1,695,000	2,620,000	1,453,810	1,928,649	1,179,881
Interest	667,145	649,134	677,052	442,032	442,032
Capital Outlay	-	-	-	-	-
Total Expenditure	<u>25,638,470</u>	<u>26,736,781</u>	<u>24,743,889</u>	<u>32,233,213</u>	<u>30,104,555</u>
Excess (Deficiency) of Revenues over expenditures	<u>3,201,521</u>	<u>(117,706)</u>	<u>415,320</u>	<u>(6,896,027)</u>	<u>(6,063,924)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	218,996	141,778	308,069	-	-
Issuance of Debt	1,480,000	2,625,000	-	490,000	20,305,000
Premium on Bonds	-	-	-	-	49,560
Bonds Refunded	-	795,000	-	-	(2,130,000)
Transfers In	2,765,647	2,171,879	2,272,954	-	1,919,961
Transfers Out	<u>(2,765,647)</u>	<u>(2,171,879)</u>	<u>(2,322,342)</u>	<u>2,765,647</u>	<u>(1,919,961)</u>
Total Other Financing Sources (Uses)	<u>1,698,996</u>	<u>3,561,778</u>	<u>258,681</u>	<u>3,255,647</u>	<u>18,224,560</u>
Net Change in Fund Balances	<u>\$ 4,900,517</u>	<u>\$ 3,444,072</u>	<u>\$ 674,001</u>	<u>\$ (3,640,380)</u>	<u>\$ 12,160,636</u>
Debt Service as a Percentage of Noncapital Expenditures	11.14%	13.77%	9.72%	11.69%	7.81%

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

TABLE 4 (CONT.)

	Fiscal Year				
	2010	2009	2008	2007	2006
Revenues					
Taxes	\$ 9,613,934	\$ 9,027,255	\$ 8,765,893	\$ 8,299,868	\$ 8,089,424
Special Assessments	151,392	685,607	82,426	238,417	170,769
Licenses & Permits	233,786	323,800	430,258	305,364	347,386
Intergovernmental Revenue	3,846,761	3,805,003	3,743,612	4,036,117	3,878,013
Keno Revenue	359,060	428,302	29,141	-	-
Charges for Services	1,330,223	1,374,689	1,358,621	1,195,069	1,236,475
Occupation & Franchise Taxes	1,093,679	667,778	686,840	666,704	618,984
Contributions	72,234	81,360	100,005	-	-
Payments in Lieu of Taxes	117,364	82,402	74,697	65,162	60,477
Parking Fees and Rentals	3,830,046	3,422,615	3,272,094	3,211,734	3,173,556
Loan Repayments	82,419	120,700	289,700	103,469	131,383
Interest	71,269	186,036	338,732	432,788	364,385
Miscellaneous	232,156	434,854	112,561	177,839	227,609
Total Revenue	21,034,323	20,640,401	19,284,580	18,732,531	18,298,461
Expenditures					
General Government	2,419,970	2,580,140	2,409,948	2,434,218	2,348,104
Public Safety	7,974,899	7,475,999	7,367,551	7,659,058	7,263,047
Public Works	4,853,161	5,585,140	4,789,513	3,127,771	3,209,134
Public Library	1,485,872	1,139,770	1,097,450	1,039,277	1,014,735
Parks, Recreation & Public Property	1,519,769	1,828,716	1,392,253	1,193,539	1,126,493
Community Improvement & Development	1,560,058	976,102	805,175	1,156,157	1,430,551
Debt Service					
Principal Retirement	870,714	773,690	755,714	708,691	840,952
Interest	234,421	275,001	304,002	258,047	268,402
Capital Outlay	159,664	370,248	829,727	587,478	295,671
Total Expenditure	21,078,528	21,004,806	19,751,333	18,164,236	17,797,089
Excess (Deficiency) of Revenues over expenditures	(44,205)	(364,405)	(466,753)	568,295	501,372
Other Financing Sources (Uses)					
Insurance Proceeds	-	-	-	-	-
Proceeds from Debt Financing	401,500	2,030,000	-	380,000	-
Premium on Bonds	-	-	-	-	-
Bonds Refunded	-	-	-	-	-
Transfers In	2,068,596	1,840,990	1,237,142	980,558	900,999
Transfers Out	(2,068,596)	(1,840,990)	(1,237,142)	(980,558)	(900,999)
Total Other Financing Sources (Uses)	401,500	2,030,000	-	380,000	-
Net Change in Fund Balances	\$ 357,295	\$ 1,665,595	\$ (466,753)	\$ 948,295	\$ 501,372
Debt Service as a Percentage of	5.76%	5.59%	6.36%	5.90%	6.34%

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
2015	\$ 547,447,750	2.00%
2014	522,866,921	1.50%
2013	510,892,339	1.50%
2012	504,008,240	1.50%
2011	467,925,125	1.50%
2010	459,698,781	1.50%
2009	448,552,315	1.50%
2008	445,836,912	1.50%
2007	422,052,129	1.50%
2006	433,872,362	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	
2015 (2)	2.00%	5.50%	7.50%
2014	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%
2012	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%

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

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

TABLE 7

Business Classifications	2015			2006		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 323,940,480	1	52.45%	\$ 251,290,601	1	54.31%
Accommodation & Food Services	64,768,515	2	10.49%	41,102,740	2	8.89%
Other	228,927,194	-	37.06%	170,303,401	-	36.80%
Total	\$ 617,636,189		100.00%	\$ 462,696,742		100.00%

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

Source: Nebraska Dept of Revenue

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

TABLE 8

FISCAL YEAR (2)	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
2015	\$ 1,269,843,679	\$ 50,035,023	\$ 1,319,878,702	0.5967
2014	1,214,361,524	44,813,004	1,259,174,528	0.5967
2013	1,160,166,057	42,955,400	1,203,121,457	0.5781
2012	1,145,320,208	44,351,377	1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
2008	1,097,676,042	44,580,420	1,142,256,462	0.4830
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

(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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
CITY OF NORFOLK										
GENERAL FUND	0.1591	0.1549	0.1320	0.1335	0.1341	0.1341	0.1345	0.0689	0.0460	0.0433
DEBT SERVICE	0.0555	0.0581	0.0609	0.0615	0.0618	0.0618	0.0620	0.0641	0.06682	0.0696
ECONOMIC DEVELOPMENT FUND	0.0321	0.0337	0.0352	0.0356	0.0358	0.0358	0.0000	0.0000	0.0000	0.0000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3476
TOTAL CITY OF NORFOLK	<u>0.5967</u>	<u>0.5967</u>	<u>0.5781</u>	<u>0.5806</u>	<u>0.5817</u>	<u>0.5817</u>	<u>0.5466</u>	<u>0.4830</u>	<u>0.4628</u>	<u>0.4605</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3283	0.3557	0.4255	0.4249	0.4211	0.4090	0.3990	0.3872	0.4250	0.40485
SCHOOL DISTRICT NO 2	1.2098	1.2154	1.2154	1.2589	1.3182	1.3240	1.3062	1.2230	1.2336	1.2112
NORTHEAST COMMUNITY COLLEGE	0.0953	0.0990	0.0993	0.0983	0.0953	0.0985	0.0935	0.0900	0.0823	0.0904
NORFOLK AIRPORT AUTHORITY	0.0334	0.0306	0.0310	0.0313	0.0315	0.0330	0.0228	0.0236	0.0236	0.0236
LOWER ELKHORN NRD	0.0241	0.0251	0.0266	0.0296	0.0340	0.0379	0.0341	0.0339	0.0356	0.0354
AGRICULTURAL SOCIETY MADISON COUNTY	0.0110	0.0116	0.0131	0.0139	0.0144	0.0145	0.0144	0.0147	0.0155	0.0158
EDUCATIONAL SERVICES UNIT #8	0.0126	0.0126	0.0150	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150	0.0149
NORFOLK SANITARY DISTRICT	0.0099	0.0099	0.0100	0.0098	0.0095	0.0091	0.0087	0.0066	0.0067	0.0067
RAILROAD TRANSPORTATION SAFETY DIST.	0.0079	0.0060	0.0060	0.0050	0.0106	0.0036	0.0039	0.0040	0.0041	0.0046
TOTAL OVERLAPPING RATES	<u>1.7323</u>	<u>1.7659</u>	<u>1.8419</u>	<u>1.8867</u>	<u>1.9496</u>	<u>1.9445</u>	<u>1.8975</u>	<u>1.7980</u>	<u>1.8414</u>	<u>1.8075</u>
TOTAL PROPERTY TAXES	2.3290	2.3626	2.4200	2.4673	2.5313	2.5262	2.4441	2.2810	2.3042	2.2680

(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	2015			2006		
		TAXABLE ASSESSED	RANK	% OF TOTAL CITY TAXABLE ASSESSED	TAXABLE ASSESSED	RANK	% OF TOTAL CITY TAXABLE ASSESSED
		VALUE		VALUE	VALUE		VALUE
N S P LLC	SHOPPING MALL	\$ 13,165,843	1	1.00%	\$ 13,242,523	1	1.31%
WAL-MART STORES INC	RETAIL STORE	9,792,578	2	0.74%	9,652,773	2	0.96%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,329,320	3	0.71%	7,692,200	4	0.76%
HEARTLAND PANTRY INC	RETAIL STORE	8,800,461	4	0.67%	8,642,212	3	0.86%
HERITAGE OF NORFOLK INC	NURSING HOME	6,565,133	5	0.50%	6,109,779	6	0.61%
MENARD INC	RETAIL STORE	6,244,800	6	0.47%	5,708,817	7	0.57%
TIMM VILLAGE GREEN LLC	APARTMENTS	5,808,872	7	0.44%	-	-	0.00%
WIS-PAK	BOTTLING DISTRIBUTION	5,717,857	8	0.43%	5,577,167	8	0.55%
UNION PACIFIC RAILROAD CO	RAILROAD	5,501,104	9	0.42%	-	-	0.00%
SABRA HEALTH CARE HOLDINGS III LLC	NURSING HOME	4,721,642	10	0.36%	-	-	0.00%
QWEST CORPORATION	TELEPHONE	-	-	0.00%	6,164,893	5	0.61%
MC MEADOWS LLC	APARTMENTS	-	-	0.00%	4,925,431	9	0.49%
DAYTON HUDSON CORP	RETAIL STORE	-	-	0.00%	4,293,596	10	0.43%
TOTAL		\$ 75,647,610		5.73%	\$ 72,009,391		7.14%

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
2015	\$ 3,189,630	\$ 3,089,071	96.85%	\$ -	\$ 3,089,071	96.85%
2014	2,827,106	2,747,980	97.20%	79,126	2,827,106	100.00%
2013	2,825,242	2,736,874	96.87%	88,368	2,825,242	100.00%
2012	2,823,416	2,737,455	96.96%	85,008	2,822,463	99.97%
2011	2,825,657	2,726,631	96.50%	98,474	2,825,105	99.98%
2010	2,404,312	2,317,303	96.38%	83,901	2,401,204	99.87%
2009	1,603,272	1,557,427	97.14%	45,676	1,603,103	99.99%
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%	32,060	1,060,733	99.91%

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

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	BOND ANTICIPATION NOTES	NOTES PAYABLE
2015	\$19,950,000	\$ 990,000	\$ 2,590,000	\$ -
2014	20,100,000	1,195,000	-	-
2013	18,960,000	1,535,000	-	-
2012	20,180,000	1,745,000	-	23,809
2011	21,210,000	1,415,000	525,000	255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954
2008	3,895,000	935,000	2,335,000	169,644
2007	4,365,000	1,185,000	2,320,000	205,358
2006	4,410,000	1,430,000	755,000	244,048

Notes: (1) See Table 16 for income and population data. 2015 population and 2015 and 2014 personal income numbers are unavailable.

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

TABLE 12 (CONT.)

<u>BUSINESS-TYPE ACTIVITIES</u>				
REVENUE BONDS	STATE REVOLVING LOAN	TOTAL PRIMARY GOVERNMENT	DEBT PER CAPITA (1)	PERCENTAGE OF PERSONAL INCOME (1)
\$ 7,440,000	\$ -	\$ 30,970,000	N/A	N/A
8,305,000	-	29,600,000	1,210.93	N/A
9,160,000	-	29,655,000	1,208.83	1.97
6,065,000	-	28,013,809	1,151.32	2.03
3,550,000	710,008	27,665,367	1,140.93	2.12
6,110,000	827,066	13,347,306	551.31	1.10
6,820,000	940,690	14,356,644	616.91	1.20
7,510,000	1,050,980	15,895,624	692.92	1.35
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

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
2015	\$ 19,950,000	\$ 339,878	\$ 20,289,878	\$ 2,056,725	\$ 18,233,153	N/A	1.44%
2014	20,100,000	407,083	20,507,083	1,718,817	18,788,266	768.62	1.55%
2013	18,960,000	470,340	19,430,340	1,556,817	17,873,523	728.85	1.54%
2012	20,180,000	532,264	20,712,264	1,117,646	19,594,618	805.30	1.71%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	1.85%
2010	3,480,000	618,952	4,098,952	1,193,594	2,905,358	120.01	0.26%
2009	3,720,000	729,722	4,449,722	1,218,131	3,231,591	138.86	0.29%
2008	3,895,000	394,928	4,289,928	1,255,485	3,034,443	132.28	0.29%
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%

Notes: (1) See Table 16 for population data. 2015 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 23,530,000	100.00%	\$ 23,530,000
OVERLAPPING:			
Norfolk School District #2	\$ 19,190,000	58.43%	\$ 11,211,915

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

SOURCE: NORFOLK PUBLIC SCHOOLS

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

TABLE 15

	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2015	\$ 8,109,112	\$ 5,234,995	\$ 2,874,117	\$ 865,000	\$184,233	\$ 1,049,233	2.74
2014	8,510,448	5,307,088	3,203,360	855,000	198,501	1,053,501	3.04
2013	8,344,442	5,524,293	2,820,149	905,000	182,034	1,087,034	2.59
2012	8,677,238	4,965,477	3,711,761	1,120,008	95,519	1,215,527	3.05
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76
2008	6,593,376	4,685,259	1,908,117	772,055	336,859	1,108,914	1.72
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

1) TOTAL OPERATING REVENUE PLUS INTEREST INCOME

2) TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION AND AMORTIZATION

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

TABLE 16

Fiscal Year	Population(1)	Personal Income (2) (000's)	Per Capita Personal Income(2)	Public School Enrollment(3)	Unemployment Rate(4)
2015	N/A	N/A	N/A	4,244	2.6%
2014	24,444	N/A	N/A	4,069	2.7%
2013	24,523	1,506,700	42,709	4,148	2.9%
2012	24,332	1,380,610	39,411	4,110	3.2%
2011	24,248	1,305,431	37,372	4,009	3.6%
2010	24,210	1,213,230	34,728	4,023	3.8%
2009	23,272	1,198,153	33,949	3,891	4.2%
2008	22,940	1,176,748	36,103	3,830	3.0%
2007	23,146	1,134,031	33,064	3,803	2.7%
2006	23,865	1,067,230	30,260	3,941	3.5%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2015 numbers are unavailable.
 (2) State of Nebraska, NE Dept of Economic Development. 2015 and 2014 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	2015			2006		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,185	1	4.85%	1,167	1	5.66%
Northeast Community College	704	2	2.88%	269	10	1.30%
Affiliated Foods Midwest	654	3	2.68%	689	3	3.34%
Norfolk Public Schools	604	4	2.47%	827	2	4.01%
Vulcraft Division of Nucor Steel	515	5	2.11%	463	5	2.25%
Nucor Steel Division	490	6	2.00%	416	6	2.02%
Wayne State College	476	7	1.95%			
Medtronic	385	8	1.58%			
Continental Contitech	368	9	1.51%			
Norfolk Iron & Metal Co	320	10	1.31%	335	9	1.62%
Tyco Health Care				502	4	2.43%
Walmart				416	7	2.02%
Goodyear Tire & Rubber				411	8	1.99%
Total	5,701		23.32%	5,495		26.64%

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										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government	26.88	25.88	25.88	25.88	26.18	25.55	23.55	24.60	24.80	25.00
Engineering	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	60.00	58.00	58.00	58.00	58.00	58.00	60.00	60.50	60.50	65.50
Fire	37.00	37.00	37.00	38.00	38.00	38.00	38.00	37.00	37.00	38.00
Region 11	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SNARE	0.13	0.13	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.63
Streets	23.25	23.25	23.25	22.25	22.25	22.00	22.00	21.00	21.00	22.00
Culture & Recreation										
Parks	20.00	22.00	21.00	20.00	20.00	22.00	22.00	18.00	18.00	18.00
Recreation	2.00	2.00	1.67	1.67	1.00	1.00	2.00	2.00	2.00	2.00
Auditorium	0.00	0.00	2.43	2.43	2.43	2.43	2.43	2.43	1.68	1.68
Library	15.38	15.38	15.1	15.1	14.97	14.97	14.97	14.96	15.69	16.69
Housing	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.63	5.73	5.73
Community Character Development Coalition	0.00	0.00	0.00	0.00	0.00	4.25	5.00	4.88	4.88	0.00
Economic Development Operating	3.00	3.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Water Pollution Control	9.00	9.00	9.00	9.00	9.50	9.50	13.50	13.50	13.50	13.50
Solid Waste Management	5.38	6.38	6.38	6.38	5.88	5.75	5.75	5.75	5.75	5.75
Total	229.77	228.77	228.96	227.96	225.46	230.70	236.45	232.75	233.01	236.46

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Purchase Ordered Processed	0	31	765	1,223	1,393	1,365	1,773	1,887	2,025	2,100
Water/Sewer Customers Billed	9,551	9,523	9,479	9,419	9,392	9,306	9,276	9,118	9,049	9,000
Engineering										
Miles of Paving Districts	0.33	0.00	0.00	0.00	0.20	0.20	0.51	0.20	1.20	1.10
Miles of Street Reconstruction	0.32	0.10	0.40	1.10	0.75	0.30	0.35	0.50	1.20	1.00
Public Safety										
Police:										
Criminal Arrests	1,394	1,448	1,645	1,809	1,701	1,655	1,932	1,679	1,858	2,500
Traffic Arrests	3,097	2,388	2,294	2,709	2,804	2,313	2,348	2,514	2,480	3,550
Drug/Alcohol Arrests	696	705	817	897	762	556	715	782	817	1,200
Fire:										
Rescue Calls	2,007	1,912	1,941	1,866	1,861	1,678	1,714	1,744	1,682	1,715
Building and Safety										
Building Permits	411	388	347	356	375	386	382	392	412	549
Culture and Recreation										
Library										
Total Circulation	309,281	321,954	320,282	299,776	324,042	319,997	338,308	314,489	318,284	334,736
Water:										
Water Inspections	51	56	66	47	42	48	39	40	39	62
Locates	3,198	3,272	3,449	3,070	2,521	2,743	2,406	2,589	2,928	2,708
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.02	1.02	1.077	1.083	1.189	1.269	1.017	1.105	1.127	1.000
Sewer Maintenance										
Sewer Inspections	35	34	61	34	20	32	22	37	22	46
Solid Waste Management										
Average Daily Tonnage	106	102	104	108	108	113	110	116	117	117

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
City Auditorium (1)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Offices (2)	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
City Council Chambers	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Streets										
Streets (Miles)	144.55	144.09	144.08	144.29	144.29	144.29	143.88	142.30	142.30	137.26
Streetlights	2,279	2,257	2,257	2,258	2,327	2,244	2,236	2,237	2,266	2,246
Parks										
Parks Acreage	421.60	414.00	403.50	403.50	403.50	403.50	396.00	378.00	364.00	364.00
Parks #	13.00	13.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00	12.00
Swimming Pools	2.00	2.00	2.00	2.00	1.00	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)	126.00	129.00	123.00	123.00	123.00	122.00	121.00	120.00	120.00	145.00
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)	131.00	128.00	127.00	127.00	127.00	127.00	126.00	125.00	125.00	155.00
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 and Council Chambers as of January 2013

Sources: Various City Departments