

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2016

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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NORFOLK
NEBRASKA**

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September 30, 2016

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*for the
fiscal year
ended
September 30, 2016*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 16, 2017

**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, 2016 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, 2016.

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, 2016, 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, 2016, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

CITY PROFILE

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

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

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

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

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

LOCAL ECONOMY

Low grain prices have slowed the rural agricultural economy. This has contributed to stagnant sales tax receipts in Norfolk. Sales tax receipts for fiscal year 2016 are down from fiscal year 2015, excluding the additional half cent for the library renovation. Despite the downturn in the economy, Norfolk continues to have low unemployment. Madison County's unemployment rate was 3.0% in December 2016, below the national average of 4.7%. Real estate values are increasing. For the third year in a row there is a significant increase in assessed valuation. Norfolk's 2016 assessed valuation increased 4.86% and the 2015 assessed valuation increased 4.81%, most of which was due to increased value of existing property. This comes after 4 years of little increase in assessed valuation.

On October 28, 2015 OCT Pipe announced its plans to locate a new manufacturing plant in Norfolk. Original plans were to construct a facility that was more than 1-million-square-foot with an investment of over \$100 million creating at least 180 jobs. Plans have grown and now include constructing a 1.3 million square foot main building and two additional buildings, one about 100,000 square foot and the other about 200,000 square foot, with an investment of \$760 million and up to 450 jobs. Dirt work has started on the project and construction is expected to begin this spring. OCT Pipe will produce and sell drilling and production pipe to major oil and gas production companies. The expanded plans add to the product line to include premium pipe products, couplings and special threaded pipe. 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. OCT Pipe anticipates manufacturing the first pipe in mid 2018.

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 when certain conditions are met. \$3.6 million is from the City's LB 840 economic development program approved by Norfolk citizens at the May, 2010 primary election. This program provides \$400,000 of property tax annually for 10 years to be used for economic development and allows for bonds to be issued in anticipation of these tax receipts. The City issued a \$2,365,000 economic development fund bond. Bond proceeds, along with \$1,235,000 of cash held in the Economic Development Fund, was disbursed to Black Hills Energy in May 2016 after construction of the pipeline commenced. The other \$1.4 million will come from grant proceeds from the State of Nebraska from its Site and Building Development Fund. The pipe has been installed and Black Hills Energy anticipates completion of final work on the pipeline later this year.

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 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 2016 study found that Norfolk should have a target of adding 762 new housing units by 2021. 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 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. A few houses have been constructed and others are currently under construction at this time.

Other economic indicators appear mixed. Norfolk's population decreased from an estimated 24,444 in 2014 to an estimated 24,366 in 2015. Madison County's unemployment rate increased .4% from 2.6% in December 2015 to 3.0% in December 2016. Public school enrollment increased from 4,244 in September 2015 to 4,325 in September 2016. The most recent assessed valuation which was released August 20, 2016, shows taxable property in Norfolk valued at \$1,383,993,778, a 4.86% increase from the prior year.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

The City's maintenance level budget allows for 3.5% expenditure growth. The LTFP shows expenditures growing about 3% in most of the next ten years; however, the City's two largest revenue sources are projected to grow at a slower rate.

The City's largest revenue source is sales tax which is projected to grow at an annual rate of 2.1% in the LTFP based on past history. The City's 1 ½ cent sales tax for fiscal year 2015-2016 is down \$87,517 from the prior fiscal year. The City is budgeting a \$9,416 or 0.09% decrease in sales tax in the 2016-2017 budget.

The City's second largest revenue source is lease revenue from Nebraska Public Power District (NPPD) which pays 12% of system revenue to lease the City-owned electrical distribution system. NPPD is making a major effort to hold down rate increases and based on NPPD rate projections, the LTFP shows no growth in NPPD lease revenue through fiscal year 2023-2024 and 1% thereafter.

Slow growth in the City's two largest revenue sources, puts pressure on property tax which is the third largest general revenue source. The LTFP shows the City's property tax rate going from .246673 in 2015-2016 to .431120 in 2025-2026. In 2016-2017 the City's property tax levy rate is 4th lowest of the 30 first class cities in Nebraska and would be in the middle third of first class city levy rates with the projected 2025-2026 levy rate. The 2016-2017 budget results in a levy rate of .252065, up .005392 from the prior year.

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 an \$8.7 million library expansion and renovation. The City also was awarded a \$750,000 grant from the State of Nebraska Civic and Community Center Financing Fund for the library expansion and renovation. The project includes a 2,500 square feet addition, expanded parking, drive-up access to the book drop, improvements to the children's and teen's areas, expanded meeting rooms, and updated work spaces for the Library and Information Services staff. Construction is anticipated to begin in 2017.

Economic development continues to be a priority of the Mayor and Council. Increasing the capacity of natural gas flowing to Norfolk has been a goal for a number of years. As explained earlier, Black Hills Energy is constructing an eight inch natural gas pipeline from Bancroft to Norfolk. To support economic development the Mayor and Council plan to extend water and sewer lines to industrial areas. The Mayor and Council also want to increase area planning efforts and resources. A few ways they plan to do this is by doing industrial site assessment and analysis and developing TIF guidelines.

Another of the Mayor and Council goals is recreation. The Council desires adding more recreation trails and have the additional trails connect existing trails. A trail advisory board helps identify, promote, and seek funding for new and expanding trails in and around Norfolk. The City completed a trail loop at Ta-Ha-Zouka Park and was awarded a \$561,373 grant through the Nebraska Game and Parks Commission 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 year. In addition to trails the Mayor and Council desire adding more soccer fields. They support efforts for an indoor recreation space for the whole community and support fundraising efforts to build a new skate park.

Street maintenance continues to be a goal of the Mayor and Council. This year's goals include reconstructing the Norfolk Avenue bridge over the North Fork of the Elkhorn River and a roundabout at 37th & Norfolk Avenue as well as improvements to Prospect Avenue and Pasewalk Avenue. Staff will look into hiring seasonal help for streets and identify streets for upgrade or repair possibly utilizing Armor coating. Studying costs to expand Benjamin Avenue into five lanes is also a goal.

RELEVANT FINANCIAL POLICIES

The City's important financial policies are included in the City's budget document. During the current year, two of these policies were particularly relevant. The City has a policy that bond refundings for interest rate savings are not normally undertaken unless the present value of the interest rate savings is at least 4% of the refunded principal. During the year the City called the Series 2010 Recreation Facilities Bonds because the interest rate savings was more than 4% of the refunded principal. The City paid off the bonds with the longest maturity utilizing \$2 million of accumulated occupation tax revenues and refunded the remaining bonds. This reduces the debt service payment over the next 15 years by \$3,465,816.

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

AWARDS AND ACKNOWLEDGEMENTS

CERTIFICATE OF ACHIEVEMENT. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the twenty-eighth 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-four years, the most recent for the 2016-2017 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, 2015.

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

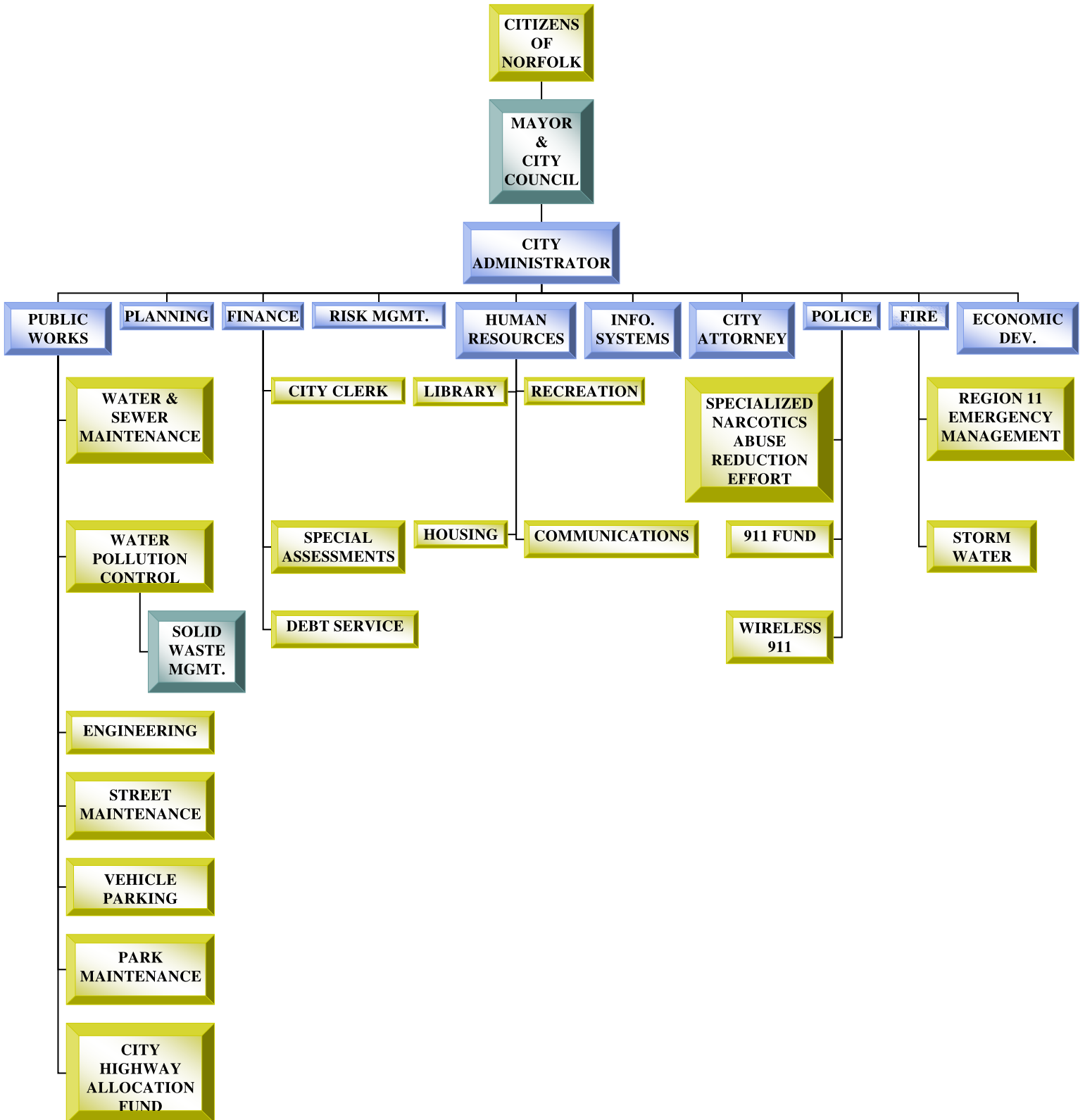
**City of Norfolk
Nebraska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

**City of Norfolk, Nebraska
Organizational Chart**



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2016

<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	Andrew Colvin
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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, 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 15, 2017

Management Discussion and Analysis

September 30, 2016

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, 2016. 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, 2016, by \$120,220,036. Of this amount, \$25,792,943 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$4,419,309 during the year. Of this amount, the net position of Governmental Activities increased \$2,801,202 and the net position of Business Activities increased \$1,618,107.
- Bonds payable decreased \$3,694,114. Outstanding revenue bonds total \$6,595,000, general obligation bonds \$16,912,454, and special assessment bonds \$1,150,000 backed by the City's full faith and credit. Bond anticipation notes decreased \$340,000 and total \$2,250,000.

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, 2016, net position was as follows:

City of Norfolk's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 33,857,813	\$ 36,333,879	\$ 12,708,087	\$ 11,875,906	\$ 46,565,900	\$ 48,209,785
Capital Assets	60,860,148	59,670,157	44,099,084	43,694,406	104,959,232	103,364,563
Total Assets	94,717,961	96,004,036	56,807,171	55,570,312	151,525,132	151,574,348
Deferred Outflows of Resources	79,258	17,543	9,646	19,292	88,904	36,835
Long-Term Liabilities	22,349,444	25,460,664	6,919,951	7,742,389	29,269,395	33,203,053
Other Liabilities	1,296,526	2,027,052	801,827	370,283	2,098,353	2,397,335
Total Liabilities	23,645,970	27,487,716	7,721,778	8,112,672	31,367,748	35,600,388
Deferred Inflows of Resources	26,252	210,068	-	-	26,252	210,068
Net Position:						
Net Investment in Capital Assets	40,610,264	39,859,311	37,513,730	37,014,955	78,123,994	76,874,266
Restricted	13,693,880	10,570,933	2,609,219	2,480,450	16,303,099	13,051,383
Unrestricted	16,820,853	17,893,551	8,972,090	7,981,527	25,792,943	25,875,078
Total Net Position	\$ 71,124,997	\$ 68,323,795	\$ 49,095,039	\$ 47,476,932	\$ 120,220,036	\$ 115,800,727

A portion of net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$25,792,943 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 \$3,251,716 increase in restricted net position. The increase is in the Governmental Activities which went from \$10,570,933 last year to \$13,693,880 this year, an increase of \$3,122,947. 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 2016 was \$39,351,191. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

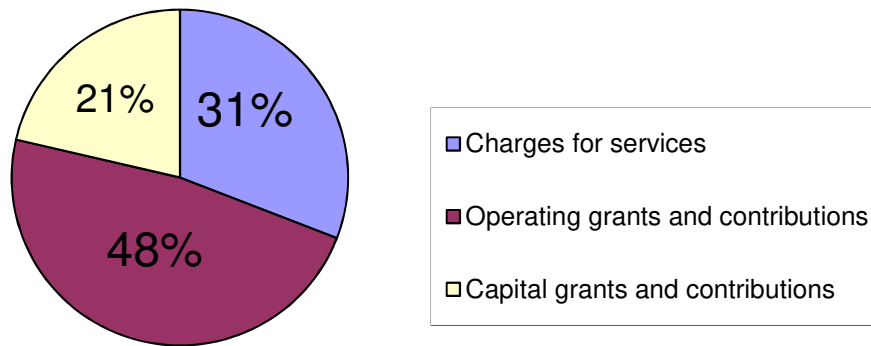
City of Norfolk's Changes in Net Position

	General Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 2,393,754	\$ 2,305,670	\$ 8,493,078	\$ 7,989,747	\$ 10,886,832	\$ 10,295,417
Operating grants and contributions	3,700,589	4,148,833	1,445	81,487	3,702,034	4,230,320
Capital grants and contributions	1,656,522	458,660	243,349	340,886	1,899,871	799,546
Total Program Revenues	7,750,865	6,913,163	8,737,872	8,412,120	16,488,737	15,325,283
General Revenues:						
Property taxes	3,480,593	3,428,471	-	-	3,480,593	3,428,471
Sales taxes	10,614,793	9,358,568	-	-	10,614,793	9,358,568
Other taxes	203,371	202,868	-	-	203,371	202,868
Occupation and franchise taxes	2,680,189	2,764,650	-	-	2,680,189	2,764,650
Interest	107,008	58,091	27,278	11,899	134,286	69,990
General intergovernmental revenues	372,186	365,627	-	-	372,186	365,627
Keno Revenues	552,493	611,740	-	-	552,493	611,740
Use of property	4,596,858	4,620,527	82,022	84,919	4,678,880	4,705,446
Revenue from Sale of Uncapitalized Property	17,097	74,113	-	-	17,097	74,113
Miscellaneous	109,622	55,506	18,944	22,547	128,566	78,053
Total General Revenues	22,734,210	21,540,161	128,244	119,365	22,862,454	21,659,526
Total Revenues	30,485,075	28,453,324	8,866,116	8,531,485	39,351,191	36,984,809
Expenses:						
General Government	2,462,887	2,622,419	-	-	2,462,887	2,622,419
Public Safety	10,133,933	9,111,824	-	-	10,133,933	9,111,824
Public Works	5,494,622	5,279,551	-	-	5,494,622	5,279,551
Public Library	1,461,349	1,386,198	-	-	1,461,349	1,386,198
Parks, Recreation and Public Property	3,354,612	2,927,345	-	-	3,354,612	2,927,345
Community Improvement and Development	4,217,807	1,213,129	-	-	4,217,807	1,213,129
Debt Service	454,900	673,579	-	-	454,900	673,579
Water System	-	-	2,294,958	2,102,160	2,294,958	2,102,160
Sewer System	-	-	3,293,531	3,075,988	3,293,531	3,075,988
Solid Waste	-	-	1,763,283	1,763,897	1,763,283	1,763,897
Total Expenses	27,580,110	23,214,045	7,351,772	6,942,045	34,931,882	30,156,090
Increase (Decrease) in Net Position before Transfers	2,904,965	5,239,279	1,514,344	1,589,440	4,419,309	6,828,719
Transfers	(103,763)	(13,467)	103,763	13,467	-	-
Increase (Decrease) in Net Position	2,801,202	5,225,812	1,618,107	1,602,907	4,419,309	6,828,719
Net Position - Beginning Unadjusted	68,323,795	63,148,064	47,476,932	45,874,025	115,800,727	109,022,089
Implementation of GASB 68	-	(50,081)	-	-	-	(50,081)
Net Position - Beginning Adjusted	68,323,795	55,253,830	47,476,932	45,874,025	115,800,727	108,972,008
Net Position - Ending	\$ 71,124,997	\$ 68,323,795	\$ 49,095,039	\$ 47,476,932	\$ 120,220,036	\$ 115,800,727

Program revenues totaled \$16,488,737. Of this total \$8,737,872 was program revenues from Business-Type Activities and \$7,750,865 was program revenues from General Governmental Activities. Program revenues from General Governmental Activities increased \$837,702 while program revenues from Business-Type Activities increased \$325,752. The increase in General Governmental Activities program revenue is primarily due to a \$375,000 capital grant received from the State of Nebraska for the library expansion and renovation and also from assessments for four paving districts. Program revenues from Business-Type Activities consist primarily of charges for services. About 97% of Business-Type Activities program revenues is use fees for water, sewer, and solid waste. Sewer rates increased 6% effective September 1, 2015 which was the primary reason for the increase in Business-Type Activities program revenues. Other Business-Type Activities program revenues in the current year include contributed capital and a grant from the Lower Elkhorn Natural Resource District for trees.

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

Program Revenues General Governmental

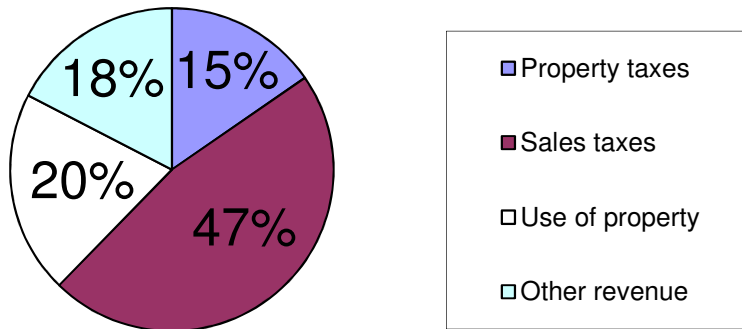


General revenues for Governmental Activities increased \$1,194,049 or 5.5% going from \$21,540,161 last year to \$22,734,210 in the current year. The largest general revenue source is sales tax, which increased \$1,256,225 or 13.4%. Voters approved a half-cent sales tax increase at the November 2014 general election to fund a library expansion and renovation. The sales tax increase became effective April 1, 2015 with the City receiving the first of this sales tax in June 2015. The fiscal year ending September 30, 2015 had four months of receipts from the half-cent sales tax while the fiscal year ending September 30, 2016 had a full year of receipts. Approximately \$2.6 million has been received during the current fiscal year. The second largest general revenue source, use of

property, decreased \$23,669 or 0.51%. The primary source of use of property is lease revenue from NPPD which pays 12% of system revenue to lease the City-owned electrical distribution system. As discussed in the letter of transmittal NPPD is making a major effort to hold down rate increases. Property taxes increased \$52,122 or 1.52% because the City is allowing its property tax asking to increase for any increase in assessed valuation to offset inflation during the years when the property tax asking remained constant. Occupation and franchise taxes decreased \$84,461 or 3.06% due to a decrease in natural gas franchise tax, telephone occupation tax, and cable franchise tax.

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

General Revenues General Governmental



Total expenses increased \$4,775,792 or 15.8% going from \$30,156,090 last year to \$34,931,882 this year. Expenses in Governmental Activities increased \$4,366,065 or 18.8% and expenses in Business-Type Activities increased \$409,727 or 5.9%.

The biggest increase in expenses was in community improvement and development which went from \$1,213,129 last year to \$4,217,807 this year, an increase of \$3,004,678. As discussed in the letter of transmittal \$3.6 million was paid to Black Hills Energy for construction of a natural gas pipeline. The lack of natural gas capacity to Norfolk prompted City officials to enter into a funding assistance agreement with Black Hills Energy to provide \$3.6 million of funding from the City’s LB 840 economic development program to construct a natural gas pipeline to serve the new OCT Pipe plant and existing businesses in Norfolk.

Public safety increased \$1,022,109 or 11.2%. As explained in the Capital Assets section, the City changed its capitalization threshold from \$500 to \$5,000. This resulted in a one-time loss on disposal of capital assets for public safety of \$422,117. In addition to this, current year items purchased for less than \$5,000 would have been capitalized last year under the former policy but were expensed this year. Also starting this year the City

allocated property and liability insurance to the various divisions in the General Fund instead of charging it all to the Administration Division. This was \$143,211 added to public safety this year.

Parks, recreation and public property increased \$427,267 or 14.6% for similar reasons as public safety. The change in capitalization threshold resulted in a one-time loss on disposal of capital assets for parks, recreation and public property of \$249,247. Allocating property and liability insurance to the various divisions added \$42,248 to parks, recreation and public property this year.

The biggest decrease in expenses was in debt service which went from \$673,579 last year to \$454,900 this year, a decrease of \$218,679. During the year, the City refunded the Series 2010 Recreation Facilities Bonds and used \$2 million of cash on hand to pay off the bonds with the longest maturities. The refunding and paying off the bonds with the longest maturities results in a savings of \$3,465,816 over 15 years.

Expenses for Business-Type Activities increased \$409,727 or 5.9% going from \$6,942,045 last year to \$7,351,772 this year. Expenses in the Water Division increased \$192,798 due partially to tuck-pointing the west water treatment plant for \$104,470. Loss on disposal of capital assets increased \$78,260 primarily due to the change in capitalization threshold. Sewer Division expenses increased \$217,543 partially due to a \$115,019 increase in disposal of capital assets also due to the change in capitalization threshold. Repairs and maintenance increased \$81,315 primarily due to replacing the sequential batch reactor diffusers. Expenses in the Solid Waste Division remained relatively unchanged, decreasing \$614.

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

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

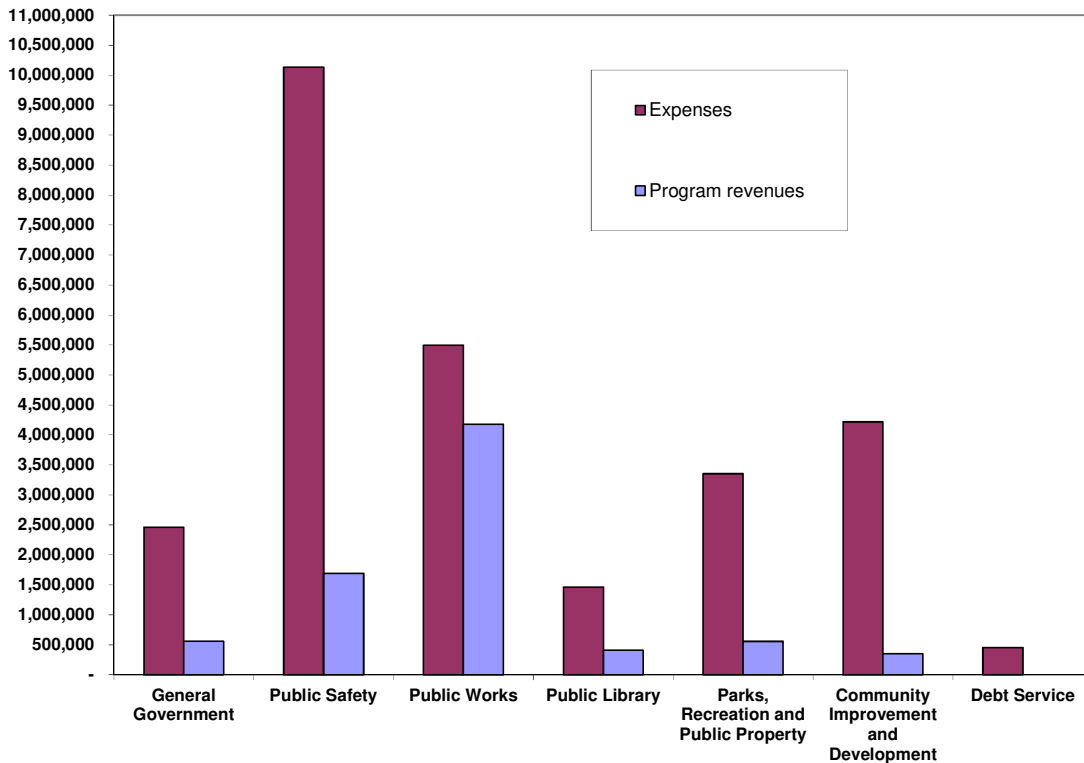
Governmental Activities

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

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

The following chart shows the relationship of program expense to program revenue for governmental activities in a graphical format. As would be expected, expenses exceed revenues for all governmental activities. For example, public safety had expenses of \$10,133,933 and total program revenues of only \$1,693,942 comprised of \$1,104,698 of charges for services, \$471,260 of operating grants and contributions, and \$117,984 of capital grants and contributions. The net cost of public safety was \$8,439,991 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:

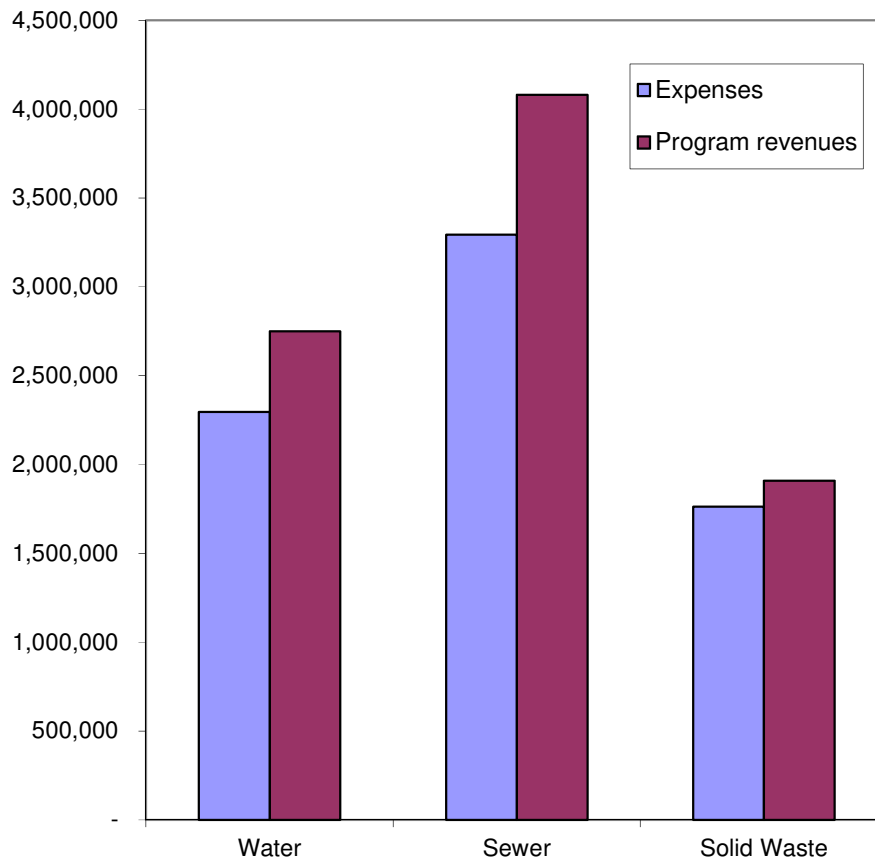
- General Government..... Fees
- Public Safety..... Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants
- Public Library..... Service Charges, Fees
- 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 \$1,618,107 accounting for 36.6% 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 \$454,052. 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 before the end of the fiscal year was effective October 1, 2009. The last sewer rate increase before the end of the fiscal year 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 2016 Sewer Division revenues exceeded expenses by \$785,852. Solid Waste Division revenues exceeded expenses by \$146,196.

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 \$24,492,410. The combined Governmental Fund balance decreased \$1,889,197 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General Fund by \$396,851 decreasing fund balance from \$9,347,888 last year to \$8,951,037 this year. As discussed in the letter of transmittal, the City's two largest General Fund revenue sources have not kept pace with inflation. The City's 1 ½ cent sales tax was down \$87,517 from the prior year, while NPPD lease revenue was down \$27,937 from the prior year. Expenses increased normally with inflation, and as a result, the General Fund had a decrease in fund balance this year.

The Capital Construction Fund had an increase in fund balance of \$2,195,488. The increase is due to 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 2017.

The City Highway Allocation Fund increased almost \$1.3 million going from \$3,038,500 last year to \$4,315,636 this year. Reconstruction of the Norfolk Avenue bridge was planned to start this year but ended up being delayed until next year. This project is expected to be in excess of \$5 million including street improvements from First Street to Cottonwood Street, a trail under the bridge, and a waterline crossing the river. Highway allocation receipts are being accumulated to fund this project leading to the increase in fund balance.

The Debt Service Fund decreased \$1,058,851 going from \$5,072,770 last year to \$4,013,919 this year. During the year the Recreation Facilities Bonds were refunding and \$2 million of cash was used to reduce the size of the refunding issue. Occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2011 to pay debt service on the Recreation Facilities Bonds. The occupation tax receipts had been better than anticipated. The City had been accumulating the occupation tax receipts until the bonds were refunded in January 2016. Even though \$2 million of cash was used during the refunding, fund balance only decreased about \$1 million due to current year property taxes and special assessments collections to be used on future debt service.

The Special Assessments Fund decreased \$757,481. A large sewer district, 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 which is funded

approximately 75% from special assessments and 25% from sewer revenues. Bond anticipation notes were issued in the prior year for the special assessment portion of Sewer District 247 until permanent financing is in place. Bond anticipation note proceeds were used during the year as the project progressed resulting in the decrease in fund balance.

The only other major fund is the Community Development Block Grant Fund. This fund had an increase in fund balance of \$116,844. The increase is primarily due to the receipt of loan repayments.

The LB840 Economic Development Fund, a nonmajor fund, decreased \$3,529,627. As discussed earlier, \$3.6 million was paid to Black Hills Energy as part of an assistance agreement to construct a natural gas pipeline.

The remaining nonmajor funds all had increases in fund balance, except for the SNARE fund which decreased \$8,724 due to a decrease in federal funding.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$22.3 million of revenue and \$24.7 million of expenditures resulting in a budgeted decrease in fund balance of \$2.4 million. Actual fund balance decreased \$393,962 because revenues exceeded budget by \$.2 million and expenditures were under budget by \$1.8 million. This combined with beginning fund balance exceeding budget by \$.8 million, resulted in an ending fund balance of about \$2.8 million more than budgeted.

The largest amount of revenues over budget was in intergovernmental revenue which exceeded budget by \$198,615. 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. Miscellaneous revenue exceeded budget by \$75,619 primarily due to purchasing card rebates and the sale of City vehicles. Taxes exceeded budget by \$66,611 primarily due to motor vehicle property taxes being more than budgeted. Most other revenue categories exceeded budget since the City normally budgets conservatively. Four revenue categories were under budget by a total of \$236,960 due to ambulance charges, NPPD lease revenue, occupation and franchise taxes, and keno revenue being under budget.

Expenditures in all categories were under budget resulting in \$1,842,419 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 \$22,500 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 were \$14,206 over budget due to sales tax for the library expansion and renovation being more than budgeted. This sales tax is transferred to the Capital Construction Fund. Insurance proceeds, an unbudgeted item, of \$37,612 were received primarily relating to damage caused by a 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, 2016, was \$78,123,994 (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			
	2016	2015	2016	2015	2016	2015
Land	\$ 40,657	\$ 15,175	\$ -	\$ 2,586	\$ 40,657	\$ 17,761
Buildings and improvements	727,437	992,878	21,459	57,647	748,896	1,050,525
Water distribution and sewage system	-	-	347,112	2,305,148	347,112	2,305,148
Equipment, furniture and fixtures	1,193,655	1,359,986	422,182	2,011,281	1,615,837	3,371,267
Infrastructure	1,252,956	1,230,486	-	-	1,252,956	1,230,486
Construction in progress	5,180,147	3,854,623	1,419,980	2,251,144	6,600,127	6,105,767
Total Gross Additions	\$ 8,394,852	\$ 7,453,148	\$ 2,210,733	\$ 6,627,806	\$ 10,605,585	\$ 14,080,954

Gross additions to capital assets for Governmental Activities were \$8,394,852 compared to \$7,453,148 of additions in the prior year. In the current year approximately \$2.2 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: vehicle storage building, Ta-Ha-Zouka Park trail loop, Krenzien Avenue improvements, Pasewalk Avenue improvements, Walters East Knolls paving district, self-contained breathing apparatus, ambulance, dump truck, loader, and police cruisers. Significant additions to construction in progress include: extending sewer service south of the Elkhorn River, reconstruction of the Norfolk Avenue bridge, library expansion and renovation, and 37th Street roundabout.

Total gross additions to capital assets for Business-Type activities were \$2,210,733 compared to \$6,627,806 in the prior year. The largest project in the current year was extending sewer service to industrial sites northeast of the City, currently in construction in progress. Other significant additions include: extending sewer service south of the Elkhorn River, two transfer station trucks and a trailer, and water main improvements along Madison Avenue. In the prior year over half the additions were from two projects. These projects were the southwest sanitary sewer interceptor from 4th Street and Jackson

Avenue to 13th Street and Monroe Avenue and replacing the sequential batch reactors at the Water Pollution Control plant.

On October 1, 2015, the City changed its capitalization threshold from \$500 to \$5,000. The Governmental Activities recorded a loss on disposal of capital assets of \$861,533 as a result of this change. The Business Type Activities recorded a loss on disposal of capital assets of \$271,382. Also, a loss on disposal of capital assets of \$310,674 was recorded due to removing Airport Authority assets. See Note 14 to the financial statements for more information on this change in accounting estimate.

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

DEBT ADMINISTRATION

At year-end the City had \$24,612,454 of bonded debt outstanding, net of original issue discounts/premiums. This is a decrease of \$3,739,114 from the prior year. During the year the City issued \$365,000 of special assessment bonds to refund bond anticipation notes issued for infrastructure improvements in four paving districts. The City also issued \$505,000 of public safety tax anticipation bonds during the year for the public safety portion of the vehicle storage building and self-contained breathing apparatus with related equipment. To realize interest savings and shorten the maturity, the City issued \$9,420,000 of general obligation recreation facilities refunding bonds to refund the recreation facilities bonds originally issued to fund improvements to football, baseball, and swimming facilities.

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 .35% in 2007 to 1.09% currently due to the \$16.4 million recreation bond issue in fiscal year 2010-2011. Total debt per capita was \$752.11 in 2007 compared to \$1,271.03 in 2015, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 3.18.

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

ECONOMIC FACTORS

Effective April 1, 2015 the sales tax rate increased one-half percent, bringing the combined city and state sales tax rate to 7 ½ percent. The one-half percent rate increase will be in effect until March 31, 2018 and along with a \$750,000 grant from the State's Civic and Community Center Financing Fund will provide funding for a \$8.7 million library expansion and renovation.

Water rates increased 9% and sewer rates increased 8% effective October 1, 2016. Sewer rates are scheduled to increase an additional 8% effective September 1, 2017. Rate increases are needed to fund water and sewer expansions to promote economic development.

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. This Agreement provides for the Community Development Agency issuing an \$11 million tax increment financing bond 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.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$8,420,582. The City has appropriated \$2,219,653 of this amount for spending in the 2016-2017 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, 2016

With Summarized Financial Information as of September 30, 2015

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2016	2015
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 27,824,066	\$ 8,487,646	\$ 36,311,712	\$ 38,413,733
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	168,672	1,324,294	1,492,966	1,396,010
Taxes	2,133,339	-	2,133,339	2,167,655
Accrued Interest	30,349	12,695	43,044	-
Special Assessments	444,006	2,183	446,189	334,370
Notes Receivable	1,047,824	-	1,047,824	1,125,088
Due from Other Governmental Agencies	2,127,802	-	2,127,802	1,945,010
Inventories	46,780	218,042	264,822	255,253
Prepaid Assets	34,975	2,870	37,845	22,933
Net Pension Asset	-	-	-	19,918
Restricted Assets:				
Cash and Cash Equivalents	-	2,660,357	2,660,357	2,529,815
Land	8,204,013	3,166,864	11,370,877	11,509,595
Construction in Progress	4,562,297	2,314,085	6,876,382	2,982,245
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	48,093,838	38,618,135	86,711,973	88,872,723
Total Assets	94,717,961	56,807,171	151,525,132	151,574,348
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	33,262	9,646	42,908	25,154
Deferred Outflow of Resources Related to Pensions	45,996	-	45,996	11,681
Total Deferred Outflows of Resources	79,258	9,646	88,904	36,835
LIABILITIES				
Accounts Payable	1,171,136	750,689	1,921,825	2,163,531
Unearned Revenue	1,220	-	1,220	5,011
Accrued Interest Payable	124,170	-	124,170	179,428
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	51,138	51,138	49,365
Revenue Bonds - Current	-	895,000	895,000	845,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	2,205,000	-	2,205,000	1,600,000
Various Purpose Bonds	245,000	-	245,000	205,000
Compensated Absences and Benefits	912,591	140,213	1,052,804	1,033,627
Due in more than one year:				
Revenue Bonds Payable	-	5,700,000	5,700,000	6,595,000
General Obligation Bonds	14,707,454	-	14,707,454	18,321,568
Various Purpose Bonds	905,000	-	905,000	785,000
Bond Anticipation Notes	2,250,000	-	2,250,000	2,590,000
Compensated Absences and Benefits	1,095,149	184,738	1,279,887	1,227,858
Net Pension Liability	29,250	-	29,250	-
Total Liabilities	23,645,970	7,721,778	31,367,748	35,600,388
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pensions	26,252	-	26,252	57,880
Deferred Inflows of County Funding	-	-	-	152,188
Total Deferred Outflows of Resources	26,252	-	26,252	210,068
NET POSITION				
Net Investment in Capital Assets	40,610,264	37,513,730	78,123,994	76,874,266
Restricted for:				
Debt Service	2,310,289	1,938,574	4,248,863	3,903,307
Future Capital Assets	-	670,645	670,645	633,868
Road Projects	4,315,636	-	4,315,636	3,038,500
Community Programs & Services	7,067,955	-	7,067,955	5,475,708
Unrestricted	16,820,853	8,972,090	25,792,943	25,875,078
Total Net Position	\$ 71,124,997	\$ 49,095,039	\$ 120,220,036	\$ 115,800,727

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

With Summarized Financial Information for the Year Ended September 30, 2015

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			2016	2015
Primary Government:								
Governmental Activities:								
General Government	\$ 2,462,887	\$ 550,560	\$ 9,873	\$ -	\$ (1,902,454)		\$ (1,902,454)	\$ (2,045,539)
Public Safety	10,133,933	1,104,698	471,260	117,984	(8,439,991)		(8,439,991)	(7,494,841)
Public Works	5,494,622	100,707	2,969,658	1,106,218	(1,318,039)		(1,318,039)	(2,248,646)
Public Library	1,461,349	29,056	6,245	375,000	(1,051,048)		(1,051,048)	(1,349,768)
Parks, Recreation and Public Property	3,354,612	495,207	5,072	57,320	(2,797,013)		(2,797,013)	(2,256,573)
Community Improvement and Development	4,217,807	113,526	238,481	-	(3,865,800)		(3,865,800)	(231,936)
Debt Service	454,900	-	-	-	(454,900)		(454,900)	(673,579)
Total governmental activities	<u>27,580,110</u>	<u>2,393,754</u>	<u>3,700,589</u>	<u>1,656,522</u>	<u>(19,829,245)</u>		<u>(19,829,245)</u>	<u>(16,300,882)</u>
Business-Type Activities:								
Water Division	2,294,958	2,636,412	1,445	111,153		454,052	454,052	567,405
Sewer Division	3,293,531	3,947,187	-	132,196		785,852	785,852	690,377
Solid Waste Division	1,763,283	1,909,479	-	-		146,196	146,196	212,293
Total Business-Type Activities:	<u>7,351,772</u>	<u>8,493,078</u>	<u>1,445</u>	<u>243,349</u>		<u>1,386,100</u>	<u>1,386,100</u>	<u>1,470,075</u>
Total Primary Government	<u>\$ 34,931,882</u>	<u>\$ 10,886,832</u>	<u>\$ 3,702,034</u>	<u>\$ 1,899,871</u>	<u>(19,829,245)</u>	<u>1,386,100</u>	<u>(18,443,145)</u>	<u>(14,830,807)</u>
General Revenues:								
Property taxes					3,480,593	-	3,480,593	3,428,471
Sales Taxes					10,614,793	-	10,614,793	9,358,568
Other taxes					203,371	-	203,371	202,868
Occupation and Franchise Taxes					2,680,189	-	2,680,189	2,764,650
Interest					107,008	27,278	134,286	69,990
General Intergovernmental Revenues Unrestricted					372,186	-	372,186	365,627
Unrestricted Keno Revenue					552,493	-	552,493	611,740
Use of property					4,596,858	82,022	4,678,880	4,705,446
Revenue from Sale of Uncapitalized Property					17,097	-	17,097	74,113
Miscellaneous					109,622	18,944	128,566	78,053
Interfund Transfers					(103,763)	103,763	-	-
Total general revenues and transfers					<u>22,630,447</u>	<u>232,007</u>	<u>22,862,454</u>	<u>21,659,526</u>
Change in Net Position					<u>2,801,202</u>	<u>1,618,107</u>	<u>4,419,309</u>	<u>6,828,719</u>
Net Position - Beginning Unadjusted					68,323,795	47,476,932	115,800,727	109,022,089
Implementation of GASB 68					-	-	-	(50,081)
Net Position - Beginning Adjusted					<u>68,323,795</u>	<u>47,476,932</u>	<u>115,800,727</u>	<u>108,972,008</u>
Net Position - Ending					<u>\$ 71,124,997</u>	<u>\$ 49,095,039</u>	<u>\$ 120,220,036</u>	<u>\$ 115,800,727</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
BALANCE SHEET
Governmental Funds
September 30, 2016

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and Equity in Pooled Investment Account	\$ 5,229,652	\$ 4,204,649	\$ 875,709	\$ 3,737,191	\$ 342,048	\$ 6,307,101	\$ 1,883,168	\$ 22,579,518
Cash at County Treasurer	387,939	-	-	121,866	-	-	78,146	587,951
Receivables (Net, where applicable, of allowance for uncollectibles)								
Accounts	140,349	192	-	-	-	1,388	26,743	168,672
Taxes	1,906,189	-	-	168,010	-	-	59,140	2,133,339
Accrued Interest	5,949	4,788	997	4,257	389	7,183	1,482	25,045
Special Assessments	38,442	-	-	405,564	-	-	-	444,006
Notes Receivable	-	-	1,019,787	-	-	-	28,037	1,047,824
Due from Other Governmental Agencies	1,495,473	246,649	196,933	-	30,000	141,682	17,065	2,127,802
Inventories	23,246	-	-	-	-	-	-	23,246
Prepaid Assets	18,289	-	-	-	-	-	16,687	34,976
Total Assets	<u>9,245,528</u>	<u>4,456,278</u>	<u>2,093,426</u>	<u>4,436,888</u>	<u>372,437</u>	<u>6,457,354</u>	<u>2,110,468</u>	<u>29,172,379</u>
Liabilities								
Accounts Payable	241,264	140,642	107,563	3,890	456	371,837	31,608	897,260
Unearned Revenue	255	-	-	-	-	-	965	1,220
Bond Anticipation Notes	-	-	-	-	2,250,000	-	-	2,250,000
Total Liabilities	<u>241,519</u>	<u>140,642</u>	<u>107,563</u>	<u>3,890</u>	<u>2,250,456</u>	<u>371,837</u>	<u>32,573</u>	<u>3,148,480</u>
Deferred Inflows of Resources								
Unavailable Revenue-Property Taxes	14,530	-	-	13,515	-	-	11,614	39,659
Unavailable Revenue-Loan Repayments	-	-	1,019,787	-	-	-	28,037	1,047,824
Unavailable Revenue-Special Assessments	38,442	-	-	405,564	-	-	-	444,006
Total Deferred Inflows of Resources	<u>52,972</u>	<u>-</u>	<u>1,019,787</u>	<u>419,079</u>	<u>-</u>	<u>-</u>	<u>39,651</u>	<u>1,531,489</u>
Fund Balances (Deficits)								
Non Spendable	41,535	-	-	-	-	-	16,687	58,222
Restricted	488,920	4,315,636	966,076	2,434,459	-	3,591,402	2,021,557	13,818,050
Committed	-	-	-	1,579,460	-	-	-	1,579,460
Assigned	-	-	-	-	-	2,494,115	-	2,494,115
Unassigned	8,420,582	-	-	-	(1,878,019)	-	-	6,542,563
Total Fund Balances (Deficits)	<u>8,951,037</u>	<u>4,315,636</u>	<u>966,076</u>	<u>4,013,919</u>	<u>(1,878,019)</u>	<u>6,085,517</u>	<u>2,038,244</u>	<u>24,492,410</u>
Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 9,245,528</u>	<u>\$ 4,456,278</u>	<u>\$ 2,093,426</u>	<u>\$ 4,436,888</u>	<u>\$ 372,437</u>	<u>\$ 6,457,354</u>	<u>\$ 2,110,468</u>	<u>\$ 29,172,379</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, 2016

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

Total Fund Balance - Governmental Funds (page 32)	\$ 24,492,410
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	60,860,148
Internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net position.	4,388,024
Unavailable revenues that provide current financial resources for governmental activities	1,531,489
Donated land held for resale is not reported in the funds since a sales contract has not been established	23,534
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(124,170)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	79,258
Deferred inflows of resources related to pensions are not due and payable in the current year and, therefore, are not reported in the funds.	(26,252)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(20,099,444)</u>
Total Net Position - Governmental Activities (page 30)	<u><u>\$ 71,124,997</u></u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2016

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Revenue:								
Taxes	\$ 13,021,339	\$ -	\$ -	\$ 665,207	\$ -	\$ -	\$ 468,091	\$ 14,154,637
Special Assessments	591	-	-	311,587	166,351	-	-	478,529
Licenses and Permits	271,234	-	-	-	-	-	-	271,234
Intergovernmental Revenue	610,214	2,919,612	299,048	61,211	-	528,044	492,683	4,910,812
Nongovernmental Grants	-	-	-	-	-	-	50,000	50,000
Charges for Services	1,980,265	-	-	-	-	-	-	1,980,265
Keno Revenue	552,493	-	-	-	-	-	-	552,493
Occupation and Franchise Taxes	621,704	-	-	1,827,858	-	-	230,626	2,680,188
Contributions	11,616	-	-	-	-	6,045	-	17,661
Payments in Lieu of Taxes	132,699	-	-	44,754	-	-	25,918	203,371
Parking Fees and Rentals	4,568,774	-	-	-	-	-	28,085	4,596,859
Loan Repayments	-	-	130,281	-	-	-	26,147	156,428
Interest	10,460	10,002	2,168	47,040	1,541	14,070	9,463	94,744
Miscellaneous	134,865	-	41	-	-	-	13,043	147,949
Total Revenue	21,916,254	2,929,614	431,538	2,957,657	167,892	548,159	1,344,056	30,295,170
Current Expenditures:								
Public Safety	9,268,395	-	-	-	-	718,879	222,476	10,209,750
Public Works	3,312,423	1,237,478	174,222	-	1,438,412	903,599	115,652	7,181,786
Public Library	1,375,472	-	-	-	-	343,327	-	1,718,799
Parks, Recreation and Public Property	2,051,222	-	-	145,088	-	589,093	-	2,785,403
Community Improvement and Development	447,526	-	140,472	5,000	-	-	3,856,549	4,449,547
General Government	2,473,293	-	-	-	-	-	-	2,473,293
Debt Service:								
Debt Service	-	-	-	13,704,368	22,021	-	403,898	14,130,287
Total Expenditures	18,928,331	1,237,478	314,694	13,854,456	1,460,433	2,554,898	4,598,575	42,948,865
Excess (Deficiency) of Revenues Over Expenditures	2,987,923	1,692,136	116,844	(10,896,799)	(1,292,541)	(2,006,739)	(3,254,519)	(12,653,695)
Other Financing Sources (Uses):								
Issuance of Debt	-	-	-	9,420,000	365,000	505,000	-	10,290,000
Premium on Bonds	-	-	-	453,613	-	-	-	453,613
Insurance Proceeds	20,885	-	-	-	-	-	-	20,885
Transfers In	625,000	-	-	134,395	170,060	3,697,227	199,037	4,825,719
Transfers Out	(4,030,659)	(415,000)	-	(170,060)	-	-	(210,000)	(4,825,719)
Total Other Financing Sources (Uses)	(3,384,774)	(415,000)	-	9,837,948	535,060	4,202,227	(10,963)	10,764,498
Net Change in Fund Balance	(396,851)	1,277,136	116,844	(1,058,851)	(757,481)	2,195,488	(3,265,482)	(1,889,197)
Fund Balances Beginning of Year	9,347,888	3,038,500	849,232	5,072,770	(1,120,538)	3,890,029	5,303,726	26,381,607
Fund Balances End of Year	\$ 8,951,037	4,315,636	\$ 966,076	\$ 4,013,919	\$ (1,878,019)	\$ 6,085,517	\$ 2,038,244	\$ 24,492,410

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, 2016

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

Net change in fund balances - total governmental funds (page 34) \$ (1,889,197)

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	\$ 5,688,864	
Depreciation expense	<u>(3,256,351)</u>	2,432,513

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. (2,013,575)

Revenues reported in the funds that are not available to provide current financial resources (178,887)

Accrued interest expense that does not require current financial resources 55,258

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: (48,644)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources. 16,776

Internal service fund is used by management to fund the City's group health insurance provided to user departments and is included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities. 569,831

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: (10,290,000)

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 85,127

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: 14,062,000

Change in net position of governmental activities (page 31) \$ 2,801,202

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2016

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Combined Utilities</u>	<u>Internal Service</u>
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 8,487,646	\$ 4,656,597
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,324,294	-
Accrued Interest	12,695	5,303
Special Assessments	2,183	-
Restricted Cash		
Cash and Cash Equivalents	946,138	-
Inventories	218,042	-
Prepaid Assets	2,870	-
Total Current Assets	<u>10,993,868</u>	<u>4,661,900</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,714,219	-
Capital Assets:		
Land	3,166,864	-
Construction in Progress	2,314,085	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	38,618,135	-
Total Noncurrent Assets	<u>45,813,303</u>	<u>-</u>
Total Assets	<u>56,807,171</u>	<u>4,661,900</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding	9,646	-
Total Deferred Outflows of Resources	<u>9,646</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	750,689	273,876
Accrued Wages and Compensated Absences	140,213	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	51,138	-
Revenue Bonds - Current	895,000	-
Total Current Liabilities	<u>1,837,040</u>	<u>273,876</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	5,700,000	-
Compensated Absences and Benefits, Long-Term	184,738	-
Total Noncurrent Liabilities	<u>5,884,738</u>	<u>-</u>
Total Liabilities	<u>7,721,778</u>	<u>273,876</u>
NET POSITION		
Net Investment in Capital Assets	37,513,730	-
Restricted for:		
Debt Service	1,938,574	-
Future Capital Assets	670,645	-
Unrestricted	8,972,090	4,388,024
Total Net Position	<u>\$ 49,095,039</u>	<u>\$ 4,388,024</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended September 30, 2016

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 8,493,078	\$ 3,036,591
Rental Income	82,022	-
Intergovernmental Revenue	1,445	-
Miscellaneous Income	18,944	-
Total Operating Revenue	8,595,489	3,036,591
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,126,320	-
Purchased Services	872,858	-
General and Administration	749,844	2,479,024
Repairs and Maintenance	987,272	-
Utilities	617,244	-
Depreciation and Amortization	1,516,690	-
Total Operating Expenses	6,870,228	2,479,024
Operating Income	1,725,261	557,567
Non-Operating Income (Expense):		
Interest Income	27,278	12,264
Gain (Loss) on Disposal of Capital Assets	(298,493)	-
Interest Expense	(183,051)	-
Total Non-Operating Income (Expenses)	(454,266)	12,264
Income before Contributions	1,270,995	569,831
Capital Contributions	347,112	-
Change in Net Position	1,618,107	569,831
Net Position - Beginning	47,476,932	3,818,193
Net Position - Ending	\$ 49,095,039	\$ 4,388,024

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2016

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,491,622	\$ 3,036,591
Cash Paid to Suppliers for Goods and Services	(3,124,665)	(2,887,005)
Cash Paid to Employees for Services	(2,103,758)	-
Net Cash Provided by Operating Activities	<u>3,263,199</u>	<u>149,586</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,532,183)	-
Principal Paid on Notes and Bonds	(845,000)	-
Interest Paid on Notes and Bonds	(181,278)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(2,558,461)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Insurance Proceeds	8,301	-
Interest and Dividends on Investments	14,584	7,086
Net Cash Provided for Investing Activities	<u>22,885</u>	<u>7,086</u>
Net Increase in Cash and Cash Equivalents	727,623	156,672
Cash and Cash Equivalents at Beginning of Year	<u>10,420,380</u>	<u>4,500,050</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,148,003</u>	<u>\$ 4,656,722</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2016

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,725,261	\$ 557,567
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,516,690	-
(Increase) Decrease in Assets:		
Accounts Receivable	(99,556)	-
Special Assessments	751	-
Prepaid Assets	(842)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	98,333	(408,106)
Accrued Compensated Absences	22,562	-
Total Adjustments	<u>1,537,938</u>	<u>(408,106)</u>
Net Cash Provided by Operating Activities	<u>3,263,199</u>	<u>149,461</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>347,112</u>	<u>-</u>
Accounts Payable Exchanged for Capital Assets	<u>388,369</u>	<u>-</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	8,487,646	4,656,597
Restricted Cash - Current	946,138	-
Restricted Cash - Noncurrent	1,714,219	-
	<u>\$ 11,148,003</u>	<u>\$ 4,656,597</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2016

	<u>Pension Trust Funds</u> Employee Retirement Funds	<u>Agency Fund</u> Community Development Agency
ASSETS		
Current Assets:		
Cash	\$ -	\$ 532,272
Cash at County Treasurer	-	10,263
Guaranteed Insurance Contracts Managed by Trustee	14,459,425	-
Open Ended Mutual Funds Managed by Trustee	<u>27,923,911</u>	<u>-</u>
Total Current Assets	<u>42,383,336</u>	<u>542,535</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	<u>-</u>	<u>542,535</u>
Total Current Liabilities	<u>-</u>	<u>542,535</u>
NET POSITION		
Restricted for Pensions	<u>\$ 42,383,336</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2016

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 921,124
Employee	984,975
	<hr/>
Total Contributions	1,906,099
	<hr/>
Investment Income:	
Interest, Dividends and Market Gain	3,816,681
	<hr/>
Total Additions	5,722,780
	<hr/>
DEDUCTIONS	
Pension Benefits	151,990
Contribution Refunds	1,070,229
Administrative Costs	8,150
	<hr/>
Total Deductions	1,230,369
	<hr/>
Net Increase	4,492,411
	<hr/>
Net Position -- Beginning of Period	37,890,925
	<hr/>
Net Position -- End of Period	\$ 42,383,336
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units

Community Development Agency (CDA)

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

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

City of Norfolk Facilities Corporation (NFC)

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

Joint Venture – Northeast Nebraska Solid Waste Coalition (NNSWC)

The City, in conjunction with twenty-four other cities and counties in Northeast Nebraska, has created the NNSWC. The NNSWC's Board is composed of a member from each of the participating cities and counties. The purpose of the NNSWC is to provide solid waste management by means of building and operating a solid waste disposal facility, commonly referred to as a landfill. The NNSWC landfill began operation on October 30, 1995. The City does not have an equity interest in the NNSWC. The NNSWC issues its own financial statements, which are available upon request from its offices at 309 North Fifth Street in Norfolk Nebraska.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Entities

Norfolk Housing Agency

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

Norfolk Airport Authority

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

B. Basic Financial Statements-Government-Wide Statements

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

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

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

The City does not allocate indirect costs.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, state allocations, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, parks, recreation and public property, public safety, public works, housing, public libraries and planning, permits and health.

- 2) Special Revenue Fund

City Highway Allocation Fund – To account for the City's share of motor vehicle fuel tax revenues that are legally restricted to street expenditures.

Community Development Block Grant Fund – To account for various community development grants and related program income. The use of these funds is restricted to community and economic development activities, as defined in the grant agreements.

- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of general obligation bond, principal and interest from governmental resources, and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

- 4) Capital Project Fund

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

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

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Agency Fund – The Community Development Agency Fund is used to account for the resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for the redevelopment of various blight and substandard areas around the City of Norfolk. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

D. Basis of Accounting

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

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

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

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

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

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

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

E. Budgets

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

F. Assets, Liabilities and Fund Equity

1. Pooled Investment Account – The City maintains a commingled pool of cash and investments for all funds, except the Community Development Agency. This pool is under the management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the principal balance of this pooled investment account, which is recorded at cost. Interest income received is allocated to each fund based on its proportionate interest in the pool.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2016, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.
4. Proprietary Fund Types – Contributions of capital assets are treated as revenue and capital assets. Contributions and grants received for operating purposes are included in revenues when earned.
5. Governmental Fund Types – Contributions and grants for both capital and operating purposes are included in revenues when earned.
6. Estimated Unbilled Enterprise Revenue – Within the City’s enterprise fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year involved. The receivable was arrived at by taking the cycle billings the City sent the customer in October and November and prorating the amount of days applicable to the current year.
7. Inventories – Purchases of materials and supplies are recorded as expenditures as incurred except for items (e.g. fuel and certain office supplies) held in central storage for the use of several of the City’s funds. Inventories held in central storage are valued at cost, which approximates market, using the first-in/first-out (FIFO) method are recorded as expenditures when consumed rather than when purchased.
8. Restricted Assets - Proceeds from debt and funds set aside for payment of enterprise fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.
9. Property and Equipment – Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

years of service. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2016. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.

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

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

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

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

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

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

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

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

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes as determined by the City's Finance Officer or his or her designee. Resolution 2011-43 adopted by the Mayor and Council on October 31, 2011 authorizes the City's Finance Officer or his or her designee to determine assigned amounts. General fund amounts that are encumbered by departments are classified as assigned.

Unassigned – all other amounts remaining after allocation to the non-spendable, restricted, committed and assigned fund balances. These amounts can be used for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Bond Premium/Discounts – Bond premiums/discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method.
14. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two equal installments. These taxes are due December 31. The first and second half of the taxes becomes delinquent on the following May 1 and September 1, respectively. Real estate taxes collected within 60 days after year-end are recognized as revenues in accordance with the revenue recognition policy described in Note 1.D. Real estate taxes become a lien against the property on the levy date. Personal property taxes are levied on October 15 of each year and are due November 1 of each year and may be paid in two equal installments. The first and second half of the taxes become delinquent on December 1 and July 1, respectively. Motor vehicle taxes are due when an application is made for registration of a motor vehicle.
15. Interfund Transactions – Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.
16. Encumbrances – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City in its governmental funds; the subsequent year's appropriation provides authority to complete these transactions as expenditures. Encumbrances at year-end do not constitute expenditures or liabilities. See Note 10 for current year encumbrances.

G. Landfill Closure Costs

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

H. Statement of Cash Flows

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

I. Recent Accounting Pronouncements:

Adoption of New Accounting Pronouncements

During the year, the City adopted GASB Statement No. 72 *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The City adopted GASB 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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The City also adopted GASB 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. The adoption of these standards did not have a significant impact on the financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2015, GASB issued Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement improves the usefulness of information about postemployment benefits other than pensions. In August 2015, GASB issued Statement No. 77 *Tax Abatement Disclosures*. This Statement requires disclosures describing any tax abatements, the dollar amount of taxes abated, and commitments made by the government as part of the tax abatement agreement. In December 2015, GASB issued Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The primary objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions*. In January 2016, GASB issued Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. This Statement clarifies the financial statement presentation requirements for certain component units. In March 2016, GASB issued Statement No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68 and No. 73*. This Statement addresses the presentation of payroll-related measures, the selection of assumptions, and the classification of payments made by employers to satisfy employee contribution requirements. These Statements are effective for the City's year ending September 30, 2017.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2016, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 6,924,925
Money Market Account (at cost)	4,556,400
Certificates of Deposit (Cost = Fair Value)	20,500,000
United States Treasury (Cost, which approximates Fair Value)	6,990,744
	<u>\$ 38,972,069</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, 2016 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). The City's agent in the City's name held U.S. Treasury obligations in sufficient amounts to fully collateralize the city's interest bearing accounts and collateralized certificates of deposits.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Cost</u>
US Treasury Note	6/30/2017	\$ 2,502,923
US Treasury Note	3/30/2017	1,987,462
US Treasury Note	8/31/2017	2,500,359

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, 2016, \$14,459,425 was held in these guaranteed insurance contracts. The other pension assets are invested in open-ended mutual funds, which are stated at fair value, and, at September 30, 2016, amounted to \$27,923,911.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2016:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 920,482
Revenue bond account	681,230
Operation and maintenance account	388,000
	<u>1,989,712</u>
 Pursuant to grant agreements:	
Improvement and extension account	670,645
	<u>\$ 2,660,357</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, 2016, are net of allowance for uncollectable. The allowance for uncollectable in the general fund was \$255,000 at September 30, 2016.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2016, there were no short-term interfund borrowings.

As of September 30, 2016, there were no long-term advances.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,342,731	\$ 40,657	\$ 179,375	\$ 8,204,013
Construction in Progress	2,088,140	5,180,147	2,705,990	4,562,297
Total capital assets not being depreciated	<u>10,430,871</u>	<u>5,220,804</u>	<u>2,885,365</u>	<u>12,766,310</u>
Capital assets being depreciated:				
Buildings and improvements	23,027,953	727,437	1,020,406	22,734,984
Equipment, furniture and fixtures	14,452,973	1,193,655	3,161,386	12,485,242
Infrastructure	50,536,364	1,252,956	90,443	51,698,877
Total capital assets being depreciated	<u>88,017,290</u>	<u>3,174,048</u>	<u>4,272,235</u>	<u>86,919,103</u>
Less: Accumulated Depreciation for:				
Buildings and improvements	7,547,193	765,845	805,083	7,507,955
Equipment, furniture and fixtures	9,298,918	725,930	2,347,265	7,677,583
Infrastructure	21,931,893	1,764,576	56,742	23,639,727
Total accumulated depreciation	<u>38,778,004</u>	<u>3,256,351</u>	<u>3,209,090</u>	<u>38,825,265</u>
Total capital assets being depreciated, net	<u>49,239,286</u>	<u>(82,303)</u>	<u>1,063,145</u>	<u>48,093,838</u>
Governmental activities capital assets, net	<u>\$ 59,670,157</u>	<u>\$ 5,138,501</u>	<u>\$ 3,948,510</u>	<u>\$ 60,860,148</u>

Construction in progress at September 30, 2016 for the governmental activities consisted of costs associated with Bridge Projects, Water-Street Improvements, Trail Projects, Library Renovations, Firetruck, Paving Districts and Central Park Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,166,864	\$ -	\$ -	\$ 3,166,864
Construction in Progress	894,105	1,419,980	-	2,314,085
Total capital assets not being depreciated	4,060,969	1,419,980	-	5,480,949
Capital assets being depreciated:				
Buildings and improvements	26,494,121	21,459	197,062	26,318,518
Equipment, furniture and fixtures	33,429,790	422,182	656,225	33,195,747
Infrastructure	6,496,384	347,112	162,039	6,681,457
Total capital assets being depreciated	66,420,295	790,753	1,015,326	66,195,722
Less: Accumulated Depreciation for:				
Buildings and improvements	18,627,589	808,955	193,899	19,242,645
Equipment, furniture and fixtures	5,853,018	312,056	455,917	5,709,157
Infrastructure	2,306,251	386,541	67,007	2,625,785
Total accumulated depreciation	26,786,858	1,507,552	716,823	27,577,587
Total capital assets being depreciated, net	39,633,437	(716,799)	298,503	38,618,135
Business-type activities capital assets, net	\$ 43,694,406	\$ 703,181	\$ 298,503	\$ 44,099,084

Construction in progress at September 30, 2016 consisted of costs associated with the Water Pollution Control Influent Pump Improvements, Northeast Industrial 20" Water Main and Sanitary Sewer Line, Hwy 275 Lift Station upgrade and US Hwy 81 Sewer Service Extension.

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

Governmental Activities:	
General Government	\$ 142,089
Public Safety	506,748
Public Works	1,659,626
Parks, Recreation, and Public Property	883,379
Public Library	59,340
Community Improvement and Development	5,169
Total depreciation expense – governmental activities	<u>\$ 3,256,351</u>
Business-Type Activities:	
Solid Waste Management	\$ 10,636
Water	595,335
Sewer	806,581
Total depreciation expense – business-type activities	<u>\$ 1,507,552</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,204,013	\$ 3,166,864
Construction in Progress	4,562,297	2,314,085
Capital Assets (Net of Accumulated Depreciation)	48,093,838	38,618,135
Unspent Bond Proceeds for Capital Assets	29,308	-
Deferred Refunding on Early Retirement of Debt	33,262	9,646
Less: General Obligation Bonds Payable	16,912,454	-
Various Purpose Bonds Payable	1,150,000	-
Bond Anticipation Notes	2,250,000	-
Revenue Bonds Payable	-	6,595,000
	<u>\$ 40,610,264</u>	<u>\$ 37,513,730</u>

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bonds payable and other long-term obligations for the period ended September 30, 2016 were as follows:

	Balance October 1, 2015	Additions	Retirements	Balance September 30, 2016	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assess- ment bonds) .60% to 4.25%, Various maturities through 2031	\$19,950,000	\$9,925,000	\$13,330,000	\$16,545,000	\$ 2,205,000
Bond Issuance Premium/Discount	(28,432)	453,613	57,727	367,454	-
Total General Obligation Bonds	19,921,568	10,378,613	13,387,727	16,912,454	2,205,000
Special assessment bonds, with City commitment, .79% to 2.20%, various maturities through 2026	990,000	365,000	205,000	1,105,000	245,000
Bond Anticipation Notes .94% maturity on November 1, 2017	2,590,000	187,000	527,000	2,250,000	-
Accrued compensated absences	1,959,096	951,802	903,157	2,007,741	912,591
Total Governmental Activities	<u>\$25,460,664</u>	<u>\$11,882,415</u>	<u>\$15,022,884</u>	<u>\$22,320,195</u>	<u>\$ 3,362,591</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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

Business Type Activities:	Balance October 1, 2015	Additions	Retirements	Balance September 30, 2016	Due Within One Year
Revenue Bonds, .80% to 4.05%, various maturities through 2033	\$ 7,440,000	\$ -	\$ 845,000	\$ 6,595,000	\$ 895,000
Accrued Compensated absences	302,389	153,032	130,470	324,951	140,213
Total Business Type Activities	7,742,389	153,032	975,470	6,919,951	1,035,213
Grand Total	\$33,203,053	\$12,035,447	\$15,998,354	\$29,240,146	\$ 4,397,804

Annual debt service requirements as of September 30, 2016 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
2017	\$ 2,205,000	\$ 418,511	\$ 245,000	\$ 15,267	\$ 895,000	\$ 167,893
2018	1,900,000	363,409	245,000	13,552	290,000	159,034
2019	1,870,000	313,033	245,000	10,775	290,000	155,034
2020	1,890,000	258,851	85,000	7,254	300,000	150,216
2021	1,905,000	202,508	85,000	5,955	305,000	144,421
2022	1,645,000	149,381	90,000	4,479	310,000	137,730
2023	1,655,000	114,659	35,000	2,765	320,000	130,244
2024	1,720,000	79,285	40,000	2,208	330,000	121,903
2025	245,000	57,487	40,000	1,532	340,000	112,624
2026	255,000	50,080	40,000	796	340,000	102,611
2027	260,000	42,125	-	-	355,000	91,911
2028	270,000	33,573	-	-	365,000	80,430
2029	285,000	24,265	-	-	380,000	68,173
2030	270,000	14,741	-	-	390,000	55,115
2031	170,000	6,721	-	-	400,000	41,313
2032	-	-	-	-	565,000	24,251
2033	-	-	-	-	420,000	7,140
	\$ 16,545,000	\$ 2,128,629	\$1,150,000	\$ 64,583	\$ 6,595,000	\$ 1,750,043

Bond Anticipation notes interest payment in 2017 will be \$21,150 and in 2018 the principal payment will be \$2,250,000 and interest payment will be \$10,575.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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 \$6.6 million in various Water and Sewer 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 12% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$8,345,043. Principal and interest for the current year and total customer net revenues were \$1,026,279 and \$3,267,784, 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. On January 12, 2016 the City called the above bonds. The City paid off the bonds with the longest maturity with \$2 million of accumulated occupation tax revenues and issued \$9,420,000 of refunding bonds. The 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%. The refunding reduces the City's debt service payments over the next 15 years by \$2,257,865 and the City obtains an economic gain of \$1,728,074. The City further realized an interest savings of \$1,207,951 from paying off the longest maturities with \$2 million of accumulated occupation tax revenues. The total principal and interest remaining to be paid on the bonds is \$11,897,213. Principal and interest paid for the current year and total occupation tax revenues were \$12,817,384 and \$1,827,858 respectively, of which \$11,730,000 was principal paid during the refunding.

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 \$134,395.

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 \$1,893,970. Principal and interest for the current year and property tax revenue were \$382,790 and \$385,258 respectively.

The City of Norfolk issued \$505,000 of public safety bonds on August 18, 2016 to provide funding for self-contained breathing apparatus and the public safety portion of the vehicle storage building. The interest rates on the bonds range from 0.79% to 2.99% with a final maturity date of August 1, 2031.

The City of Norfolk issued \$365,000 various purpose bonds on September 1, 2016 for permanent financing of Paving Districts 505, 506, 507 and 508. The interest rates on the bonds range from 0.79% to 1.99% with a final maturity date of August 1, 2026.

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. This was paid on September 1, 2016 when the various purpose bonds were issued.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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

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.

NOTE 7 – TRANSFERS

The following is a summary of transfers between funds:

	Transfers in: Governmental Funds					Total
	General	Capital Construction	Special Assessments	Debt Service	Nonmajor Governmental	
Transfers out:						
General	\$ -	\$ 3,697,227	\$ -	\$ 134,395	\$ 199,037	\$ 4,030,659
CHAF	415,000	-	-	-	-	415,000
Debt Service	-	-	170,060	-	-	170,060
Nonmajor Governmental	210,000	-	-	-	-	210,000
Total	<u>\$ 625,000</u>	<u>\$ 3,697,227</u>	<u>\$ 170,060</u>	<u>\$ 134,395</u>	<u>\$ 199,037</u>	<u>\$ 4,825,719</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

2. To use sales tax revenues collected in the general fund for property tax relief in the debt service fund as well as to fund capital construction.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 8 – NET POSITION/FUND BALANCES

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

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Capital Construction	Special Assessments	Other Governmental Funds	Total
Nonspendable:								
Fuel Inventory \$	23,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	23,246
Prepaid Items	18,289	-	-	-	-	-	16,687	34,976
Restricted For:								
Road Projects	-	4,315,636	-	-	-	-	-	4,315,636
Storm Water	-	-	-	-	-	-	116,541	116,541
Vehicle Parking	-	-	-	-	-	-	107,942	107,942
Hazardous Materials	29,970	-	-	-	-	-	-	29,970
WW II Memorial	6,347	-	-	-	-	-	-	6,347
Library Renovations	452,603	-	-	-	3,550,295	-	-	4,002,898
Grant Programs	-	-	966,076	-	-	-	436,542	1,402,618
911 Operations	-	-	-	-	-	-	297,858	297,858
Recreation Projects	-	-	-	-	3,339	-	-	3,339
Community Betterment	-	-	-	-	37,768	-	1,062,674	1,100,442
Debt Service	-	-	-	2,434,459	-	-	-	2,434,459
Committed For:								
2010 & 2016 Bond Debt Service	-	-	-	1,579,460	-	-	-	1,579,460
Assigned to:								
Public Improvements	-	-	-	-	271,586	-	-	271,586
Capital Improvements	-	-	-	-	501,557	-	-	501,557
Community Betterment	-	-	-	-	1,123,508	-	-	1,123,508
Council Priority Projects	-	-	-	-	597,464	-	-	597,464
Unassigned:	8,420,582	-	-	-	-	(1,878,019)	-	6,542,563
Total	\$ 8,951,037	\$ 4,315,636	\$ 966,076	\$ 4,013,919	\$ 6,085,517	\$ (1,878,019)	\$ 2,038,244	\$ 24,492,410

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

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

non-vested employer contributions are used to pay for administrative costs. If forfeitures are insufficient, costs are financed through investment earnings.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are withheld from pay and due to the plan. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Publicly issued financial reports are not available for any of the pension plans nor are they included in the report of a public employee retirement system or another government.

The Firemen's Retirement System has minimum benefit guarantees for participants employed prior to January 1, 1984. With only 2 active plan members and 8 inactive members employed prior to January 1, 1984, it would be misleading to report the entire plan as a defined benefit plan. Therefore, the portion of the plan for members employed prior to January 1, 1984 having minimum benefit guarantees is reported as a defined benefit plan and the portion for members employed on or after January 1, 1984 is reported as a defined contribution plan.

Defined Contribution Pension Plans

The City of Norfolk's Civilian Employee Retirement System is a defined contribution plan, which covers substantially all regular employees working greater than 1,000 hours per year. Plan provisions, including contribution requirements, are established and amended by City ordinances. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. The City contributes an amount up to 7% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employee contributions totaled \$707,900, and the City recognized pension expense of \$497,693.

The Police Retirement System, a single employer defined contribution plan, covers all regular uniformed employees of the Norfolk Police Division, as required by State statutes and City ordinances. State statutes require police officers contribute 7% of compensation to the plan. The City matches employee contributions, up to 7% of compensation. Employee contributions totaled \$160,720, and the City recognized pension expense of \$160,720.

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 \$107,260, and the City recognized pension expense of \$214,521.

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:

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

	<u>Civilian</u>	<u>Police</u>	<u>Fire</u>
Vested inactive plan members	22	17	3
Active plan members:			
Non-vested	15	5	7
Partially vested	28	6	5
Fully vested	105	30	23
Total membership	170	58	38

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	5
Inactive plan members entitled to but not yet receiving benefits	3
Total active and inactive participants	10

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial value of assets is market or contract value as more fully discussed in note 2. B. to these statements. The City uses the entry age actuarial method for reporting and disclosure purposes. Any actuarial gains or losses are amortized, as a level percentage of projected payroll, over the future working careers of covered participants using closed amortization periods. The City annually contributes actuarially determined amounts in addition to the matching contributions. Significant actuarial assumptions include a 6% return on plan assets and 4% annual salary increases, 3% of which is assumed to be due to inflation and 1% assumed to be due to merit pay increases. Mortality rates are based on the 1994 Group Annuity Mortality-Static Table.

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Expected real rates of return are determined by subtracting expected inflation from expected rates of return. Expected real rates of return for each major asset class and asset allocation as of September 30, 2016 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	70%	2.76%
Domestic equity	18%	5.86%
International equity	2%	0.44%
Fixed income	1%	6.20%
Real estate	2%	4.72%
Balance funds	5%	5.48%
Target date funds	2%	4.15%

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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 10/1/15	\$ 3,075,488	\$ 3,095,406	\$ (19,918)
Changes for the year:			
Service cost	27,285		27,285
Interest	243,025		243,025
Differences between expected and actual experience	63,779		63,779
Contributions-employer		48,190	(48,190)
Contributions-employee		9,095	(9,095)
Net investment income		228,466	(228,466)
Benefit payments, including refunds of employee contributions	(96,645)	(96,645)	-
Administrative expense		(829)	829
Net changes	<u>237,444</u>	<u>188,277</u>	<u>49,167</u>
Balances at 9/30/16	<u>\$ 3,312,932</u>	<u>\$ 3,283,683</u>	<u>\$ 29,249</u>

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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)	\$70,478	\$29,249	(\$6,801)

For the current year, the City recognized pension expense of \$31,413. 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	\$ 25,588	\$ 26,252
Net difference between projected and actual earnings on pension plan investments	20,408	-
Total	\$ 45,996	\$ 26,252

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:	
2017	\$5,168
2018	5,832
2019	5,832
2020	2,912

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, 2016.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$1,536,582. \$48,099 will be paid from the General Fund, \$480,593 will be paid from the City Highway Allocation Fund, \$332,722 will be paid from Community Development Block Grant Fund, \$675,168 will be paid from Capital Construction Fund. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$2,574,305. \$1,247,582 will be paid by the Water Division and \$1,326,722 will be paid by the Sewer Division.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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 there were no encumbrances.

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, 2016:

Capital Project Fund	Special Assessment	(\$1,878,019)
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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 \$59,979,382.

The City carries a blanket limit of 97.6 million.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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	\$ 4,934,341	\$ 5,299,892	\$ 759,635	\$10,993,869
Restricted assets	191,558	1,522,661	-	1,714,219
Capital assets	25,767,797	17,011,248	1,320,039	44,099,084
Total assets	<u>30,893,696</u>	<u>23,833,801</u>	<u>2,079,674</u>	<u>56,807,171</u>
Deferred outflows of resources:	-	9,646	-	9,646
Liabilities:				
Current liabilities	457,683	1,262,364	116,993	1,837,040
Noncurrent liabilities	358,817	5,484,494	41,427	5,884,738
Total liabilities	<u>816,500</u>	<u>6,746,858</u>	<u>158,420</u>	<u>7,721,778</u>
Net position:				
Net Investment in Capital Assets	25,332,797	10,860,894	1,320,039	37,513,730
Restricted	331,808	2,277,411	-	2,609,219
Unrestricted	4,412,591	3,958,284	601,215	8,972,090
Total net position	<u>\$30,077,196</u>	<u>\$17,096,589</u>	<u>\$ 1,921,454</u>	<u>\$49,095,039</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$ 2,730,088	\$ 3,955,382	\$ 1,910,019	\$ 8,595,489
Depreciation and amortization	595,334	815,720	105,636	1,516,690
Other operating expenses	1,606,495	2,138,574	1,608,469	5,353,538
Operating income	<u>528,259</u>	<u>1,001,088</u>	<u>195,914</u>	<u>1,725,261</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(10,027)	(173,024)	-	(183,051)
Interest income	10,755	16,147	376	27,278
(Loss) on disposal of Capital Assets	(83,102)	(166,213)	(49,178)	(298,493)
Contributions	111,153	235,959	-	347,112
Change in net position	<u>557,035</u>	<u>913,957</u>	<u>147,112</u>	<u>1,618,107</u>
Beginning net position	<u>29,520,158</u>	<u>16,182,632</u>	<u>1,774,142</u>	<u>47,476,932</u>
Ending net position	<u>\$30,077,196</u>	<u>\$17,096,589</u>	<u>\$ 1,921,254</u>	<u>\$49,095,039</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Net cash provided (used) by:				
Operating activities	\$1,202,764	\$1,740,717	\$ 319,718	\$ 3,263,199
Capital and related financing activities	(266,991)	(1,983,884)	(307,586)	(2,558,461)
Investing activities	5,770	17,350	(235)	22,885
Net increase (decrease)	941,543	(225,817)	11,897	727,623
Beginning cash and cash equivalents	3,436,236	6,458,821	525,323	10,420,380
Ending cash and cash equivalents	<u>\$4,377,779</u>	<u>\$6,233,004</u>	<u>\$ 537,220</u>	<u>\$11,148,003</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	\$ 862,641	\$2,300,631	\$2,344,952	\$ 8,951,201	\$14,459,425
Open Ended Mutual Funds	4,600,731	983,052	6,122,020	16,218,108	27,923,911
Total Assets	<u>5,463,372</u>	<u>3,283,683</u>	<u>8,466,972</u>	<u>25,169,309</u>	<u>42,383,336</u>
NET POSITION					
Restricted for Pensions	5,463,372	3,283,683	8,466,972	25,169,309	42,383,336
Total Net Position	<u>\$5,463,372</u>	<u>\$3,283,683</u>	<u>\$8,466,972</u>	<u>\$25,169,309</u>	<u>\$42,383,336</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

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	\$ 214,521	\$ 48,190	\$ 160,720	\$ 497,693	\$ 921,124
Employee	107,260	9,095	160,720	707,900	984,975
Total Contributions	321,781	57,285	321,440	1,205,593	1,906,099
Investment Income:					
Interest, Dividends and Market Gains	585,956	228,466	765,351	2,236,908	3,816,681
Total Additions	907,737	285,751	1,086,791	3,442,501	5,722,780
DEDUCTIONS					
Pension Benefits	-	50,695	14,400	86,895	151,990
Administration	1,503	829	2,567	3,251	8,150
Contribution Refunds	213,672	45,950	76,160	734,447	1,070,229
Total Deductions	215,175	97,474	93,127	824,593	1,230,369
Change in Net Position	692,562	188,277	993,664	2,617,908	4,492,411
Net Position-Beginning of Period	4,770,810	3,095,406	7,473,308	22,551,401	37,890,925
Net Position-End of Period	\$5,463,372	\$3,283,683	\$8,466,972	\$25,169,309	\$42,383,336

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, 2015 to September 30, 2016. 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Group health and dental coverage provided by the City is accounted for in the Internal Service Fund, which is used to accumulate resources to fund claims under the City's self-insured health and dental plans. City contributions to fund this coverage are reported by the respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$50,000 and limits City payments for claims during the year to a maximum of \$998,999. The September 30, 2016 claims liability of \$233,792 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, 2016 and the year ending September 30, 2015 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2015	\$243,244	\$2,583,177	\$2,288,169	\$538,252
2016	\$538,252	\$2,047,124	\$2,351,584	\$233,792

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 \$735,843 in garbage fees and at September 30, 2016, \$74,949 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$38,984 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$3,764 for NNSWC expenses paid by the City and at September 30, 2016, \$3,439 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 \$113,526 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$15,670 was received from the Housing Agency.

NOTE 14 - CHANGE IN ACCOUNTING ESTIMATE

On October 1, 2015 the City changed its capitalization threshold from \$500 to \$5,000. In the Governmental Activities the original cost of \$230,950 for buildings and improvements, \$2,976,227 for machinery and equipment, and \$46,839 for infrastructure was removed from capital assets. Related accumulated depreciation of \$188,886, \$2,188,401 and \$15,196 respectively was removed. This resulted in an \$861,533 loss on disposal of capital assets in the current year. In the Business Type Activities the original cost of \$71,253 for buildings and improvements, \$570,691 for machinery and equipment, \$94,151 for plant, and \$125,069 for water and sewer line was removed from capital assets. Related accumulated depreciation of \$59,493, \$393,611, \$69,671 and \$67,007 respectively was removed. This resulted in a \$271,382 loss on disposal of capital assets in the current year.

On October 1, 2015 the City removed assets totaling \$707,269 consisting of Airport Authority assets. Land of \$164,875 and buildings of \$542,394 have been removed from the City of Norfolk's assets and have been added to Norfolk Airport Authority's assets. Related accumulated depreciation of \$396,595 was removed. This resulted in a \$310,674 loss on disposal of capital assets in the current year.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2016

NOTE 15 – SUBSEQUENT EVENTS

On January 10, 2017 the City of Norfolk issued \$1,520,000 of Facilities Corp. Refunding Bonds to refund the Series 2011 City of Norfolk Facilities Corporation bonds. The refunding bonds have a maturity of September 15, 2031 and interest rates ranging from 1.19% to 3.24%, whereas the Series 2011 Bonds had a maturity of September 15, 2031 and interest rates ranging from 1.95% to 4.25%. This will reduce debt service payments by \$141,714 over the next 15 years and the City obtains an economic gain of \$115,380.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2016

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

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

This schedule is being built prospectively until it contains ten years of data. Data for fiscal years 2007 to 2013 are unavailable.

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2016

SCHEDULE OF FIREMEN'S CONTRIBUTIONS
 LAST 10 FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	30,000	29,596	32,906	39,593	26,382	18,604	14,794	8,750	-	-
Contribution deficiency (excess)	\$ (30,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$139,920	\$166,340	\$262,224	\$258,540	\$252,300	\$351,108	\$366,036	\$365,988	\$355,752	\$348,672
Contributions as a percentage of covered employee payroll	21%	18%	13%	15%	10%	5%	4%	2%	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, 2016

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

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

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2007 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, 2016

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 12,923,812	\$ 12,990,423	\$ 66,611
Special Assessments	-	591	591
Licenses and Permits	230,225	275,225	45,000
Intergovernmental Revenue	409,319	607,934	198,615
Charges for Services	2,004,165	1,979,233	(24,932)
Occupation and Franchise Taxes	697,800	634,409	(63,391)
Payments in Lieu of Taxes	100,000	132,699	32,699
Contributions	1,500	11,609	10,109
Loan Repayments	-	-	-
Rental Income	4,612,989	4,536,725	(76,264)
Interest	3,600	4,511	911
Keno Revenue	627,000	554,627	(72,373)
Miscellaneous	58,000	133,619	75,619
Total Revenue	<u>21,668,410</u>	<u>21,861,605</u>	<u>193,195</u>
Current Expenditures:			
Public Safety	9,863,788	9,273,859	589,929
Public Works	3,734,508	3,305,651	428,857
Public Library	1,516,215	1,362,293	153,922
Parks, Recreation and Public Property	2,430,536	2,036,272	394,264
Community Improvement and Development	524,429	440,250	84,179
General Government	2,667,963	2,476,695	191,268
Total Expenditures	<u>20,737,439</u>	<u>18,895,020</u>	<u>1,842,419</u>
Excess (Deficiency) of Revenues over Expenditures	<u>930,971</u>	<u>2,966,585</u>	<u>2,035,614</u>
Other Financing Sources (Uses):			
Insurance Proceeds	-	37,612	37,612
Transfers In	655,000	632,500	(22,500)
Transfers Out	(4,016,453)	(4,030,659)	(14,206)
Total other Financing Sources (Uses)	<u>(3,361,453)</u>	<u>(3,360,547)</u>	<u>906</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,430,482)</u>	<u>\$ (393,962)</u>	<u>\$ 2,036,520</u>
Fund Balances-Beginning of Year		<u>6,011,553</u>	
Fund Balances- End of Year		<u>\$ 5,617,591</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, 2016

	City Highway Allocation Fund			Community Development Block Grant Fund		
	Budgeted	Actual	Variance with	Budgeted	Actual	Variance with
	Original & Final		Final Budget Positive (Negative)	Original & Final		Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 2,530,000	\$ 2,966,190	\$ 436,190	\$ 2,872,742	\$ 250,053	\$ (2,622,689)
Loan Repayments	-	-	-	20,900	130,281	109,381
Interest	1,800	5,214	3,414	300	1,170	870
Miscellaneous	-	-	-	-	41	41
Total Revenue	<u>2,531,800</u>	<u>2,971,404</u>	<u>439,604</u>	<u>2,893,942</u>	<u>381,545</u>	<u>(2,512,397)</u>
Current Expenditures:						
Public Works	4,271,000	1,480,482	2,790,518	-	-	-
Community Improvement and Development	-	-	-	3,740,906	221,706	3,519,200
Total Expenditures	<u>4,271,000</u>	<u>1,480,482</u>	<u>2,790,518</u>	<u>3,740,906</u>	<u>221,706</u>	<u>3,519,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,739,200)</u>	<u>1,490,922</u>	<u>3,230,122</u>	<u>(846,964)</u>	<u>159,839</u>	<u>1,006,803</u>
Other Financing Sources (Uses):						
Transfers Out	(415,000)	(415,000)	-	-	-	-
Total other Financing Sources (Uses)	<u>(415,000)</u>	<u>(415,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,154,200)</u>	<u>\$ 1,075,922</u>	<u>\$ 3,230,122</u>	<u>\$ (846,964)</u>	<u>\$ 159,839</u>	<u>\$ 1,006,803</u>
Fund Balances-Beginning of Year		<u>3,128,727</u>			<u>715,870</u>	
Fund Balances- End of Year		<u>\$ 4,204,649</u>			<u>\$ 875,709</u>	

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2016

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, 2016

	General	City Highway Allocation	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ (393,962)	\$ 1,075,922	\$ 159,839
Basis differences:			
To adjust revenues from recognition on a cash basis	54,649	(41,790)	49,993
To adjust total expenditures from a recognition on a cash basis	(57,538)	243,004	(92,988)
 (Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$ (396,851)	\$ 1,277,136	\$ 116,844

	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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$67,331,097	\$48,260,512	\$(19,070,585)

SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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, 2016

	Special Revenue Funds				
	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Assets					
Cash and Equity in Pooled Investment Account	\$ 101,638	\$ 18,727	\$201,503	\$ 198,264	\$ 116,928
Cash at County Treasurer	7,569	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	23	-	26,720	-	-
Taxes	4,059	45,882	-	-	-
Accrued Interest	112	21	-	226	133
Notes Receivable	27,437	-	-	-	-
Due from Other Governmental Agencies	-	-	-	17,065	-
Prepaid Assets	-	3,059	-	-	1,090
Total Assets	140,838	67,689	228,223	215,555	118,151
Liabilities					
Accounts Payable	1,678	2,701	345	6,891	520
Unearned Revenue	-	-	-	-	-
Total Liabilities	1,678	2,701	345	6,891	520
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	3,781	-	-	-	-
Unavailable Revenue-Loan Repayments	27,437	-	-	-	-
Total Deferred Inflows of Resources	31,218	-	-	-	-
Fund Balances					
Non Spendable	-	3,059	-	-	1,090
Restricted	107,942	61,929	227,878	208,664	116,541
Total Fund Balances	107,942	64,988	227,878	208,664	117,631
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 140,838	\$ 67,689	\$228,223	\$ 215,555	\$ 118,151

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET (CONTINUED)
Governmental Nonmajor Funds
September 30, 2016

Special Revenue Funds			Capital Projects	Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Development Operating	Community Development Agency	
\$ 247,164	\$ 370,826	\$ 251,981	\$ 376,137	\$ 1,883,168
-	70,577	-	-	78,146
-	-	-	-	26,743
-	9,199	-	-	59,140
281	422	287	-	1,482
-	600	-	-	28,037
-	-	-	-	17,065
12,538	-	-	-	16,687
259,983	451,624	252,268	376,137	2,110,468
11,516	-	7,957	-	31,608
-	965	-	-	965
11,516	965	7,957	-	32,573
-	7,833	-	-	11,614
-	600	-	-	28,037
-	8,433	-	-	39,651
12,538	-	-	-	16,687
235,929	442,226	244,311	376,137	2,021,557
248,467	442,226	244,311	376,137	2,038,244
\$ 259,983	\$ 451,624	\$ 252,268	\$ 376,137	\$ 2,110,468

CITY OF NORFOLK, NEBRASKA

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

Governmental Nonmajor Funds

For the Year Ended September 30, 2016

	Special Revenue Funds				
	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Revenue:					
Taxes	\$ 82,833	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	3,049	-	38,683	126,214	46,297
Occupation & Franchise Taxes	-	230,626	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Nongovernmental Grants	-	-	-	-	-
Rental Income	28,085	-	-	-	-
Loan Repayments	24,589	-	-	-	-
Interest	1,375	111	-	500	302
Miscellaneous	-	-	13,043	-	-
Total Revenue	139,931	230,737	51,726	126,714	46,599
Expenditures:					
Public Safety	-	7,775	60,450	124,896	-
Public Works	98,233	-	-	-	17,419
Community Improvement and Development	-	-	-	-	-
Debt Service	21,108	-	-	-	-
Total Expenditures	119,341	7,775	60,450	124,896	17,419
Excess (Deficiency) of Revenues over Expenditures	20,590	222,962	(8,724)	1,818	29,180
Other Financing Sources (Uses):					
Transfers In	-	-	-	37,590	9,259
Transfers Out	-	(210,000)	-	-	-
Total other Financing Sources (Uses)	-	(210,000)	-	37,590	9,259
Net Change in Fund Balance	20,590	12,962	(8,724)	39,408	38,439
Fund Balances - Beginning of Year	87,352	52,026	236,602	169,256	79,192
Fund Balances - End of Year	\$ 107,942	\$ 64,988	\$227,878	\$ 208,664	\$ 117,631

CITY OF NORFOLK, NEBRASKA

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

Governmental Nonmajor Funds

For the Year Ended September 30, 2016

Special Revenue Funds			Capital Projects	Total
Wireless 911	LB 840 Economic Development	Economic Development Operating	Community Development Agency	Governmental Nonmajor Funds
\$ -	\$ 385,258	\$ -	\$ -	\$ 468,091
90,804	35,449	152,187	-	492,683
-	-	-	-	230,626
-	25,918	-	-	25,918
-	-	50,000	-	50,000
-	-	-	-	28,085
-	1,558	-	-	26,147
591	4,980	644	960	9,463
-	-	-	-	13,043
91,395	453,163	202,831	960	1,344,056
29,355	-	-	-	222,476
-	-	-	-	115,652
-	3,600,000	256,549	-	3,856,549
-	382,790	-	-	403,898
29,355	3,982,790	256,549	-	4,598,575
62,040	(3,529,627)	(53,718)	960	(3,254,519)
-	-	152,188	-	199,037
-	-	-	-	(210,000)
-	-	152,188	-	(10,963)
62,040	(3,529,627)	98,470	960	(3,265,482)
186,427	3,971,853	145,841	375,177	5,303,726
\$ 248,467	\$ 442,226	\$ 244,311	\$ 376,137	\$ 2,038,244

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, 2016

	Vehicle Parking			SNARE			911		
	Budgeted	Variance with		Budgeted	Variance with		Budgeted	Variance with	
	Original &	Final Budget	Positive	Original &	Final Budget	Positive	Original &	Final Budget	Positive
	Final	Actual	(Negative)	Final	Actual	(Negative)	Final	Actual	(Negative)
Revenue:									
Taxes	\$ 79,010	\$ 84,778	\$ 5,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	300	3,049	2,749	46,900	26,005	(20,895)	-	-	-
Occupation and Franchise Taxes	-	-	-	-	-	-	255,000	233,411	(21,589)
Loan Repayments	10,148	24,589	14,441	-	-	-	-	-	-
Rental Income	45,000	28,258	(16,742)	-	-	-	-	-	-
Interest	1,539	1,263	(276)	-	-	-	20	90	70
Miscellaneous	-	-	-	-	13,043	13,043	-	-	-
Total Revenue	<u>135,997</u>	<u>141,937</u>	<u>5,940</u>	<u>46,900</u>	<u>39,048</u>	<u>(7,852)</u>	<u>255,020</u>	<u>233,501</u>	<u>(21,519)</u>
Current Expenditures:									
Public Safety	-	-	-	76,827	61,174	15,653	14,723	4,872	9,851
Public Works	183,911	155,342	28,569	-	-	-	-	-	-
Debt Service	21,108	21,108	-	-	-	-	-	-	-
Total Expenditures	<u>205,019</u>	<u>176,450</u>	<u>28,569</u>	<u>76,827</u>	<u>61,174</u>	<u>15,653</u>	<u>14,723</u>	<u>4,872</u>	<u>9,851</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(69,022)</u>	<u>(34,513)</u>	<u>34,509</u>	<u>(29,927)</u>	<u>(22,126)</u>	<u>7,801</u>	<u>240,297</u>	<u>228,629</u>	<u>(11,668)</u>
Other Financing Sources (Uses):									
Transfers Out	-	-	-	-	-	-	(240,000)	(210,000)	30,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240,000)</u>	<u>(210,000)</u>	<u>30,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (69,022)</u>	<u>\$ (34,513)</u>	<u>\$ 34,509</u>	<u>\$ (29,927)</u>	<u>\$ (22,126)</u>	<u>\$ 7,801</u>	<u>\$ 297</u>	<u>\$ 18,629</u>	<u>\$ 18,332</u>
Fund Balances-Beginning of Year		<u>143,720</u>			<u>223,629</u>			<u>98</u>	
Fund Balances- End of Year		<u>\$ 109,207</u>			<u>\$201,503</u>			<u>\$ 18,727</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, 2016

	REGION 11			Storm Water Management		
	Budgeted		Variance with	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	71,384	118,797	47,413	46,296	46,296	-
Interest	300	274	(26)	100	169	69
Total Revenue	<u>71,684</u>	<u>119,071</u>	<u>47,387</u>	<u>46,396</u>	<u>46,465</u>	<u>69</u>
Current Expenditures:						
Public Safety	138,975	118,913	20,062	-	-	-
Public Works	-	-	-	132,620	18,508	114,112
Total Expenditures	<u>138,975</u>	<u>118,913</u>	<u>20,062</u>	<u>132,620</u>	<u>18,508</u>	<u>114,112</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(67,291)</u>	<u>158</u>	<u>67,449</u>	<u>(86,224)</u>	<u>27,957</u>	<u>114,181</u>
Other Financing Sources (Uses):						
Transfers In	37,590	37,590	-	9,259	9,259	-
Total Other Financing Sources (Uses)	<u>37,590</u>	<u>37,590</u>	<u>-</u>	<u>9,259</u>	<u>9,259</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u><u>\$(29,701)</u></u>	<u><u>\$ 37,748</u></u>	<u><u>\$ 67,449</u></u>	<u><u>\$(76,965)</u></u>	<u><u>\$ 37,216</u></u>	<u><u>\$ 114,181</u></u>
Fund Balances-Beginning of Year		<u>160,516</u>			<u>79,712</u>	
Fund Balances- End of Year		<u><u>\$198,264</u></u>			<u><u>\$116,928</u></u>	

TRUE

TRUE

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, 2016

	Wireless 911			LB 840 Economic Development			Economic Development Operating		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ 400,100	\$ 390,591	\$ (9,509)	\$ -	\$ -	\$ -
Intergovernmental Revenue	91,194	90,805	(389)	1,300	35,450	34,150	152,188	-	(152,188)
Payments in Lieu of Taxes	-	-	-	27,867	25,918	(1,949)	-	-	-
Nongovernmental Grants	-	-	-	-	-	-	-	50,000	50,000
Loan Repayments	-	-	-	-	1,558	1,558	-	-	-
Interest	300	309	9	6,706	512	(6,194)	100	357	257
Total Revenue	<u>91,494</u>	<u>91,114</u>	<u>(380)</u>	<u>435,973</u>	<u>454,029</u>	<u>18,056</u>	<u>152,288</u>	<u>50,357</u>	<u>(101,931)</u>
Current Expenditures:									
Public Safety	53,639	19,182	34,457	-	-	-	-	-	-
Community Improvement and Development	-	-	-	3,600,000	3,600,000	-	339,933	252,561	87,372
Debt Service	-	-	-	382,790	382,790	-	-	-	-
Total Expenditures	<u>53,639</u>	<u>19,182</u>	<u>34,457</u>	<u>3,982,790</u>	<u>3,982,790</u>	<u>-</u>	<u>339,933</u>	<u>252,561</u>	<u>87,372</u>
Excess (deficiency) of revenues over expenditures	<u>37,855</u>	<u>71,932</u>	<u>34,077</u>	<u>(3,546,817)</u>	<u>(3,528,761)</u>	<u>18,056</u>	<u>(187,645)</u>	<u>(202,204)</u>	<u>(14,559)</u>
Other financing sources (uses):									
Transfers In	-	-	-	-	-	-	152,188	152,188	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,188</u>	<u>152,188</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 37,855</u>	<u>\$ 71,932</u>	<u>\$ 34,077</u>	<u>\$(3,546,817)</u>	<u>\$(3,528,761)</u>	<u>\$ 18,056</u>	<u>\$ (35,457)</u>	<u>\$ (50,016)</u>	<u>\$ (14,559)</u>
Fund balances-beginning of year		<u>175,232</u>			<u>3,970,164</u>			<u>301,997</u>	
Fund balances- end of year		<u>\$ 247,164</u>			<u>\$ 441,403</u>			<u>\$ 251,981</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, 2016

	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:						
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ 166,350	\$ 166,350
Intergovernmental Revenue	867,715	413,688	(454,027)	-	-	-
Contributions	135,800	5,578	(130,222)	187,500	-	(187,500)
Interest	3,000	6,887	3,887	1,441	1,152	(289)
Total Revenue	<u>1,006,515</u>	<u>426,153</u>	<u>(580,362)</u>	<u>188,941</u>	<u>167,502</u>	<u>(21,439)</u>
Expenditures:						
Public Safety	1,048,756	615,467	433,289	-	-	-
Public Works	1,918,400	904,159	1,014,241	4,887,000	1,750,974	3,136,026
Public Library	3,340,000	270,115	3,069,885	-	-	-
Parks, Recreation and Public Property	2,016,057	609,704	1,406,353	-	-	-
Communtiy Improvement and Development	300,000	-	300,000	-	-	-
General Government	100,682	13,833	86,849	-	-	-
Debt Service	-	-	-	32,885	184,020	(151,135)
Total Expenditures	<u>8,723,895</u>	<u>2,413,278</u>	<u>6,310,619</u>	<u>4,919,885</u>	<u>1,934,994</u>	<u>2,984,891</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,717,380)</u>	<u>(1,987,125)</u>	<u>5,730,255</u>	<u>(4,730,944)</u>	<u>(1,767,492)</u>	<u>2,963,452</u>
Other Financing Sources (Uses):						
Proceeds from Debt Financing	1,255,000	505,000	(750,000)	2,825,000	187,000	(2,638,000)
Transfers In	3,683,021	3,697,227	14,206	-	170,060	170,060
Total Other Financing Sources (Uses)	<u>4,938,021</u>	<u>4,202,227</u>	<u>(735,794)</u>	<u>2,825,000</u>	<u>357,060</u>	<u>(2,467,940)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,779,359)</u>	<u>\$ 2,215,102</u>	<u>\$ 4,994,461</u>	<u>\$ (1,905,944)</u>	<u>\$ (1,410,432)</u>	<u>\$ 495,512</u>
Fund Balances-Beginning of Year		<u>4,091,999</u>			<u>1,752,480</u>	
Fund Balances- End of Year		<u>\$ 6,307,101</u>			<u>\$ 342,048</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, 2016

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 690,676	\$ 674,416	\$ (16,260)
Special Assessments	76,195	311,587	235,392
Intergovernmental Revenue	-	61,211	61,211
Occupation and Franchise Taxes	1,732,000	1,848,976	116,976
Payments in Lieu of Taxes	40,000	44,754	4,754
Interest	20,039	42,784	22,745
Total Revenue	<u>2,558,910</u>	<u>2,983,728</u>	<u>424,818</u>
Current Expenditures:			
Parks, Recreation and Public Property	79,640	145,494	(65,854)
Communtiy Improvement and Development	-	5,000	(5,000)
Debt Service	15,242,353	13,704,369	1,537,984
Total Expenditures	<u>15,321,993</u>	<u>13,854,863</u>	<u>1,467,130</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,763,083)</u>	<u>(10,871,135)</u>	<u>1,891,948</u>
Other Financing Sources (Uses):			
Proceeds from Debt Financing	11,220,000	9,873,613	(1,346,387)
Transfers In	134,395	134,395	-
Transfers Out	-	(170,060)	(170,060)
Total Other Financing Sources (Uses)	<u>11,354,395</u>	<u>9,837,948</u>	<u>(1,516,447)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,408,688)</u>	<u>\$ (1,033,187)</u>	<u>\$ 375,501</u>
Fund Balances-Beginning of Year		<u>4,892,244</u>	
Fund Balances- End of Year		<u>\$ 3,859,057</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, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Assets:				
Cash and Equity in Pooled Investment Account	\$4,043,246	\$3,907,180	\$537,220	\$8,487,646
Receivables:				
Accounts	521,474	581,016	221,804	1,324,294
Special Assessments	2,183	-	-	2,183
Interest	4,986	7,098	611	12,695
Restricted Cash:				
Cash & Cash Equivalents	142,975	803,163	-	946,138
Inventories:				
Fiber Optic System Held for Resale	218,042	-	-	218,042
Prepaid Assets	1,435	1,435	-	2,870
Total Current Assets	4,934,341	5,299,892	759,635	10,993,868
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	191,558	1,522,661	-	1,714,219
Property, Plant and Equipment:				
Land	2,353,977	760,603	52,284	3,166,864
Water and Pollution Control Plant	9,636,308	15,819,050	968,819	26,424,177
Water Distribution and Sewage System	21,712,740	11,796,466	-	33,509,206
Equipment	1,889,915	3,090,103	1,282,321	6,262,339
Construction in Progress	243,604	2,070,481	-	2,314,085
	35,836,544	33,536,703	2,303,424	71,676,671
Less Accumulated Depreciation	10,068,747	16,525,455	983,385	27,577,587
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	25,767,797	17,011,248	1,320,039	44,099,084
Total Noncurrent Assets	25,959,355	18,533,909	1,320,039	45,813,303
Total Assets	30,893,696	23,833,801	2,079,674	56,807,171
Deferred Outflows of Resources:				
Deferred Loss on Refunding	-	9,646	-	9,646
Total Deferred Outflows of Resources	-	9,646	-	9,646

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
For the Year Ended September 30, 2016

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Liabilities:				
Accounts and Contracts Payable	\$261,298	\$403,326	\$86,065	\$750,689
Accrued Compensated Absences	53,410	55,875	30,928	140,213
Payables from Restricted Assets:				
Accrued Interest Payable	2,725	48,413	-	51,138
Revenue Bonds - Current	140,250	754,750	-	895,000
Total Current Liabilities	457,683	1,262,364	116,993	1,837,040
Noncurrent Liabilities:				
Revenue Bonds	294,750	5,405,250	-	5,700,000
Accrued Compensated Absences	64,067	79,244	41,427	184,738
Total Noncurrent Liabilities	358,817	5,484,494	41,427	5,884,738
Total Liabilities	816,500	6,746,858	158,420	7,721,778
Net Position				
Net Investment in Capital Assets	25,332,797	10,860,894	1,320,039	37,513,730
Restricted for:				
Debt Service	331,808	1,606,766	-	1,938,574
Future Capital Assets	-	670,645	-	670,645
Unrestricted	4,412,591	3,958,284	601,215	8,972,090
Total Net Position	\$ 30,077,196	\$ 17,096,589	\$ 1,921,254	\$ 49,095,039

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2016

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating Revenues:				
User Charges	\$2,636,412	\$3,947,187	\$1,909,479	\$8,493,078
Intergovernmental Revenue	1,445	-	-	1,445
Rental Income	74,287	7,245	490	82,022
Miscellaneous Income	17,944	950	50	18,944
Total Operating Revenues	2,730,088	3,955,382	1,910,019	8,595,489
Operating Expenses:				
Payroll and Related Taxes and Benefits	822,229	851,171	452,920	2,126,320
Utilities	222,559	368,405	26,280	617,244
Repairs and Maintenance	291,934	563,554	131,784	987,272
Purchased Services	-	-	872,858	872,858
General and Administration	269,773	355,444	124,627	749,844
Depreciation and Amortization	595,334	815,720	105,636	1,516,690
Total Operating Expenses	2,201,829	2,954,294	1,714,105	6,870,228
Operating Income	528,259	1,001,088	195,914	1,725,261
Nonoperating Revenues (Expenses):				
Interest on Bonds and Other Debt	(10,027)	(173,024)	-	(183,051)
Interest Income	10,755	16,147	376	27,278
Gain (Loss) on Disposal of Capital Assets	(83,102)	(166,213)	(49,178)	(298,493)
Total Nonoperating Revenues (Expenses)	(82,374)	(323,090)	(48,802)	(454,266)
Income before Capital Contributions	445,885	677,998	147,112	1,270,995
Capital Contributions	111,153	235,959	-	347,112
Change in Net Position	557,038	913,957	147,112	1,618,107
Net Position - Beginning of Period	29,520,158	16,182,632	1,774,142	47,476,932
Net Position - End of Period	\$30,077,196	\$17,096,589	\$1,921,254	\$49,095,039

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2016

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,697,819	\$ 3,845,236	\$ 1,948,567	\$ 8,491,622
Cash Paid to Suppliers for Goods and Services	(678,228)	(1,269,620)	(1,176,817)	(3,124,665)
Cash Paid to Employees for Services	(816,827)	(834,899)	(452,032)	(2,103,758)
Net Cash Provided by Operating Activities	1,202,764	1,740,717	319,718	3,263,199
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(126,518)	(1,098,079)	(307,586)	(1,532,183)
Principal Paid on Notes and Bonds	(130,000)	(715,000)	-	(845,000)
Interest Paid on Notes and Bonds	(10,473)	(170,805)	-	(181,278)
Net Cash Provided (Used) for Capital and Related Financing	(266,991)	(1,983,884)	(307,586)	(2,558,461)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Insurance Proceeds	-	8,301	-	8,301
Interest and Dividends on Investments	5,770	9,049	(235)	14,584
Net Cash Provided (Used) for Investing Activities	5,770	17,350	(235)	22,885
Net Increase (Decrease) in Cash and Cash Equivalents	941,543	(225,817)	11,897	727,623
Cash and Cash Equivalents at Beginning of Year	3,436,236	6,458,821	525,323	10,420,380
Cash and Cash Equivalents at End of Year	\$ 4,377,779	\$ 6,233,004	\$ 537,220	\$ 11,148,003

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2016

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 528,259	\$ 1,001,088	\$ 195,914	\$ 1,725,261
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	595,334	815,720	105,636	1,516,690
(Increase) Decrease in Assets:				
Accounts Receivable	(27,620)	(110,484)	38,548	(99,556)
Special Assessments	413	338	-	751
Prepaid Assets	(421)	(421)	-	(842)
Increase (Decrease) in Liabilities:				
Accounts and Contracts Payable	101,397	18,204	(21,268)	98,333
Accrued Compensated Absences	5,402	16,272	888	22,562
Total Adjustments	674,505	739,629	123,804	1,537,938
Net Cash Provided by Operating Activities	\$ 1,202,764	\$ 1,740,717	\$ 319,718	\$ 3,263,199
Supplemental Schedule of Noncash Capital and Related Financing Activities:				
Developers Contribution of Distribution System	\$ 111,153	\$ 235,959	\$ -	\$ 347,112
Accounts Payable Exchanged for Capital Assets	\$ 97,223	\$ 291,146	\$ -	\$ 388,369
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:				
Cash and Equity in Pooled Investment Account	\$ 4,043,246	\$ 3,907,180	\$ 537,220	\$ 8,487,646
Restricted Cash - Current	142,975	803,163	-	946,138
Restricted Cash - Noncurrent	191,558	1,522,661	-	1,714,219
	\$ 4,377,779	\$ 6,233,004	\$ 537,220	\$ 11,148,003

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, 2016

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS					
Guaranteed Insurance Contracts	\$ 862,641	\$ 2,300,631	\$ 2,344,952	\$ 8,951,201	\$ 14,459,425
Open Ended Mutual Funds	4,600,731	983,052	6,122,020	16,218,108	27,923,911
Total Assets	<u>5,463,372</u>	<u>3,283,683</u>	<u>8,466,972</u>	<u>25,169,309</u>	<u>42,383,336</u>
NET POSITION					
Restricted for Pensions	5,463,372	3,283,683	8,466,972	25,169,309	42,383,336
Total Net Position	<u>\$ 5,463,372</u>	<u>\$ 3,283,683</u>	<u>\$ 8,466,972</u>	<u>\$ 25,169,309</u>	<u>\$ 42,383,336</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2016

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 214,521	\$ 48,190	\$ 160,720	\$ 497,693	\$ 921,124
Employee	107,260	9,095	160,720	707,900	984,975
Total Contributions	321,781	57,285	321,440	1,205,593	1,906,099
Investment Income:					
Interest, Dividends & Market Gains	585,956	228,466	765,351	2,236,908	3,816,681
Total Additions	907,737	285,751	1,086,791	3,442,501	5,722,780
DEDUCTIONS					
Pension Benefits	-	50,695	14,400	86,895	151,990
Contribution Refunds	213,672	45,950	76,160	734,447	1,070,229
Administration	1,503	829	2,567	3,251	8,150
Total Deductions	215,175	97,474	93,127	824,593	1,230,369
Change in Net Position	692,562	188,277	993,664	2,617,908	4,492,411
Net Position -- Beginning of Period	4,770,810	3,095,406	7,473,308	22,551,401	37,890,925
Net Position -- End of Period	\$ 5,463,372	\$ 3,283,683	\$ 8,466,972	\$ 25,169,309	\$ 42,383,336

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2016

	Balance September 30, 2015	Additions	Deductions	Balance September 30, 2016
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 528,926	\$ 32,868	\$ 29,522	\$ 532,272
Cash at County Treasurer	6,801	10,263	6,801	10,263
Total Assets	<u>\$ 535,727</u>	<u>\$ 43,131</u>	<u>\$ 36,323</u>	<u>\$ 542,535</u>
<u>Liabilities</u>				
Due to Bondholders	<u>\$ 535,727</u>	<u>\$ 43,131</u>	<u>\$ 36,323</u>	<u>\$ 542,535</u>
Total Liabilities	<u>\$ 535,727</u>	<u>\$ 43,131</u>	<u>\$ 36,323</u>	<u>\$ 542,535</u>



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

Honorable Members
of the City Council
City of Norfolk, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norfolk, Nebraska (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 15, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Hayes & Associates, L.L.C.
Omaha, Nebraska
March 15, 2017

City of Norfolk, Nebraska
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the year ended September 30, 2016

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' reports issued: **Unmodified**

Internal controls over financial reporting:

- Material weaknesses identified: **No**
- Significant deficiencies identified: **No**

Noncompliance material to financial statements noted: **No**

II. FINDINGS—FINANCIAL STATEMENTS

None reported.

City of Norfolk, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2016

II. FINDINGS—FINANCIAL STATEMENTS

None reported

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				
	2016	2015	2014	2013	2012
Governmental Activities					
Net Investment in Capital Assets	\$ 40,610,264	\$ 39,859,311	\$ 39,846,176	\$ 38,561,536	\$ 37,538,073
Restricted for:					
Debt Service	2,310,289	2,056,725	1,718,817	1,556,817	1,117,646
Road Projects	4,315,636	3,038,500	1,587,443	2,655,276	2,761,835
Community Programs and Services	7,067,955	5,475,708	3,284,448	2,654,437	2,469,929
Unrestricted	16,820,853	17,893,551	16,711,180	15,527,684	14,750,599
Total Governmental Activities Net Position	<u>\$ 71,124,997</u>	<u>\$ 68,323,795</u>	<u>\$ 63,148,064</u>	<u>\$ 60,955,750</u>	<u>\$ 58,638,082</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 37,513,730	\$ 37,014,955	\$ 36,984,047	\$ 33,609,113	\$ 33,789,528
Restricted	2,609,219	2,480,450	2,545,137	2,732,672	2,233,386
Unrestricted	8,972,087	7,981,527	6,344,841	7,773,246	6,559,493
Total Business-Type Activities Net Position	<u>\$ 49,095,036</u>	<u>\$ 47,476,932</u>	<u>\$ 45,874,025</u>	<u>\$ 44,115,031</u>	<u>\$ 42,582,407</u>
Primary Government:					
Net Investment in Capital Assets	78,123,994	\$ 76,874,266	\$ 76,830,223	\$ 72,170,649	\$ 71,327,601
Restricted	16,303,099	13,051,383	9,135,845	9,599,202	8,582,796
Unrestricted	25,792,940	25,875,078	23,056,021	23,300,930	21,310,092
Total Primary Government Net Position	<u>\$ 120,220,033</u>	<u>\$ 115,800,727</u>	<u>\$ 109,022,089</u>	<u>\$ 105,070,781</u>	<u>\$ 101,220,489</u>

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

TABLE 1 (CONT.)

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental Activities					
Net Investment in Capital Assets	\$ 36,664,204	\$ 36,774,090	\$ 36,650,941	\$ 35,777,924	\$ 34,084,125
Restricted for:					
Debt Service	504,468	1,193,594	1,218,131	1,255,485	1,318,671
Road Projects	2,787,524	-	-	-	-
Community Programs and Services	1,869,768	-	-	-	-
Unrestricted	13,682,990	14,066,386	14,205,078	13,841,116	13,935,043
Total Governmental Activities Net Position	\$ 55,508,954	\$ 52,034,070	\$ 52,074,150	\$ 50,874,525	\$ 49,337,839
Business-Type Activities					
Net Investment in Capital Assets	\$ 33,161,053	\$ 29,797,795	\$ 28,504,434	\$ 28,220,779	\$ 28,660,480
Restricted	1,723,206	2,570,858	2,513,381	2,479,789	1,637,751
Unrestricted	5,251,421	6,555,425	6,831,206	6,545,033	6,467,537
Total Business-Type Activities Net Position	\$ 40,135,680	\$ 38,924,078	\$ 37,849,021	\$ 37,245,601	\$ 36,765,768
Primary Government:					
Net Investment in Capital Assets	\$ 69,825,257	\$ 66,571,885	\$ 65,155,375	\$ 63,998,703	\$ 62,744,605
Restricted	6,884,966	2,570,858	2,513,381	2,479,789	1,637,751
Unrestricted	18,934,411	20,621,811	21,036,284	20,386,149	20,402,580
Total Primary Government Net Position	\$ 95,644,634	\$ 89,764,554	\$ 88,705,040	\$ 86,864,641	\$ 84,784,936

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
General Government	\$ 2,462,887	\$ 2,622,419	\$ 2,552,931	\$ 1,851,020	\$ 2,434,382	\$ 1,660,197	\$ 2,940,797	\$ 2,363,397	\$ 1,984,006	\$ 2,062,088
Public Safety	10,133,933	9,111,824	8,912,927	8,750,908	8,507,028	8,473,093	8,137,286	7,841,533	7,638,269	7,663,541
Public Works	5,494,622	5,279,551	7,114,441	6,282,178	5,426,164	6,877,940	5,477,606	5,664,242	4,513,410	4,162,060
Public Library	1,461,349	1,386,198	1,409,728	1,308,791	1,258,780	1,203,191	1,163,623	1,173,863	1,123,880	1,051,044
Parks, Recreation and Public Property	3,354,612	2,927,345	2,674,471	3,012,478	2,176,083	1,468,214	1,599,713	1,604,612	1,383,166	1,283,585
Community Improvement & Development	4,217,807	1,213,129	994,906	1,199,963	825,295	686,717	1,287,249	999,898	543,549	1,133,491
Debt Service	454,900	673,579	626,377	673,495	699,623	565,025	218,415	272,480	296,199	258,179
Total Governmental Activities Expenses	27,580,110	23,214,045	24,285,781	23,078,833	21,327,355	20,934,377	20,824,689	19,920,025	17,482,479	17,613,988
Business-Type Activities										
Water Division	2,294,958	2,102,160	2,386,409	2,448,790	2,078,471	1,990,118	1,977,520	1,877,440	1,925,737	1,856,242
Sewer Division	3,293,531	3,075,988	2,770,537	2,999,679	2,709,764	2,644,975	2,696,190	2,529,041	2,691,318	2,627,136
Solid Waste Division	1,763,283	1,763,897	1,739,883	1,593,608	1,659,361	1,649,899	1,668,167	1,579,945	1,672,295	1,666,120
Total Business-Type Activities	7,351,772	6,942,045	6,896,829	7,042,077	6,447,596	6,284,992	6,341,877	5,986,426	6,289,350	6,149,498
Total Primary Government Expenses	\$ 34,931,882	\$ 30,156,090	\$ 31,182,610	\$ 30,120,910	\$ 27,774,951	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829	\$ 23,763,486
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 550,560	\$ 493,501	\$ 514,625	\$ 544,417	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626
Public Safety	1,104,698	1,110,300	1,098,611	1,013,391	965,103	978,401	922,686	991,781	1,149,353	906,560
Public Works	100,707	110,592	124,738	113,369	182,375	109,797	122,459	132,948	125,042	80,856
Public Library	29,056	30,326	28,627	25,820	27,149	26,970	24,134	25,588	28,091	28,220
Parks, Recreation and Public Property	495,207	462,350	446,982	445,399	471,172	113,352	139,042	145,293	149,314	146,157
Community Improvement and Development	113,526	98,601	80,000	120,000	120,000	120,000	115,146	84,000	61,000	66,000
Operating Grants & Contributions	3,700,589	4,148,833	3,894,437	3,602,142	3,285,816	3,315,948	3,124,585	2,849,515	2,805,130	3,031,310
Capital Grants & Contributions	1,656,522	458,660	531,933	880,045	530,453	1,723,050	337,404	1,942,912	757,509	864,556
Total Governmental Activities Program Revenues	7,750,865	6,913,163	6,719,953	6,744,583	6,066,218	6,870,486	5,171,798	6,603,649	5,442,289	5,492,285
Business-Type Activities:										
Charges for Services:										
Water Division	2,636,412	2,496,043	2,578,265	2,900,045	3,201,639	2,615,148	2,487,553	2,210,112	2,243,427	2,559,572
Sewer Division	3,947,187	3,518,523	3,755,613	3,740,332	3,562,527	3,120,580	2,838,860	2,343,513	2,320,624	2,457,164
Solid Waste	1,909,479	1,975,181	1,772,489	1,634,893	1,716,396	1,731,288	1,759,703	1,699,431	1,742,372	1,811,596
Operating Grants & Contributions	1,445	81,487	-	125,708	23,545	15,544	-	-	-	-
Capital Grants & Contributions	243,349	340,886	422,145	99,172	263,456	-	263,880	144,210	175,807	403,630
Total Business-Type Activities Program Revenues	8,737,872	8,412,120	8,528,512	8,500,150	8,767,563	7,482,560	7,349,996	6,397,266	6,482,230	7,231,962
Total Primary Government Program Revenues	\$ 16,488,737	\$ 15,325,283	\$ 15,248,465	\$ 15,244,733	\$ 14,833,781	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519	\$ 12,724,247
Net (Expense)/Revenue										
Governmental Activities	\$ (19,829,245)	\$ (16,300,882)	\$ (17,565,828)	\$ (16,334,250)	\$ (15,261,137)	\$ (14,063,891)	\$ (15,652,891)	\$ (13,316,376)	\$ (12,040,190)	\$ (12,121,703)
Business-Type Activities	1,386,100	1,470,075	1,631,683	1,458,073	2,319,967	1,197,568	1,008,119	410,840	192,880	1,082,464
Total Primary Government Net Expense	\$ (18,443,145)	\$ (14,830,807)	\$ (15,934,145)	\$ (14,876,177)	\$ (12,941,170)	\$ (12,866,323)	\$ (14,644,772)	\$ (12,905,536)	\$ (11,847,310)	\$ (11,039,239)

(Continued)

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 3,480,593	\$ 3,428,471	\$ 3,097,189	\$ 3,117,062	\$ 3,129,497	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912	\$ 1,625,182
Sales Tax	10,614,793	9,358,568	8,035,671	7,081,725	7,629,397	7,072,877	6,919,663	6,760,144	6,750,098	6,427,716
Other Taxes	203,371	202,868	184,689	176,215	270,292	254,665	240,021	199,591	199,225	191,073
Occupation and Franchise Taxes	2,680,189	2,764,650	2,781,028	2,653,429	2,514,570	2,030,762	971,022	873,472	883,195	787,763
Interest	107,008	58,091	49,656	56,716	123,026	99,146	106,069	251,126	430,171	561,205
General Intergovernmental Revenues Unrestricted	372,186	365,627	276,969	394,575	124,392	295,309	289,270	260,190	282,997	248,438
Unrestricted Keno Revenues	552,493	611,740	572,632	547,095	494,447	432,584	359,060	428,302	29,141	-
Use of Property	4,596,858	4,620,527	4,677,788	4,578,545	4,471,873	4,186,984	3,822,961	3,418,900	3,270,414	3,209,969
Revenue from Sale of Uncapitalized Property	17,097	74,113	42,511	55,625	14,162	17,747	57,219	44,059	9,985	77,072
Gain on Sale of Assets	-	-	-	-	-	-	-	-	8,170	27,532
Miscellaneous	109,622	55,506	40,009	57,054	32,379	51,113	153,345	363,181	47,709	33,088
Interfund Transfers	(103,763)	(13,467)	-	(66,125)	(158,646)	-	-	(27,194)	-	-
Total Governmental Activities	<u>22,630,447</u>	<u>21,526,694</u>	<u>19,758,142</u>	<u>18,651,916</u>	<u>18,645,389</u>	<u>17,538,775</u>	<u>15,612,901</u>	<u>14,516,001</u>	<u>13,606,017</u>	<u>13,189,038</u>
Business Type of Activities:										
Interest	27,278	11,899	13,699	8,428	18,008	14,034	66,938	165,386	286,953	398,229
Use of Property	82,022	84,919	81,422	-	-	-	-	-	-	-
Miscellaneous	18,944	22,547	32,190	-	-	-	-	-	-	-
Interfund Transfers	103,763	13,467	-	66,125	158,646	-	-	27,194	-	-
Total Business-Type Activities	<u>232,007</u>	<u>132,832</u>	<u>127,311</u>	<u>74,553</u>	<u>176,654</u>	<u>14,034</u>	<u>66,938</u>	<u>192,580</u>	<u>286,953</u>	<u>398,229</u>
Total Primary Government	<u>\$ 22,862,454</u>	<u>\$ 21,659,526</u>	<u>\$ 19,885,453</u>	<u>\$ 18,726,469</u>	<u>\$ 18,822,043</u>	<u>\$ 17,552,809</u>	<u>\$ 15,679,839</u>	<u>\$ 14,708,581</u>	<u>\$ 13,892,970</u>	<u>\$ 13,587,267</u>
Change in Net Position										
Governmental Activities	\$ 2,801,202	\$ 5,225,812	\$ 2,192,314	\$ 2,317,666	\$ 3,384,252	\$ 3,474,884	\$ (39,990)	\$ 1,199,625	\$ 1,565,827	\$ 1,067,335
Business-Type Activities	1,618,107	1,602,907	1,758,994	1,532,626	2,496,621	1,211,602	1,075,057	603,420	479,833	1,480,693
Total Primary Government	<u>\$ 4,419,309</u>	<u>\$ 6,828,719</u>	<u>\$ 3,951,308</u>	<u>\$ 3,850,292</u>	<u>\$ 5,880,873</u>	<u>\$ 4,686,486</u>	<u>\$ 1,035,067</u>	<u>\$ 1,803,045</u>	<u>\$ 2,045,660</u>	<u>\$ 2,548,028</u>

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

TABLE 3

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	41,535	22,742	37,154	27,097	42,528
Restricted	488,920	476,210	38,291	38,785	111,041
Committed	-	-	31,144	141,536	196,394
Unreserved	-	-	-	-	-
Assigned	-	31,941	10,044	138,401	1,934,062
Unassigned	8,420,582	8,816,995	8,003,963	7,151,157	5,438,679
Total General Fund	<u>\$ 8,951,037</u>	<u>\$ 9,347,888</u>	<u>\$ 8,120,596</u>	<u>\$ 7,496,976</u>	<u>\$ 7,722,704</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	16,687	15,128	9,762	8,916	8,561
Restricted	13,329,130	12,604,917	9,088,635	7,136,685	6,974,935
Committed	1,579,460	2,836,617	2,952,632	1,973,057	1,436,837
Unreserved, Reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Assigned	2,494,115	2,697,595	1,353,826	1,464,474	1,220,280
Unassigned	(1,878,019)	(1,120,538)	(44,361)	(43,090)	(300)
Total All Other Governmental Funds	<u>\$ 15,541,373</u>	<u>\$ 17,033,719</u>	<u>\$ 13,360,494</u>	<u>\$ 10,540,042</u>	<u>\$ 9,640,313</u>
Total Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	58,222	37,870	46,916	36,013	51,089
Restricted	13,818,050	13,081,127	9,126,926	7,175,470	7,085,976
Committed	1,579,460	2,836,617	2,983,776	2,114,593	1,633,231
Unreserved	-	-	-	-	-
Assigned	2,494,115	2,729,536	1,363,870	1,602,875	3,154,342
Unassigned	6,542,563	7,696,457	7,959,602	7,108,067	5,438,379
Total Governmental Fund	<u>\$ 24,492,410</u>	<u>\$ 26,381,607</u>	<u>\$ 21,481,090</u>	<u>\$ 18,037,018</u>	<u>\$ 17,363,017</u>

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

TABLE 3 (CONT.)

	Fiscal Year				
	2011	2010	2009	2008	2007
General Fund					
Reserved	\$ -	\$ 120,187	\$ 132,221	\$ 225,910	\$ 177,324
Non Spendable	51,342	-	-	-	-
Restricted	205,522	-	-	-	-
Committed	192,587	-	-	-	-
Unreserved	-	5,989,588	5,568,550	5,322,046	5,122,971
Assigned	1,848,271	-	-	-	-
Unassigned	5,008,200	-	-	-	-
Total General Fund	\$ 7,305,922	6,109,775	5,700,771	5,547,956	5,300,295
All Other Governmental Funds					
Reserved	\$ -	1,943,994	1,609,878	2,107,669	1,451,727
Non Spendable	9,505	-	-	-	-
Restricted	15,196,509	-	-	-	-
Committed	809,108	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	-	2,817,380	3,400,398	3,521,157	4,251,381
Capital Project Funds	-	737,259	540,066	(1,591,264)	(951,132)
Assigned	717,619	-	-	-	-
Unassigned	(269,619)	-	-	-	-
Total All Other Governmental Funds	\$ 16,463,122	\$ 5,498,633	\$ 5,550,342	\$ 4,037,562	\$ 4,751,976
Total Governmental Funds					
Reserved	\$ -	2,064,181	1,742,099	2,333,579	1,629,051
Non Spendable	60,847	-	-	-	-
Restricted	15,402,031	-	-	-	-
Committed	1,001,695	-	-	-	-
Unreserved	-	9,544,227	9,509,014	7,251,939	8,423,220
Assigned	2,565,890	-	-	-	-
Unassigned	4,738,581	-	-	-	-
Total Governmental Fund	\$ 23,769,044	\$ 11,608,408	\$ 11,251,113	\$ 9,585,518	\$ 10,052,271

City of Norfolk, Nebraska

TABLE 4

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 14,154,637	\$ 12,803,574	\$ 11,118,944	\$ 10,142,968	\$ 10,758,892
Special Assessments	478,529	184,987	200,654	289,216	325,136
Licenses & Permits	271,234	321,575	271,175	244,733	224,947
Intergovernmental Revenue	4,910,812	4,347,275	4,079,487	4,330,390	3,619,939
Nongovernmental Grants	50,000	-	-	-	-
Keno Revenue	552,493	611,740	572,632	547,095	494,447
Charges for Services	1,980,265	1,841,576	1,890,616	1,865,085	1,863,308
Occupation & Franchise Taxes	2,680,188	2,764,651	2,781,029	2,653,429	2,621,917
Contributions	17,661	204,577	559,517	54,942	35,293
Payments in Lieu of Taxes	203,371	202,867	184,689	176,215	162,944
Parking Fees and Rentals	4,596,859	4,620,528	4,681,679	4,584,494	4,474,023
Loan Repayments	156,428	570,883	104,783	78,073	557,448
Interest	94,744	51,653	49,655	54,192	114,312
Miscellaneous	147,949	314,105	124,215	138,377	84,580
Total Revenue	<u>30,295,170</u>	<u>28,839,991</u>	<u>26,619,075</u>	<u>25,159,209</u>	<u>25,337,186</u>
Expenditures					
General Government	2,473,293	2,575,062	2,698,982	2,543,757	2,491,369
Public Safety	10,209,750	10,019,243	8,967,532	9,138,087	8,194,543
Public Works	7,181,786	5,766,816	6,597,380	5,658,796	5,353,264
Public Library	1,718,799	1,334,676	1,355,079	1,288,130	1,204,614
Parks, Recreation & Public Property	2,785,403	2,314,769	2,816,830	2,661,914	11,655,476
Community Improvement & Development	4,449,547	1,265,759	1,031,844	1,322,343	963,266
Debt Service					
Principal Retirement	13,535,000	1,695,000	2,620,000	1,453,810	1,928,649
Interest	595,287	667,145	649,134	677,052	442,032
Capital Outlay	-	-	-	-	-
Total Expenditure	<u>42,948,865</u>	<u>25,638,470</u>	<u>26,736,781</u>	<u>24,743,889</u>	<u>32,233,213</u>
Excess (Deficiency) of Revenues over expenditures	<u>(12,653,695)</u>	<u>3,201,521</u>	<u>(117,706)</u>	<u>415,320</u>	<u>(6,896,027)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	20,885	218,996	141,778	308,069	-
Issuance of Debt	870,000	1,480,000	2,625,000	-	490,000
Premium on Bonds	453,613	-	-	-	-
Bonds Refunded	9,420,000	-	795,000	-	-
Transfers In	4,825,719	2,765,647	2,171,879	2,272,954	-
Transfers Out	(4,825,719)	(2,765,647)	(2,171,879)	(2,322,342)	2,765,647
Total Other Financing Sources (Uses)	<u>10,764,498</u>	<u>1,698,996</u>	<u>3,561,778</u>	<u>258,681</u>	<u>3,255,647</u>
Net Change in Fund Balances	<u>\$ (1,889,197)</u>	<u>\$ 4,900,517</u>	<u>\$ 3,444,072</u>	<u>\$ 674,001</u>	<u>\$ (3,640,380)</u>
Debt Service as a Percentage of Noncapital Expenditures	37.92%	11.14%	13.77%	9.72%	11.69%

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				
	2011	2010	2009	2008	2007
Revenues					
Taxes	\$ 10,178,587	\$ 9,613,934	\$ 9,027,255	\$ 8,765,893	\$ 8,299,868
Special Assessments	472,266	151,392	685,607	82,426	238,417
Licenses & Permits	201,651	233,786	323,800	430,258	305,364
Intergovernmental Revenue	4,414,712	3,846,761	3,805,003	3,743,612	4,036,117
Nongovernmental Grants	-	-	-	-	-
Keno Revenue	432,584	359,060	428,302	29,141	-
Charges for Services	1,464,667	1,330,223	1,374,689	1,358,621	1,195,069
Occupation & Franchise Taxes	2,138,542	1,093,679	667,778	686,840	666,704
Contributions	54,228	72,234	81,360	100,005	-
Payments in Lieu of Taxes	146,885	117,364	82,402	74,697	65,162
Parking Fees and Rentals	4,204,014	3,830,046	3,422,615	3,272,094	3,211,734
Loan Repayments	136,519	82,419	120,700	289,700	103,469
Interest	90,235	71,269	186,036	338,732	432,788
Miscellaneous	105,741	232,156	434,854	112,561	177,839
Total Revenue	24,040,631	21,034,323	20,640,401	19,284,580	18,732,531
Expenditures					
General Government	4,263,408	2,419,970	2,580,140	2,409,948	2,434,218
Public Safety	8,238,009	7,974,899	7,475,999	7,367,551	7,659,058
Public Works	5,588,853	4,853,161	5,585,140	4,789,513	3,127,771
Public Library	1,329,905	1,485,872	1,139,770	1,097,450	1,039,277
Parks, Recreation & Public Property	8,267,527	1,519,769	1,828,716	1,392,253	1,193,539
Community Improvement & Development	794,940	1,560,058	976,102	805,175	1,156,157
Debt Service					
Principal Retirement	1,179,881	870,714	773,690	755,714	708,691
Interest	442,032	234,421	275,001	304,002	258,047
Capital Outlay	-	159,664	370,248	829,727	587,478
Total Expenditure	30,104,555	21,078,528	21,004,806	19,751,333	18,164,236
Excess (Deficiency) of Revenues over expenditures	(6,063,924)	(44,205)	(364,405)	(466,753)	568,295
Other Financing Sources (Uses)					
Insurance Proceeds	-	-	-		
Issuance of Debt	20,305,000	401,500	2,030,000	-	380,000
Premium on Bonds	49,560	-	-	-	-
Bonds Refunded	(2,130,000)	-	-	-	-
Transfers In	1,919,961	2,068,596	1,840,990	1,237,142	980,558
Transfers Out	(1,919,961)	(2,068,596)	(1,840,990)	(1,237,142)	(980,558)
Total Other Financing Sources (Uses)	18,224,560	401,500	2,030,000	-	380,000
Net Change in Fund Balances	\$ 12,160,636	\$ 357,295	\$ 1,665,595	\$ (466,753)	\$ 948,295
Debt Service as a Percentage of Noncapital Expenditures	7.81%	5.76%	5.59%	6.36%	5.90%

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
2016	\$ 527,991,172	2.00%
2015	547,447,750	2.00%
2014	522,866,921	1.50%
2013	510,892,339	1.50%
2012	504,008,240	1.50%
2011	467,925,125	1.50%
2010	459,698,781	1.50%
2009	448,552,315	1.50%
2008	445,836,912	1.50%
2007	422,052,129	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	
2016	2.00%	5.50%	7.50%
2015 (2)	2.00%	5.50%	7.50%
2014	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%
2012	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2007	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	2016			2007		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 324,605,332	1	53.45%	\$ 259,919,610	1	54.31%
Accommodation & Food Services	65,701,097	2	10.82%	42,514,157	2	8.89%
Other	216,948,348	-	35.73%	176,151,410	-	36.80%
Total	\$ 607,254,777		100.00%	\$ 478,585,177		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
2016	\$ 1,336,246,190	\$ 47,747,588	\$ 1,383,993,778	0.6021
2015	1,269,843,679	50,035,023	1,319,878,702	0.5967
2014	1,214,361,524	44,813,004	1,259,174,528	0.5967
2013	1,160,166,057	42,955,400	1,203,121,457	0.5781
2012	1,145,320,208	44,351,377	1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
2008	1,097,676,042	44,580,420	1,142,256,462	0.4830
2007	1,053,427,738	42,317,597	1,095,745,335	0.4628

(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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
CITY OF NORFOLK										
GENERAL FUND	0.1685	0.1591	0.1549	0.1320	0.1335	0.1341	0.1341	0.1345	0.0689	0.0460
DEBT SERVICE	0.0529	0.0555	0.0581	0.0609	0.0615	0.0618	0.0618	0.0620	0.0641	0.0668
ECONOMIC DEVELOPMENT FUND	0.0306	0.0321	0.0337	0.0352	0.0356	0.0358	0.0358	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	0.3500
TOTAL CITY OF NORFOLK	<u>0.6021</u>	<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>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3268	0.3283	0.3557	0.4255	0.4249	0.4211	0.4090	0.3990	0.3872	0.4250
SCHOOL DISTRICT NO 2	1.2051	1.2098	1.2154	1.2154	1.2589	1.3182	1.3240	1.3062	1.2230	1.2336
NORTHEAST COMMUNITY COLLEGE	0.0913	0.0953	0.0990	0.0993	0.0983	0.0953	0.0985	0.0935	0.0900	0.0823
NORFOLK AIRPORT AUTHORITY	0.0318	0.0334	0.0306	0.0310	0.0313	0.0315	0.0330	0.0228	0.0236	0.0236
LOWER ELKHORN NRD	0.0240	0.0241	0.0251	0.0266	0.0296	0.0340	0.0379	0.0341	0.0339	0.0356
AGRICULTURAL SOCIETY MADISON COUNTY	0.0110	0.0110	0.0116	0.0131	0.0139	0.0144	0.0145	0.0144	0.0147	0.0155
EDUCATIONAL SERVICES UNIT #8	0.0126	0.0126	0.0126	0.0150	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150
NORFOLK SANITARY DISTRICT	0.0100	0.0099	0.0099	0.0100	0.0098	0.0095	0.0091	0.0087	0.0066	0.0067
RAILROAD TRANSPORTATION SAFETY DIST.	0.0093	0.0079	0.0060	0.0060	0.0050	0.0106	0.0036	0.0039	0.0040	0.0041
TOTAL OVERLAPPING RATES	<u>1.7219</u>	<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>
TOTAL PROPERTY TAXES	2.3240	2.3290	2.3626	2.4200	2.4673	2.5313	2.5262	2.4441	2.2810	2.3042

(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	2016			2007		
		TAXABLE ASSESSED	RANK	% OF TOTAL CITY TAXABLE ASSESSED	TAXABLE ASSESSED	RANK	% OF TOTAL CITY TAXABLE ASSESSED
		VALUE		VALUE	VALUE		
N S P LLC	SHOPPING MALL	\$ 13,165,843	1	1.00%	\$ -	-	0.00%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,984,789	2	0.76%	7,703,616	9	0.73%
WAL-MART STORES INC	RETAIL STORE	9,792,578	3	0.74%	9,883,552	7	0.94%
HEARTLAND PANTRY INC	RETAIL STORE	8,800,461	4	0.67%	9,300,195	8	0.88%
HERITAGE OF NORFOLK INC	NURSING HOME	6,565,133	5	0.50%	6,136,335	10	0.58%
MENARD INC	RETAIL STORE	6,244,800	6	0.47%	-	-	0.00%
TIMM VILLAGE GREEN LLC	APARTMENTS	5,808,872	7	0.44%	-	-	0.00%
UNION PACIFIC RAILROAD CO	RAILROAD	5,766,890	8	0.44%	-	-	0.00%
QWEST CORPORATION	TELEPHONE	5,455,718	9	0.41%	-	-	0.00%
WIS-PAK	BOTTLING DISTRIBUTION	5,334,484	10	0.40%	-	-	0.00%
VULCRAFT - DIVISION OF NUCOR	MANUFACTURING	-	-	0.00%	21,569,048	1	2.05%
SHERWOOD MEDICAL INDUSTRIES	MANUFACTURING	-	-	0.00%	18,358,769	2	1.74%
AFFILIATED FOODS COOPERATIVE	GROCERY	-	-	0.00%	16,275,564	3	1.55%
DIAL - SUNSET MALL LLC	SHOPPING MALL	-	-	0.00%	13,551,829	4	1.29%
MADISON FOODS INC	MANUFACTURING	-	-	0.00%	13,434,560	5	1.28%
NORFOLK IRON & METAL CO	MANUFACTURING	-	-	0.00%	11,726,440	6	1.11%
TOTAL		\$ 76,919,568		5.83%	\$127,939,908		12.15%

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
2016	\$ 3,333,146	\$ 3,268,556	98.06%	\$ -	3,268,556	98.06%
2015	3,189,630	3,089,071	96.85%	100,681	3,189,752	100.00%
2014	2,827,106	2,747,980	97.20%	79,126	2,827,106	100.00%
2013	2,825,242	2,736,874	96.87%	88,368	2,825,242	100.00%
2012	2,823,416	2,737,455	96.96%	85,130	2,822,585	99.97%
2011	2,825,657	2,726,631	96.50%	98,589	2,825,220	99.98%
2010	2,404,312	2,317,303	96.38%	83,947	2,401,250	99.87%
2009	1,603,272	1,557,427	97.14%	45,708	1,603,135	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%

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
2016	\$16,912,454	\$ 1,105,000	\$ 2,250,000	\$ -
2015	19,950,000	990,000	2,590,000	-
2014	20,100,000	1,195,000	-	-
2013	18,960,000	1,535,000	-	-
2012	20,180,000	1,745,000	-	23,809
2011	21,210,000	1,415,000	525,000	255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954
2008	3,895,000	935,000	2,335,000	169,644
2007	4,365,000	1,185,000	2,320,000	205,358

Notes: (1) See Table 16 for income and population data. 2016 population and 2016 and 2015 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)
\$ 6,595,000	\$ -	\$ 26,862,454	N/A	N/A
7,440,000	-	30,970,000	1,271.03	N/A
8,305,000	-	29,600,000	1,210.93	1.91
9,160,000	-	29,655,000	1,208.83	1.97
6,065,000	-	28,013,809	1,151.32	2.03
3,550,000	710,008	27,665,367	1,140.93	2.12
6,110,000	827,066	13,347,306	551.31	1.10
6,820,000	940,690	14,356,644	616.91	1.20
7,510,000	1,050,980	15,895,624	692.92	1.35
8,175,000	1,158,035	17,408,393	752.11	1.60

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
2016	\$ 16,912,454	\$ 382,930	\$ 17,295,384	\$ 2,310,289	\$ 14,985,095	N/A	1.12%
2015	19,950,000	339,878	20,289,878	2,056,725	18,233,153	748.30	1.44%
2014	20,100,000	407,083	20,507,083	1,718,817	18,788,266	768.62	1.55%
2013	18,960,000	470,340	19,430,340	1,556,817	17,873,523	728.85	1.54%
2012	20,180,000	532,264	20,712,264	1,117,646	19,594,618	805.30	1.71%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	1.85%
2010	3,480,000	618,952	4,098,952	1,193,594	2,905,358	120.01	0.26%
2009	3,720,000	729,722	4,449,722	1,218,131	3,231,591	138.86	0.29%
2008	3,895,000	394,928	4,289,928	1,255,485	3,034,443	132.28	0.29%
2007	4,365,000	508,914	4,873,914	1,318,671	3,555,243	153.60	0.35%

Notes: (1) See Table 16 for population data. 2016 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2016

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 20,267,454	100.00%	\$ 20,267,454
OVERLAPPING:			
Norfolk School District #2	\$ 20,565,000	58.37%	\$ 12,004,562

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	
2016	\$ 8,622,767	\$ 5,353,538	3,269,229	\$ 845,000	\$ 183,051	1,028,051	3.18
2015	8,109,112	5,234,995	2,874,117	865,000	184,233	1,049,233	2.74
2014	8,510,448	5,307,088	3,203,360	855,000	198,501	1,053,501	3.04
2013	8,344,442	5,524,293	2,820,149	905,000	182,034	1,087,034	2.59
2012	8,677,238	4,965,477	3,711,761	1,120,008	95,519	1,215,527	3.05
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76
2008	6,593,376	4,685,259	1,908,117	772,055	336,859	1,108,914	1.72
2007	7,226,561	4,627,357	2,599,204	753,914	358,648	1,112,562	2.34

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)
2016	N/A	N/A	N/A	4,325	2.8%
2015	24,366	N/A	N/A	4,244	2.6%
2014	24,444	1,550,788	44,089	4,069	2.7%
2013	24,523	1,506,700	42,709	4,148	2.9%
2012	24,332	1,380,610	39,411	4,110	3.2%
2011	24,248	1,305,431	37,372	4,009	3.6%
2010	24,210	1,213,230	34,728	4,023	3.8%
2009	23,272	1,198,153	33,949	3,891	4.2%
2008	22,940	1,176,748	36,103	3,830	3.0%
2007	23,146	1,134,031	33,064	3,803	2.7%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2016 numbers are unavailable.
 (2) State of Nebraska, NE Dept of Economic Development. 2016 and 2015 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	2016			2007		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,275	1	5.22%	1,167	1	5.65%
Norfolk Public Schools	705	2	2.88%	824	2	3.99%
Northeast Community College	704	3	2.88%	248	10	1.20%
Associated Wholesale Grocers	654	4	2.68%			
Medtronic	500	5	2.05%			
Vulcraft Division of Nucor Steel	478	6	1.96%	463	5	2.24%
Nucor Steel Division	423	7	1.73%	416	6	2.01%
Walmart	407	8	1.67%	416	7	2.01%
Veyance Technologies	350	9	1.43%			
Norfolk Iron & Metal Co	320	10	1.31%	335	9	1.62%
Affiliated Foods Midwest			0.00%	689	3	3.34%
COVIDIEN			0.00%	502	4	2.43%
Goodyear Tire & Rubber				411	8	1.99%
Total	5,816		23.79%	5,471		26.48%

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										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	29.00	26.88	25.88	25.88	25.88	26.18	25.55	23.55	24.60	24.80
Engineering	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	60.00	60.00	58.00	58.00	58.00	58.00	58.00	60.00	60.50	60.50
Fire	36.05	37.00	37.00	37.00	38.00	38.00	38.00	38.00	37.00	37.00
Region 11	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SNARE	0.13	0.13	0.13	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Streets	22.62	23.25	23.25	23.25	22.25	22.25	22.00	22.00	21.00	21.00
Culture & Recreation										
Parks	20.00	20.00	22.00	21.00	20.00	20.00	22.00	22.00	18.00	18.00
Recreation	2.00	2.00	2.00	1.67	1.67	1.00	1.00	2.00	2.00	2.00
Auditorium	0.00	0.00	0.00	2.43	2.43	2.43	2.43	2.43	2.43	1.68
Library	15.21	15.38	15.38	15.1	15.1	14.97	14.97	14.97	14.96	15.69
Housing	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.63	5.73
Community Character Development Coalition	0.00	0.00	0.00	0.00	0.00	0.00	4.25	5.00	4.88	4.88
Economic Development Operating	3.00	3.00	3.00	2.00	2.00	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	4.00	5.00	5.00
Water Pollution Control	8.50	9.00	9.00	9.00	9.00	9.50	9.50	13.50	13.50	13.50
Solid Waste Management	6.38	5.38	6.38	6.38	6.38	5.88	5.75	5.75	5.75	5.75
Total	230.84	229.77	228.77	228.96	227.96	225.46	230.70	236.45	232.75	233.01

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Purchase Ordered Processed	0	0	31	765	1,223	1,393	1,365	1,773	1,887	2,025
Water/Sewer Customers Billed	9,602	9,551	9,523	9,479	9,419	9,392	9,306	9,276	9,118	9,049
Engineering										
Miles of Paving Districts	0.14	0.33	0.00	0.00	0.00	0.20	0.20	0.51	0.20	1.20
Miles of Street Reconstruction	0.17	0.32	0.10	0.40	1.10	0.75	0.30	0.35	0.50	1.20
Public Safety										
Police:										
Criminal Arrests	1,392	1,394	1,448	1,645	1,809	1,701	1,655	1,932	1,679	1,858
Traffic Arrests	2,391	3,097	2,388	2,294	2,709	2,804	2,313	2,348	2,514	2,480
Drug/Alcohol Arrests	749	696	705	817	897	762	556	715	782	817
Fire:										
Rescue Calls	2,066	2,007	1,912	1,941	1,866	1,861	1,678	1,714	1,744	1,682
Building and Safety										
Building Permits	423	411	388	347	356	375	386	382	392	412
Culture and Recreation										
Library										
Total Circulation	295,787	309,281	321,954	320,282	299,776	324,042	319,997	338,308	314,489	318,284
Water:										
Water Inspections	56	51	56	66	47	42	48	39	40	39
Locates	3,475	3,198	3,272	3,449	3,070	2,521	2,743	2,406	2,589	2,928
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.099	1.02	1.02	1.077	1.083	1.189	1.269	1.017	1.105	1.127
Sewer Maintenance										
Sewer Inspections	31	35	34	61	34	20	32	22	37	22
Solid Waste Management										
Average Daily Tonnage	109	106	102	104	108	108	113	110	116	117

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
City Auditorium (1)	-	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	1.00	-	-	-	-
City Council Chambers	-	0.00	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)	145.09	144.55	144.09	144.08	144.29	144.29	144.29	143.88	142.30	142.30
Streetlights	2,277	2,279	2,257	2,257	2,258	2,327	2,244	2,236	2,237	2,266
Parks										
Parks Acreage	421.60	421.60	414.00	403.50	403.50	403.50	403.50	396.00	378.00	364.00
Parks #	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00
Swimming Pools	2.00	2.00	2.00	2.00	2.00	1.00	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	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	126.00	129.00	123.00	123.00	123.00	122.00	121.00	120.00	120.00
Water treatment plants	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sewer										
Sanitary sewer (miles)	133.00	131.00	128.00	127.00	127.00	127.00	127.00	126.00	125.00	125.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(1) Included Administrative offices and Engineering Offices until March 2012 Sold in December 2015

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

Sources: Various City Departments