

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2018

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

of the

**CITY
OF
NORFOLK
NEBRASKA**

for the year ended

September 30, 2018

CITY OF NORFOLK, NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2018*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

TABLE OF CONTENTS
September 30, 2018

	Page(s)
INTRODUCTORY SECTION	
Letter of Transmittal	1-9
Certificate of Achievement	10-11
Organization Chart	12
Listing of Officials	13
FINANCIAL SECTION	
Independent Auditors' Report.....	14-16
Management's Discussion and Analysis	17-31
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	32
Statement of Activities	33
FUND FINANCIAL STATEMENTS	
Governmental Funds Financial Statements	
Balance Sheet.....	34
Reconciliation of the Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	37
Proprietary Funds Financial Statements	
Statement of Net Position	38
Statement of Revenues, Expenditures and Changes in Net Position.....	39
Statement of Cash Flows.....	40-41
Fiduciary Funds Financial Statements	
Statement of Net Position	42
Statement of Changes in Net Position.....	43
Notes to Financial Statements	44-69
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Firemen's Net Pension Liability and Related Ratios.....	70
Schedule of Firemen's Contributions.....	71
Schedule of Investment Returns.....	72
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual, General Fund and Major Special Revenue Fund.....	73-74
Notes to Required Supplementary Information Budgetary Reporting	75-76

CITY OF NORFOLK, NEBRASKA

TABLE OF CONTENTS
September 30, 2018

	Page(s)
<hr/>	
SUPPLEMENTARY INFORMATION	
<hr/>	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet.....	77-78
Statement of Revenues, Expenditures and Changes in Fund Balances	79-80
Budget Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual, Nonmajor Special Revenue Funds	81-83
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual, Capital Project Funds	84
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual, Debt Service Fund.....	85
Enterprise Fund Combining Departmental Financial Schedules	
Schedule of Net Position.....	86-87
Schedules of Revenues, Expenses and Changes in Net Position.....	88
Schedule of Cash Flows	89-90
Fiduciary Funds Combining Financial Statements	
Combining Statement of Net Position – Employee Retirement Funds.....	91
Combining Statement of Changes in Net Position – Employee Retirement Fund	92
Statement of Changes in Assets and Liabilities - Agency Fund.....	93

STATISTICAL SECTION

	Table #	
Net Position by Components.....	1	94-95
Changes in Net Position.....	2	96-97
Fund Balances of Governmental Funds.....	3	98-99
Changes in Fund Balances of Governmental Funds	4	100-101
Total City Taxable Sales	5	102
Sales Tax Rates.....	6	103
Net Taxable Sales by Business Classifications.....	7	104
Assessed and Estimated Actual Value of Taxable Property	8	105
Property Tax Rates-Direct and Overlapping Governments.....	9	106
Principal Property Taxpayers	10	107
Property Tax Levies and Collections.....	11	108
Ratios of Outstanding Debt by Type	12	109-110
Ratios of General Bonded Debt Outstanding.....	13	111
Direct and Overlapping Governmental Activities Debt	14	112
Pledged Revenue Coverage	15	113
Demographic and Economic Statistics.....	16	114
Principal Employers.....	17	115
Full-Time Equivalent City Governmental Employees by Function	18	116
Operating Indicators by Function	19	117
Capital Asset Statistics by Function	20	118

CITY OF NORFOLK, NEBRASKA

TABLE OF CONTENTS
September 30, 2018

	Page(s)
<hr/>	
Government Auditing Standards	
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 <i>Government Auditing Standards</i>	119-120
Schedule of Findings and Responses	121
Summary Schedule of Prior Audit Findings	122

INTRODUCTORY SECTION

March 25, 2019

**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, 2018 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, 2018.

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, 2018, 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, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

CITY PROFILE

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

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

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

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

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

LOCAL ECONOMY

Sales tax is the City's largest revenue source. Other than a spike in sales tax after the June 2014 hail storm, the City's 1 ½ cent sales tax has had little growth since the fiscal year ended September 30, 2000, right around the time internet sales started to significantly increase. Recently there was a 1.09% decrease in 2016 and a 0.59% increase in 2017. For fiscal year 2018 sales tax receipts improved and there was a \$424,187 or 5.30% increase from the prior year. Sales tax receipts should continue to improve with the decision by the U.S. Supreme Court to overturn the long standing law on collection of sales tax on internet sales. The law was that states could not require retailers to collect sales taxes unless they had a physical presence in the same state as where the buyer is located as decided in *Quill Corp. v. North Dakota*. The U.S. Supreme Court overturned this decision in the *South Dakota v. Wayfair, Inc.* case. The U.S. Supreme Court ruled that states can require internet retailers to collect sales taxes, even if the merchant doesn't have a physical presence there. State of Nebraska lawyers are reviewing the ramifications of the court's decision and the Nebraska Legislature has introduced bills in the 2019 legislative session to permit the state to collect sales tax from internet retailers.

Despite the stagnant sales tax receipts, Norfolk continues to have low unemployment. Madison County's unemployment rate was 2.4% in December 2018, below the national average of 3.9%. Real estate values are increasing. For the fifth year in a row there is a significant increase in assessed valuation. Norfolk's 2018 assessed valuation increased 8.11% and the 2017 assessed valuation increased 5.96%, most of which was due to increased value of existing property.

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

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

The Norfolk Family YMCA started construction in April 2018 on an \$11 million expansion. The expansion is 106,000 square feet, more than doubling the current size of 75,000 square feet. The new addition will include an indoor playground for children, additional office space, training area, cardio and weightlifting areas, a suspended running track and multi-use field house. Certain parts of the facility will be open 24 hours a day, 7 days a week.

The Norfolk area is experiencing a housing shortage. A 2016 study found that Norfolk should have a target of adding 762 new housing units by 2021, including 444 owner and 318 rental housing units, to meet current demand and support future population growth. A housing task force was formed to address the local housing shortage. The task force has discussed ideas to encourage speculative housing construction and the use of tax-increment financing to build streets, water, and sewer in the area. The City's Economic Development staff is also focusing on this issue, as it is difficult to recruit new businesses to the area if there is no supply of housing. Efforts are seen coming to fruition with the approval of a number of Redevelopment Contracts which provide for using tax increment financing for housing.

The City and Community Development Agency approved a Redevelopment Contract which provides for using tax increment financing for infrastructure development in the area located south of Benjamin Avenue and bordered by Meadow Ridge Development. The redeveloper plans to construct single family attached and detached units for a total of 53 housing units. The Redevelopment Contract provides for a maximum of \$900,000 of tax increment financing bonds. A number of houses have been constructed and others are currently under construction. A Redevelopment Contract was approved for the Legacy Bend Housing Development in this same general area. Legacy Bend will utilize tax increment financing to develop the area located south and west of the Meadow Ridge housing development. Legacy Bend is a 7-phase project over multiple years consisting of approximately: 124 single family homes on larger lots, 51 single family homes on urban lots, 51 townhomes, and 224 living units in multiple dwelling units.

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

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

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

A Redevelopment Agreement was approved which provides for Phase One construction of an apartment complex consisting of approximately 160 apartments in 20 apartment buildings with 8 apartments each. The development will include a club house, a pool, and eight garage structures. The project area is between Channel Road and Victory Road in southeast Norfolk. Phase Two is the construction of an approximately 10,000 square foot commercial building anticipated in 2020. Total cost of developing the project is approximately \$26 million comprised of approximately \$3.7 million of tax increment financing leveraging almost \$22.3 million of other funds.

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

In addition to the Redevelopment Agreements including residential development, a Redevelopment Agreement was approved for commercial property located on the northwest corner of 13th Street and Omaha Avenue. The project involved constructing a 2,724 square foot building, a 10,050 square foot building, and extensive concrete parking. The buildings are currently occupied by a restaurant and medical tenants. \$400,000 of tax increment financing bonds were issued in May 2018 for this project.

A Redevelopment Contract was recently approved which provides for using tax increment financing for hotel construction southeast of 13th Street and Omaha Avenue with associated improvements. The Redevelopment Contract provides for a maximum of \$794,400 of tax increment financing bonds.

The Meadows, a senior living facility, started construction of a \$4.8 million expansion project that will provide new options for therapy, memory care and updates to the existing facility. Construction includes a new therapy center, and the addition of nine two-room assisted living suites that range from 500 to 700 square feet. The new units are projected to be open soon.

Buffalo Wild Wings finished construction of a new building to house their restaurant and commercial office space. The restaurant opened June 2018.

Other economic indicators appear favorable. Norfolk's population increased from an estimated 24,348 in 2016 to an estimated 24,434 in 2017. Madison County's unemployment rate decreased .3% from 2.7% in December 2017 to 2.4% in December 2018. Public school enrollment increased from 4,370 in September 2017 to 4,446 in September 2018. The most recent assessed valuation, which was released August 16, 2018, shows taxable property in Norfolk valued at \$1,585,447,700, a 8.11% 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% 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 budgets sales tax at the last 12 months of actuals when the budget is prepared in May. For the 2018-2019 budget this was a \$7,127 or 0.09% increase from the 2017-2018 budget.

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

Slow growth in the City's two largest revenue sources, puts pressure on property tax which is the third largest general revenue source. The LTFP shows the City's property tax rate going from .252065 in 2017-2018 to .385770 in 2027-2028. In 2017-2018 the City's property tax levy rate is 4th lowest of the 30 first class cities in Nebraska and would have moved to 14th lowest with the projected 2027-2028 levy rate.

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

One of the Mayor and Council goals from the last several years that has recently been completed is a library expansion. A half-cent sales tax increase was approved at the November 2014 general election. This raised the City's sales tax rate from 1.5% to 2%. The sales tax increase was in effect for 36 months and ended on March 31, 2018. Together with a \$750,000 grant from the State of Nebraska Civic and Community Center Financing Fund, the sales tax

provided funding for a 16,000 square foot 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 was completed and a grand opening was held on May 29, 2018, attended by Lieutenant Governor Mike Foley.

Economic development continues to be a priority of the Mayor and Council. The City's lack of housing has caused a roadblock for recruiting large industries and the City is focusing on this housing issue. To support economic development, the City is in the process of extending water and sewer lines to industrial areas. The Mayor and Council have hired a consultant to do an annexation study. This is a four step plan to evaluate the expansion of the corporate limit that includes input from public and private stakeholders. The Mayor and Council collaborated with the Greater Norfolk Economic Development Foundation to purchase a 140 acre site to be developed for commercial and light industrial use. The City contributed \$300,000 of Keno proceeds towards this project.

Another of the Mayor and Council goals is parks and recreation. The Council desires adding more amenities to attract people to the community. A trail advisory board was formed whose responsibility is to help identify, promote, and seek funding for new and expanding trails in and around Norfolk. The City was awarded a grant from the Nebraska Game and Parks Commission for the Highway 275 underpass trail. This project is estimated to be \$345,617, with \$297,808 funded by grants, and construction is anticipated in 2019. The City has finished construction of a 5,115 feet long trail in Johnson Park and along the North Fork of the Elkhorn River. The City is planning significant additional improvements to Johnson Park and the North Fork of the river adjacent thereto. The capital improvement program includes \$2,579,000 for additional improvements to Johnson Park and \$3,095,104 for rehabilitation of the North Fork of the river near and adjacent to the park. The Lower Elkhorn Natural Resources District and the Norfolk Sanitary District will contribute funding for the river restoration. Other recreational improvements along the North Fork include Embrace Park located between the YMCA and the river, just south of Benjamin Avenue. In the fall of 2017 a handicapped accessible multi-level playground was erected at the park and the following summer a handicapped accessible splash pad was added with restrooms to be installed in 2019. The park also includes a playing field for various sports. The City was awarded a \$425,000 tourism grant through the Nebraska Tourism Commission to rebuild Miracle Skate Park to make it handicap accessible for both participants and spectators. Total project cost, including grant administration, is estimated to be \$569,500, with approximately 75% to be funded with grant proceeds. The Mayor and Council plan to complete Ta-Ha-Zouka Park Phase 3 to add additional soccer fields.

Street maintenance continues to be a goal of the Mayor and Council. The City was awarded a Community Development Block Grant that will be used to reconstruct Braasch Avenue from 1st Street to 5th Street. The \$2.6 million project also includes water and sewer main replacements and construction is expected in 2019. The grant will be spread over two phases with \$350,000 for the first phase and \$460,000 for the second phase. Other street maintenance goals include improvements to Prospect Avenue, Georgia Avenue, 15th Street, and Square Turn Boulevard. Staff will look at hiring seasonal help for streets, studying expansion of Benjamin Avenue into

five lanes, and hold public open houses to explain the 1 to 6 year street plan. Another goal is to issue City Highway Allocation Bonds to accelerate street projects.

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 2011B and 2012B Combined Utilities Revenue Bonds because the interest rate savings was more than 4% of the refunded principal. This refunding reduces debt service payments by \$591,188 over the next 15 years and the City obtains an economic gain of \$456,154.

In 1988 the City Council adopted a policy that requires a minimum budgeted General Fund ending balance of \$1 million. If adjusted for inflation this would be \$2.1 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, 2017. This was the thirtieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

DISTINGUISHED BUDGET PRESENTATION AWARD. In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last twenty-five years, the most recent for the 2017-2018 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Sincerely,

CITY OF NORFOLK

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

Randy Gates
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, 2017.

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**

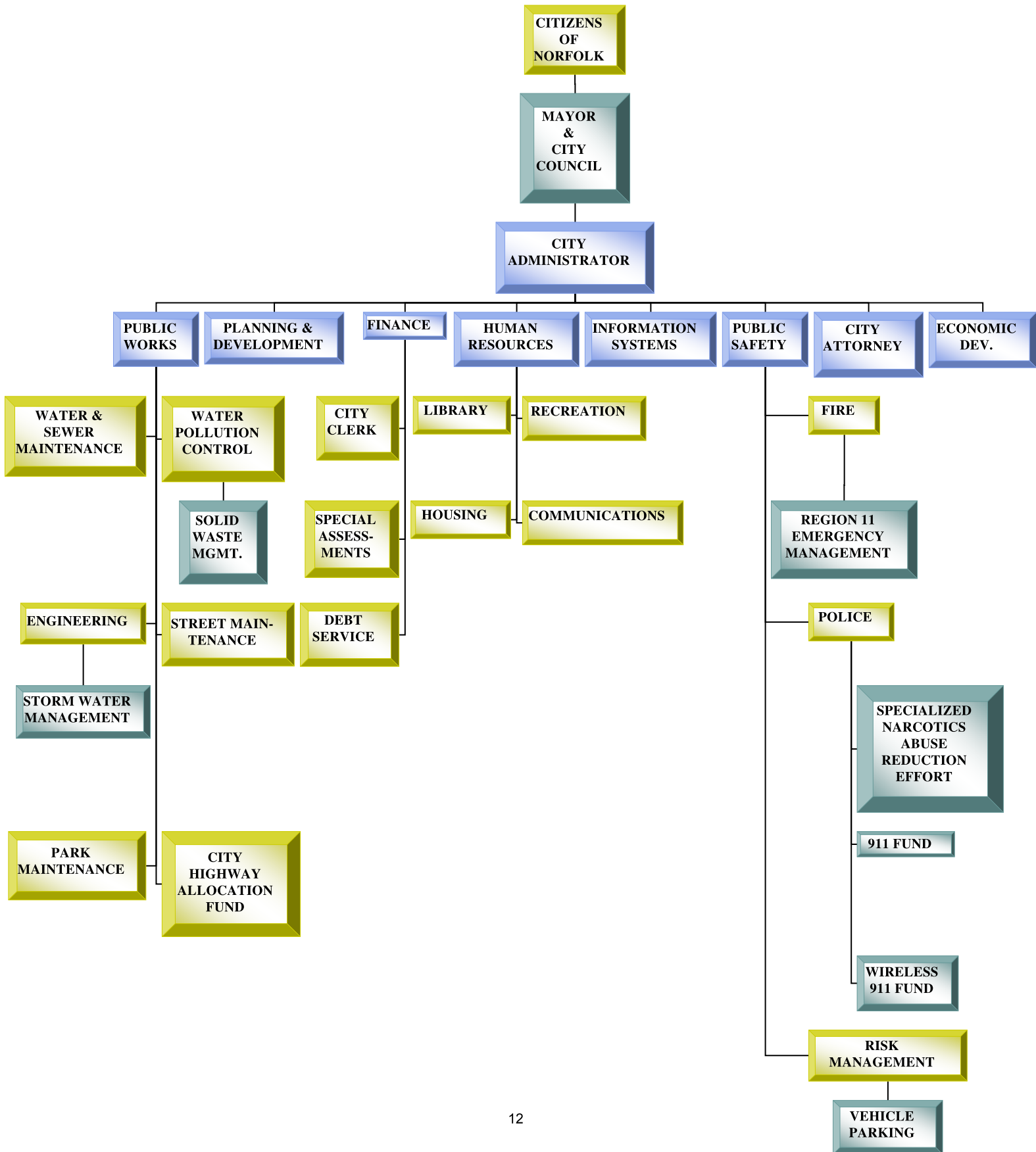
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Norfolk, Nebraska
Organizational Chart



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2018

<u>Title</u>	<u>Name</u>
Mayor	Josh Moening
Council Member	Gary L. Jackson
Council Member	Corey Granquist
Council Member	Dave Fauss
Council Member	Jim Lange
Council Member	Jarad Dahlkoetter
Council Member	Dick Pfeil
Council Member	Rob Merrill
Council Member	Thad Murren
City Administrator/Economic Development Director	Andy Colvin
City Attorney	Danielle Myers-Noelle
City Clerk	Elizabeth A. Deck
City Planner	Valerie Grimes
Director of Public Works	Steve Rames
Director of Public Safety	Shane Weidner
Finance Officer	Randy Gates
Fire Chief	Scott Cordes
Housing Director	Gary Hilkemann
Human Resources Director	Sheila Schukei
Information Systems Manager	Jim McKenzie
Library Director	Jessica Chamberlain
Operations Manager	Jim Dooley
Risk Manager	Lyle Lutt
Park & Building Maintenance Superintendent	Pat Mrsny
Police Chief	William Mizner
Wastewater Plant Superintendent	Todd Boling
Water and Sewer Director	Dennis Watts

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Members
of the City Council
City of Norfolk, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Norfolk, Nebraska (the City), as of and for the year ended September 30, 2018, 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, 2018, 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 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 25, 2019

Management Discussion and Analysis

September 30, 2018

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, 2018. 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, 2018, by \$138,793,231. Of this amount, \$28,550,014 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$9,634,170 during the year. Of this amount, the net position of Governmental Activities increased \$4,646,855 and the net position of Business Activities increased \$4,987,315.
- Bonds payable increased \$4,054,325. Outstanding revenue bonds total \$9,290,187, general obligation bonds \$13,880,514, and special assessment bonds \$2,095,000 backed by the City's full faith and credit. Bond anticipation notes decreased \$383,000 and total \$1,867,000.

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, 2018, net position was as follows:

City of Norfolk's Net Position						
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 35,277,889	\$ 34,086,664	\$ 14,911,046	\$ 12,041,364	\$ 50,188,935	\$ 46,128,028
Capital Assets	69,902,735	67,081,351	52,885,592	46,731,377	122,788,327	113,812,728
Total Assets	105,180,624	101,168,015	67,796,638	58,772,741	172,977,262	159,940,756
Deferred Outflows of Resources	48,219	51,790	-	-	48,219	51,790
Long-Term Liabilities	19,855,817	19,743,462	9,621,146	6,130,352	29,476,963	25,873,814
Other Liabilities	3,321,849	4,072,021	1,433,438	887,650	4,755,287	4,959,671
Total Liabilities	23,177,666	23,815,483	11,054,584	7,018,002	34,232,250	30,833,485
Net Position:						
Net Investment in Capital Assets	55,056,983	50,736,098	43,595,405	41,031,377	98,652,388	91,767,475
Restricted	10,743,191	11,684,267	847,638	1,841,627	11,590,829	13,525,894
Unrestricted	16,251,003	14,983,957	12,299,011	8,881,735	28,550,014	23,865,692
Total Net Position	\$ 82,051,177	\$ 77,404,322	\$ 56,742,054	\$ 51,754,739	\$ 138,793,231	\$ 129,159,061

A portion of net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$28,550,014 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 \$6,884,913 increase in net investment in capital assets. The Governmental Activities increased \$4,320,885, going from \$50,736,098 last year to \$55,056,983 this year. The increase is primarily due to the library expansion and renovation project that started in May 2017 and was completed in the summer of 2018.

Total revenue reported in fiscal year 2018 was \$47,429,671. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

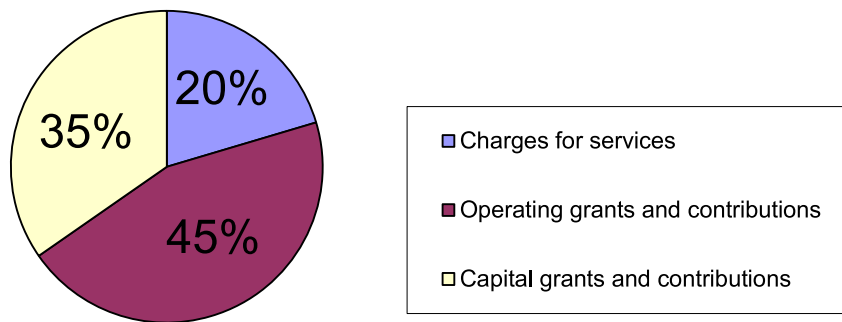
City of Norfolk's Changes in Net Position

	General Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 2,771,888	\$ 2,615,973	\$ 9,365,219	\$ 9,382,149	\$ 12,137,107	\$ 11,998,122
Operating grants and contributions	6,103,919	4,159,685	-	-	6,103,919	4,159,685
Capital grants and contributions	4,709,685	980,028	1,293,123	-	6,002,808	980,028
Total Program Revenues	13,585,492	7,755,686	10,658,342	9,382,149	24,243,834	17,137,835
General Revenues:						
Property taxes	4,002,734	3,765,320	-	-	4,002,734	3,765,320
Sales taxes	9,796,242	10,677,614	-	-	9,796,242	10,677,614
Other taxes	210,413	209,221	-	-	210,413	209,221
Occupation and franchise taxes	2,827,862	2,705,164	-	-	2,827,862	2,705,164
Interest	317,718	209,621	170,004	64,418	487,722	274,039
General intergovernmental revenues	409,242	398,194	-	-	409,242	398,194
Keno revenues	642,534	584,717	-	-	642,534	584,717
General revenue from electrical distribution system lease	4,630,450	4,505,919	-	-	4,630,450	4,505,919
Revenue from sale of uncapitalized property	35,000	56,219	-	-	35,000	56,219
Miscellaneous	120,658	92,345	22,980	21,859	143,638	114,204
Total General Revenues	22,992,853	23,204,334	192,984	86,277	23,185,837	23,290,611
Total Revenues	36,578,345	30,960,020	10,851,326	9,468,426	47,429,671	40,428,446
Expenses:						
General Government	2,977,504	3,311,385	-	-	2,977,504	3,311,385
Public Safety	10,427,387	10,152,789	-	-	10,427,387	10,152,789
Public Works	7,353,230	4,949,525	-	-	7,353,230	4,949,525
Public Library	2,233,538	1,478,371	-	-	2,233,538	1,478,371
Parks, Recreation and Public Property	3,180,516	2,970,064	-	-	3,180,516	2,970,064
Community Improvement and Development	3,182,386	1,035,861	-	-	3,182,386	1,035,861
Debt Service	344,297	323,382	-	-	344,297	323,382
Water System	-	-	2,345,132	2,269,164	2,345,132	2,269,164
Sewer System	-	-	3,790,662	3,168,511	3,790,662	3,168,511
Solid Waste	-	-	1,960,849	1,830,369	1,960,849	1,830,369
Total Expenses	29,698,858	24,221,377	8,096,643	7,268,044	37,795,501	31,489,421
Increase (Decrease) in Net Position before Transfer	6,879,487	6,738,643	2,754,683	2,200,382	9,634,170	8,939,025
Transfers	(2,232,632)	(459,318)	2,232,632	459,318	-	-
Increase (Decrease) in Net Position	4,646,855	6,279,325	4,987,315	2,659,700	9,634,170	8,939,025
Net Position - Beginning	77,404,322	71,124,997	51,754,739	49,095,039	129,159,061	120,220,036
Net Position - Ending	\$ 82,051,177	\$ 77,404,322	\$ 56,742,054	\$ 51,754,739	\$ 138,793,231	\$ 129,159,061

Program revenues totaled \$24,243,834. Of this total \$10,658,342 was program revenues from Business-Type Activities and \$13,585,492 was program revenues from General Governmental Activities. Program revenues from General Governmental Activities increased \$5,829,806 while program revenues from Business-Type Activities increased \$1,276,193. Program revenues from General Governmental Activities increased due to special assessments for Sewer District 247, a \$1,400,000 grant from the State of Nebraska for Black Hills Energy to construct a natural gas pipeline, almost \$2 million for developer contribution of new streets, and \$700,000 for tax increment financing proceeds of debt. Program revenues from Business-Type Activities consist primarily of charges for services. About 85% of Business-Type Activities program revenues is use fees for water, sewer, and solid waste. Sewer rates increased 6% effective September 1, 2017. This increased sewer use fees \$100,177. The largest increase in program revenues from Business-Type Activities is developer contributions for water and sewer lines in new developments. Some of the larger projects include: Fountain Point Addition, Medelmans Lake Subdivision, and Collegeview 7th Addition.

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

Program Revenues General Governmental

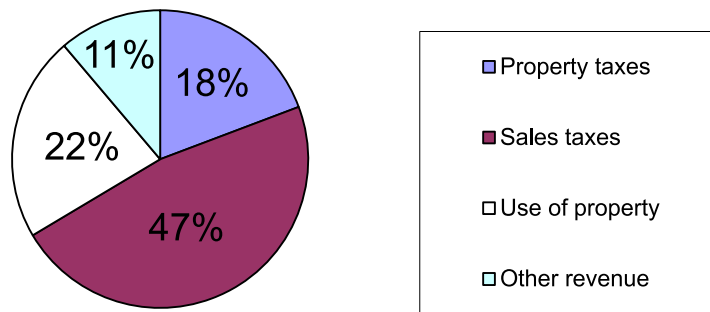


General revenues for Governmental Activities decreased \$211,481 or 0.91% going from \$23,204,334 last year to \$22,992,853 in the current year. The largest general revenue source is sales tax, which decreased \$881,372 or 8.25%. As discussed in the letter of transmittal the half-cent sales tax for the library addition and renovation ended on March 31, 2018. The last of this sales tax was received in May 2018. The half-cent sales tax generated approximately \$220,000 monthly, so the decrease is the remaining months of the fiscal year where the sales tax rate was 1.5% instead of 2%. The second largest general revenue source, electrical distribution system lease, increased \$124,531 or 2.76%.

This 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. The increase in lease revenue is an increase in usage. Property taxes increased \$237,414 or 6.31% 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 increased \$122,698 or 4.54% primarily due to an increase in food and beverage occupation tax and natural gas franchise tax. Interest income increased \$108,097 going from \$209,621 last year to \$317,718 this year due to rising interest rates on investments.

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

General Revenues General Governmental



Total expenses increased \$6,306,080 or 20.03% going from \$31,489,421 last year to \$37,795,501 this year. Expenses in Governmental Activities increased \$5,477,481 or 22.61% and expenses in Business-Type Activities increased \$828,599 or 11.40%.

The biggest increase in expenses was in public works, which increased \$2,403,705 going from \$4,949,525 in the prior year to \$7,353,230 in the current year. City streets have been deteriorating and the Mayor and Council have made it a goal to increase street maintenance. The City hired Sta-Bilt Construction Co. to do microsurfacing and armor coating of numerous streets throughout the city for \$775,000. There were also street overlay projects on 1st Street, Norfolk Avenue, Benjamin Avenue, McKinley Street, and 5th Street.

Community improvement and development went from \$1,035,861 last year to \$3,182,386 this year, an increase of \$2,146,525. Of this, \$1.4 million is from a Site and Building Development Fund grant from the State of Nebraska Department of Economic Development for Black Hills Energy to construct a natural gas pipeline from Bancroft to Norfolk. The pipeline has been constructed and the grant proceeds were disbursed this

year. Two tax increment financing projects finished construction in the current year. Tax increment financing proceeds of \$700,000 were disbursed according to the Redevelopment Agreements.

Public library increased \$755,167 going from \$1,478,371 in the prior year to \$2,233,538 in the current year. As discussed in the letter of transmittal, construction on the library addition and renovation was finished this year. This was a \$8.7 million project funded with sales tax and a \$750,000 grant from the State of Nebraska Civic and Community Center Financing Fund. Most of this project is capitalized as fixed assets. But the City’s capitalization threshold is \$5,000, so all of the new furnishings under \$5,000 for the renovated library are expensed in public library. This includes: shelving, computers, TVs tables, desks, chairs and other various furniture items.

Expenses for Business-Type Activities increased \$828,599 or 11.40% going from \$7,268,044 last year to \$8,096,643 this year. Expenses in the Water Division increased \$75,968 or 3.35%. Approximately half of this increase is an increase in administration fees paid to the General Fund. The Enterprise Funds pay a percentage of use fees to the General Fund for administration, and the City has been increasing this percentage to reflect the true cost of administering the Enterprise Funds. In the prior year this was 6% of use fees for the Water and Sewer Funds and 2.5% for the Solid Waste Fund. In the current year it is 7% for the Water and Sewer Funds and 3% for the Solid Waste Fund. This increased Sewer Division expenses \$58,073 and Solid Waste expenses \$8,759. Sewer Division expenses also increased due to bond issuance costs and interest on a \$9.22 million bond issue, and due to expenses for a wastewater rate study and increased maintenance for the water pollution control plant sludge holding tank. Total Sewer Division expenses increased \$622,151 or 19.64%. Expenses in the Solid Waste Division increased \$130,480 or 7.13% due to consultant fees for a site master plan and costs to comply with a termination agreement.

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

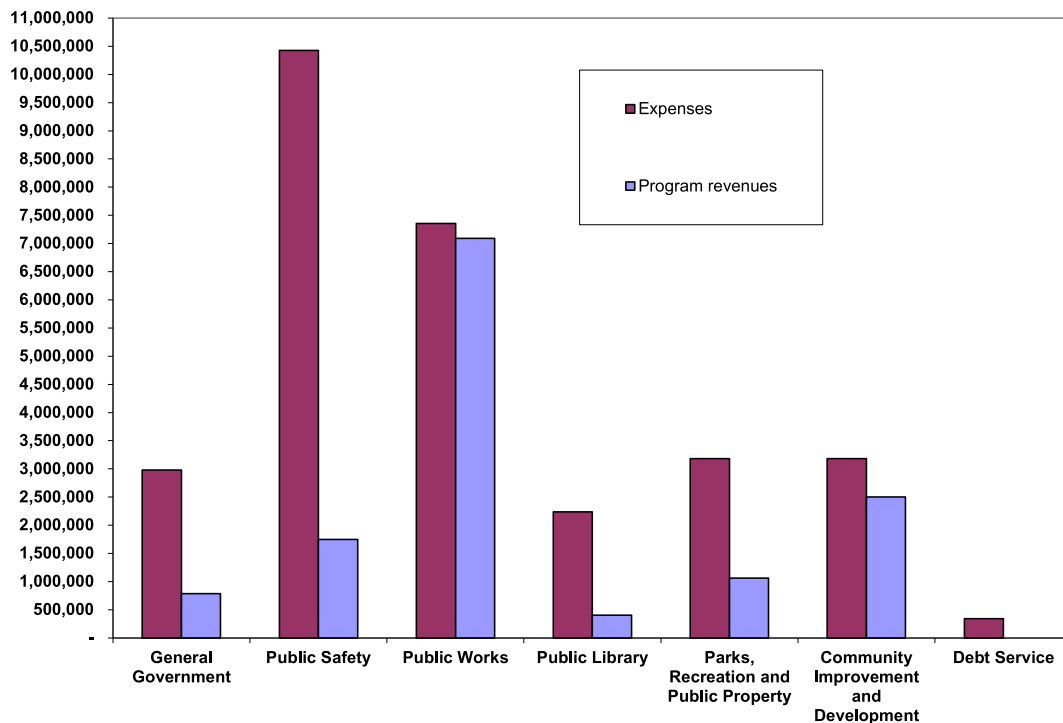
Governmental Activities

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 \$10,427,387 and total program revenues of only \$1,748,231 comprised of \$1,270,763 of charges for services, \$474,968 of operating grants and contributions, and \$2,500 of capital grants and contributions. The net cost of public safety was \$8,679,156 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:

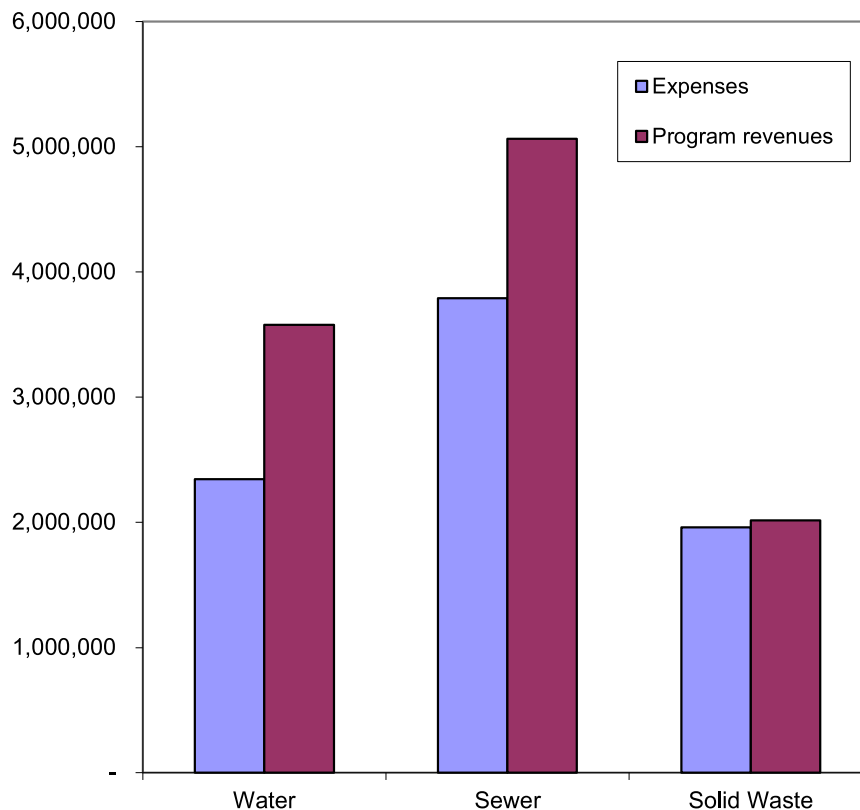
- General Government..... Fees, Nongovernmental Grants
- Public Safety..... Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants, Rent, Contributed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

Business-Type Activities

Business-Type Activities net position increased \$4,987,315 accounting for 52% 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 \$1,232,378. Water rates are set to fund the City's Water Master Plan which includes about \$20 million of improvements through 2020. The last water rate increase was effective October 1, 2016. The last sewer rate increase was effective September 1, 2017. Sewer rates increased to fund various sewer main extensions to expand the sewer system. The City has hired Black & Veatch to do a sewer master plan update and a wastewater rate study to determine future sewer rate increases needed to fund sewer projects identified in the master plan. In fiscal year 2018 Sewer Division revenues exceeded expenses by \$1,273,628. Solid Waste Division revenues exceeded expenses by \$55,693.

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 \$24,420,021. The combined Governmental Fund balance increased \$1,722,295 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$544,028 increasing fund balance from \$8,816,684 last year to \$9,360,712 this year. At the start of the fiscal year, sales tax came in significantly under budget. The City put a moratorium on out-of-state travel and conferences and lower priority capital outlay. Department and division heads were instructed to be extra frugal with spending. As the year progressed, sales tax revenue increased, along with construction related permits and keno revenue, due to all the construction activity occurring. The 1 ½ cent sales tax received during the current fiscal year ended up increasing 3.6% from the prior fiscal year. NPPD lease revenue increased \$124,531 or 2.76% and administration fees paid by the Enterprise Funds increased \$105,434.

The Capital Construction Fund had a decrease in fund balance of \$1,172,413. Construction has been completed on the library expansion and renovation. Sales tax that was accumulated for this project was spent, decreasing fund balance \$2,286,439. At the end of the fiscal year, there was \$232,125 of sales tax remaining to be used for the library. The decrease in fund balance was partially offset by an increase in fund balance from issuance of \$1.28 million flood control bonds issued to fund a detention cell by Victory Road and certification that the flood control levee meets Federal Emergency Management Agency standards. There was \$848,357 of bond proceeds remaining at the end of the current year.

The Debt Service Fund increased \$650,920 going from \$4,493,711 last year to \$5,144,631 this year. Approximately half of the increase is occupation taxes. Occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2011 to pay debt service on a bond issue to fund recreation facilities. The occupation tax receipts have been better than anticipated. The City is accumulating the occupation tax receipts until the bonds can be called. The other half of the increase in fund balance is property taxes to be used on future debt service.

The Special Assessment Fund had an increase in fund balance of \$1,034,293. During the year Sewer District 247 was assessed for approximately \$1.5 million. The City received Sewer District 247 assessments in the Debt Service Fund and transferred \$546,842 to the Special Assessment Fund to pay off a portion of the bond anticipation notes outstanding.

Various purpose bonds of \$1,435,000 were issued to pay off the remaining bond anticipation notes.

The only other major fund is the Community Development Block Grant Fund. This fund had a decrease in fund balance of \$269,838. The decrease is primarily due to expending program income on rehabilitation of Skyline apartments.

Governmental nonmajor funds increased \$935,306. The increase is primarily in the City Highway Allocation Fund, which increased \$914,733. Highway allocation funds are being accumulated to fund reconstruction of Benjamin Avenue in the next few years. Of the remaining nonmajor funds, five funds had an increase in fund balance and four funds had a decrease in fund balance. The increases ranged from \$3,550 to \$53,114 and the decreases ranged from \$1,978 to \$59,743.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$22.6 million of revenue and \$24.5 million of expenditures resulting in a budgeted decrease in fund balance of \$1.9 million. Actual fund balance increased \$897,764 because revenues exceeded budget by \$.8 million and expenditures were under budget by \$1.9 million. This combined with beginning fund balance exceeding budget by \$.6 million, resulted in an ending fund balance of about \$3.3 million more than budgeted.

The largest amount of revenues over budget was in intergovernmental revenue which exceeded budget by \$251,205. 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. Licenses and permits exceeded budget by \$175,449 due to an increase in construction related permits. As noted in the letter of transmittal, there are a number of construction projects currently in progress, most of which involve tax increment financing. This increase in construction activity has correlated to an increase in keno revenue, which exceeded budget by \$90,227. With more people in town on a daily basis, restaurants and keno have been busy. Taxes exceeded budget by \$81,551 primarily due to sales tax being more than budgeted. The City budgets conservatively and budgets sales tax for the last 12 months of actuals with no increase. On a cash basis there was a 3.6% increase in actual sales tax receipts from fiscal year 2017 to fiscal year 2018. Rental income exceeded budget by \$77,504 primarily due to an increase in lease revenue from NPPD. As noted in the letter of transmittal, NPPD is making a major effort to hold down rate increases so the increase in lease revenue is from an increase in usage. Most other revenue categories exceeded budget since the City normally budgets conservatively. Two revenue categories were under budget by a total of \$85,791 due to ambulance charges, administration fees, and contributions being under budget.

Expenditures in all categories, except transfers, were under budget resulting in \$1,958,223 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. This year when sales tax came in significantly under budget for the first three months of the fiscal year, the City put a moratorium on out-of-state travel and conferences. Capital outlays were prioritized and lower priority items were delayed or not purchased. The moratorium was lifted later in the year after sales tax came in at or above budget consistently.

No insurance proceeds were budgeted and actual insurance proceeds were \$24,676 due to various minor insurance claims. Transfers out were \$80,576 over budget due to an additional transfer of keno funds from the General Fund to the Capital Projects Fund.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, water and sewer systems, drainage systems and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of September 30, 2018, was \$98,652,388 (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			
	2018	2017	2018	2017	2018	2017
Land	\$ 71,413	\$ 677,396	\$ -	\$ -	\$ 71,413	\$ 677,396
Buildings and improvements	8,961,090	424,950	19,537	525,513	8,980,627	950,463
Water distribution and sewage system	-	-	7,264,243	2,050,089	7,264,243	2,050,089
Equipment, furniture and fixtures	689,780	758,824	220,144	677,429	909,924	1,436,253
Infrastructure	6,466,152	357,457	-	-	6,466,152	357,457
Construction in progress	6,709,277	9,463,084	3,732,358	2,639,705	10,441,635	12,102,789
Total Gross Additions	\$ 22,897,712	\$ 11,681,711	\$ 11,236,282	\$ 5,892,736	\$ 34,133,994	\$ 17,574,447

Gross additions to capital assets for Governmental Activities were \$22,897,712 compared to \$11,681,711 of additions in the prior year. In the current year approximately \$5 million was current year cost that was recorded in construction in progress before being reclassified to buildings and improvements, infrastructure, or furniture and equipment. The \$8.7 million library addition and renovation project has been completed and almost \$8 million of this has been recorded as capital assets. Almost \$2 million is streets in new subdivisions dedicated to the City by the developers. The Norfolk Avenue bridge project has been finished and recorded as a \$4 million capital asset. Other significant additions in the current year include: Embrace Park splash pad and soccer field, Riverfront trail, street sweeper, tractor, and seven self-contained breathing apparatus. Significant additions to construction in progress include: Johnson Park trail connector, Victory Road detention cell, and various paving districts.

Total gross additions to capital assets for Business-Type activities were \$11,236,282 compared to \$5,892,736 in the prior year. In the current year approximately \$1 million was current year cost that was recorded in construction in progress before being reclassified to water distribution and sewage system. The largest projects finished in the current year were the southwest sanitary sewer interceptor and extending sewer service south of the Elkhorn River. Other significant additions include: water and sewer extensions dedicated to the City by developers and a transfer station trailer. Significant additions to construction in progress include: south water main loop, northeast industrial water main, and extending sewer service to Fountain Point.

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

DEBT ADMINISTRATION

At year-end the City had \$25,265,701 of bonded debt outstanding, net of original issue discounts/premiums. This is an increase of \$4,054,325 from the prior year. During the year the City issued \$9,220,000 of combined utilities revenue and refunding bonds to refund two outstanding debt issues and fund sewer main extensions and improvements. The refunding reduces debt service payments by \$591,188 over the next fifteen years, and the City obtains an economic gain of \$456,154. The City issued \$1,435,000 of various purpose bonds to refund bond anticipation notes issued for a sewer district. The City also issued \$1,280,000 of flood control bonds to fund a detention cell by Victory Road and certification that the flood control levee meets Federal Emergency Management Agency standards.

Moody's rated the City's combined utilities revenue and refunding bond issue dated November 1, 2017 Aa3. The ratio of general bonded debt to assessed real property value for the City has increased from .29% in 2009 to .77% currently due to the \$16.4 million recreation bond issue in fiscal year 2010-2011. Total debt per capita was \$616.91 in 2009 compared to \$960.19 in 2017, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 5.83.

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

Sewer rates increased 6% and water rates increased 2% effective October 1, 2018. The City hired Black & Veatch to do a wastewater rate study to determine future sewer rate increases needed to fund forthcoming sewer expansions to promote economic development. The City also hired Black & Veatch to conduct wastewater collection

system master planning services. The wastewater rate study will be finalized in conjunction with the wastewater collection system master plan.

The City was awarded several grants during the year. One of the grants is a \$425,000 Community Development Block Grant from the Nebraska Department of Economic Development Tourism Development Funds for renovations to Miracle Skatepark. The renovations will use concrete instead of pre-fabricated, wooden ramps used in the current skatepark. It will be ADA accessible and have bathrooms, drinking fountains, and bleachers. The City was also awarded \$460,000 for the next phase of a Comprehensive Development Grant. This grant will be used for street, sidewalk, and infrastructure improvements along Braasch Avenue from 1st Street to 5th Street.

As part of Continental's \$9.3 million planned expansion of the rubber mixing operations at its industrial hose plant in Norfolk, the City was awarded a \$705,000 Community Development Block Grant to loan to Continental for the purpose of purchasing manufacturing production equipment. A Site and Building Development Fund Grant from the State of Nebraska was awarded for \$300,000 to be put towards construction of a two-story building, an additional dock area, and a gravel truck lot. The City has offered \$180,000 from its LB 840 economic development program to be used for the expansion.

The City's property tax levy rate for the 2018-2019 budget increased .003446 per \$100 of valuation to fund debt service on flood control bonds issued to fund certification that the flood control levee meets Federal Emergency Management Agency standards.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$9,257,812. The City has appropriated \$2,028,685 of this amount for spending in the 2018-2019 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, 2018

With Summarized Financial Information as of September 30, 2017

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2018	2017
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 28,714,737	\$ 12,207,342	\$ 40,922,079	\$ 36,915,885
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	458,941	1,490,351	1,949,292	1,731,317
Taxes	1,816,840	-	1,816,840	2,113,907
Accrued Interest	89,881	48,208	138,089	108,205
Special Assessments	1,062,785	27,078	1,089,863	253,518
Notes Receivable	1,014,214	-	1,014,214	1,043,945
TIF Bond Receivable	149,396	-	149,396	-
Due from Other Governmental Agencies	1,890,491	-	1,890,491	1,775,784
Inventories	44,494	218,042	262,536	256,370
Prepaid Assets	36,110	-	36,110	40,441
Restricted Assets:				
Cash and Cash Equivalents	-	920,025	920,025	1,888,656
Land	8,952,822	3,166,864	12,119,686	12,048,273
Construction in Progress	2,081,030	3,069,676	5,150,706	15,026,186
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	58,868,883	46,649,052	105,517,935	86,738,269
Total Assets	105,180,624	67,796,638	172,977,262	159,940,756
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	21,915	-	21,915	26,123
Deferred Outflow of Resources Related to Pensions	26,304	-	26,304	25,667
Total Deferred Outflows of Resources	48,219	-	48,219	51,790
LIABILITIES				
Accounts Payable	3,211,953	1,361,051	4,573,004	4,802,126
Unearned Revenue	527	-	527	2,449
Accrued Interest Payable	109,369	-	109,369	108,067
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	72,387	72,387	47,029
Revenue Bonds - Current	-	330,000	330,000	290,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	1,930,000	-	1,930,000	1,910,000
Various Purpose Bonds	305,000	-	305,000	245,000
Bond Anticipation Notes	-	-	-	2,250,000
Compensated Absences and Benefits	964,850	149,172	1,114,022	1,074,756
Due in more than one year:				
Good Faith Deposit - Revenue Bonds	-	-	-	93,600
Revenue Bonds Payable	-	8,960,187	8,960,187	5,410,000
General Obligation Bonds	11,950,514	-	11,950,514	12,696,376
Various Purpose Bonds	1,790,000	-	1,790,000	660,000
Bond Anticipation Notes	1,867,000	-	1,867,000	-
Compensated Absences and Benefits	1,031,316	181,787	1,213,103	1,227,332
Net Pension Liability	17,137	-	17,137	16,750
Total Liabilities	23,177,666	11,054,584	34,232,250	30,833,485
NET POSITION				
Net Investment in Capital Assets	55,056,983	43,595,405	98,652,388	91,767,475
Restricted for:				
Debt Service	2,879,341	847,638	3,726,979	3,717,051
Future Capital Assets	-	-	-	699,957
Road Projects	3,836,877	-	3,836,877	2,922,144
Community Programs & Services	4,026,973	-	4,026,973	6,186,742
Unrestricted	16,251,003	12,299,011	28,550,014	23,865,692
Total Net Position	\$ 82,051,177	\$ 56,742,054	\$ 138,793,231	\$ 129,159,061

CITY OF NORFOLK, NEBRASKA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018
With Summarized Financial Information for the Year Ended September 30, 2017

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
			Grants and Contributions	Grants and Contributions				
Primary Government:								
Governmental Activities:								
General Government	\$ 2,977,504	\$ 774,415	\$ 9,940	\$ -	\$ (2,193,149)	\$ (2,193,149)	\$ (2,635,942)	
Public Safety	10,427,387	1,270,763	474,968	2,500	(8,679,156)	(8,679,156)	(8,388,386)	
Public Works	7,353,230	127,618	3,214,019	3,749,621	(261,972)	(261,972)	(1,440,150)	
Public Library	2,233,538	21,943	6,767	375,000	(1,829,828)	(1,829,828)	(1,440,003)	
Parks, Recreation and Public Property	3,180,516	463,339	13,533	582,564	(2,121,080)	(2,121,080)	(1,891,661)	
Community Improvement and Development	3,182,386	113,810	2,384,692	-	(683,884)	(683,884)	(346,167)	
Debt Service	344,297	-	-	-	(344,297)	(344,297)	(323,382)	
Total Governmental Activities	29,698,858	2,771,888	6,103,919	4,709,685	(16,113,366)	(16,113,366)	(16,465,691)	
Business-Type Activities:								
Water Division	2,345,132	2,879,311	-	698,199		1,232,378	1,232,378	765,313
Sewer Division	3,790,662	4,469,366	-	594,924		1,273,628	1,273,628	1,184,684
Solid Waste Division	1,960,849	2,016,542	-	-		55,693	55,693	164,108
Total Business-Type Activities:	8,096,643	9,365,219	-	1,293,123		2,561,699	2,561,699	2,114,105
Total Primary Government	\$37,795,501	\$12,137,107	\$ 6,103,919	\$ 6,002,808	(16,113,366)	2,561,699	(13,551,667)	(14,351,586)
General Revenues:								
Property Taxes					4,002,734	-	4,002,734	3,765,320
Sales Taxes					9,796,242	-	9,796,242	10,677,614
Other Taxes					210,413	-	210,413	209,221
Occupation and Franchise Taxes					2,827,862	-	2,827,862	2,705,164
Interest					317,718	170,004	487,722	274,039
General Intergovernmental Revenues Unrestricted					409,242	-	409,242	398,194
Unrestricted Keno Revenue					642,534	-	642,534	584,717
General Revenue from Electrical Distribution System Lease					4,630,450	-	4,630,450	4,505,919
Revenue from Sale of Uncapitalized Property					35,000	-	35,000	56,219
Miscellaneous					120,658	22,980	143,638	114,204
Interfund Transfers					(2,232,632)	2,232,632	-	-
Total General Revenues and Transfers					20,760,221	2,425,616	23,185,837	23,290,611
Change in Net Position					4,646,855	4,987,315	9,634,170	8,939,025
Net Position - Beginning					77,404,322	51,754,739	129,159,061	120,220,036
Net Position - Ending					\$ 82,051,177	\$ 56,742,054	\$ 138,793,231	\$ 129,159,061

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
BALANCE SHEET
Governmental Funds
September 30, 2018

	General	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Equity in Pooled Investment Account	\$ 6,089,865	\$ 606,233	\$ 4,882,785	\$ 1,594,378	\$ 4,732,271	\$ 6,097,924	\$ 24,003,456
Cash at County Treasurer	377,941	-	66,239	-	-	62,431	506,611
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	205,004	-	-	-	411	1,500	206,915
Taxes	1,571,912	-	191,817	-	-	53,111	1,816,840
Accrued Interest	19,094	1,617	15,625	1,134	16,849	18,192	72,511
Special Assessments	27,999	-	1,034,786	-	-	-	1,062,785
Notes Receivable	-	995,678	-	-	-	18,536	1,014,214
TIF Bond Receivable	-	-	149,396	-	-	-	149,396
Due from Other Governmental Agencies	1,487,738	80,288	-	-	51,974	290,491	1,890,491
Inventories	18,410	-	-	-	-	-	18,410
Prepaid Assets	20,058	-	-	-	-	16,052	36,110
Total Assets	9,798,021	1,683,816	6,340,648	1,595,512	4,801,505	6,558,237	30,777,739
Liabilities							
Accounts Payable	366,414	63,002	3,600	592,746	634,448	543,629	2,203,839
Unearned Revenue	527	-	-	-	-	-	527
Bond Anticipation Notes	-	-	-	1,867,000	-	-	1,867,000
Total Liabilities	366,941	63,002	3,600	2,459,746	634,448	543,629	4,071,366
Deferred Inflows of Resources							
Unavailable Revenue-Property Taxes	42,369	-	8,235	-	-	9,616	60,220
Unavailable Revenue-Loan Repayments	-	995,415	-	-	-	18,536	1,013,951
Unavailable Revenue-Special Assessments	27,999	-	1,034,786	-	-	-	1,062,785
Unavailable Revenue-TIF Bond	-	-	149,396	-	-	-	149,396
Total Deferred Inflows of Resources	70,368	995,415	1,192,417	-	-	28,152	2,286,352
Fund Balances (Deficits)							
Non Spendable	38,468	-	-	-	-	16,052	54,520
Restricted	35,948	625,399	2,988,711	-	1,232,099	5,970,404	10,852,561
Committed	-	-	2,155,920	-	-	-	2,155,920
Assigned	28,484	-	-	-	2,934,958	-	2,963,442
Unassigned	9,257,812	-	-	(864,234)	-	-	8,393,578
Total Fund Balances (Deficits)	9,360,712	625,399	5,144,631	(864,234)	4,167,057	5,986,456	24,420,021
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 9,798,021	\$ 1,683,816	\$ 6,340,648	\$ 1,595,512	\$ 4,801,505	\$ 6,558,237	\$ 30,777,739

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, 2018

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

Total Fund Balance - Governmental Funds (page 34)	\$ 24,420,021
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	69,902,735
Internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net position.	3,465,952
Unavailable revenues that provide current financial resources for governmental activities	2,286,352
Donated land held for resale is not reported in the funds since a sales contract has not been established	26,084
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(109,369)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	48,219
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(17,988,817)</u>
Total Net Position - Governmental Activities (page 32)	<u><u>\$ 82,051,177</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, 2018

	General	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Revenue:							
Taxes	\$ 12,833,418	\$ -	\$ 497,094	\$ -	\$ -	\$ 458,841	\$ 13,789,353
Special Assessments	236	-	655,667	-	-	-	655,903
Licenses and Permits	444,192	-	-	-	-	-	444,192
Intergovernmental Revenue	655,706	1,607,361	46,628	-	743,273	3,656,241	6,709,209
Nongovernmental Grants	9,940	-	-	-	75,000	50,000	134,940
Charges for Services	2,144,854	-	-	-	-	-	2,144,854
Keno Revenue	642,534	-	-	-	-	-	642,534
Occupation and Franchise Taxes	691,005	-	1,927,853	-	-	209,004	2,827,862
Contributions	552	-	-	-	136,717	-	137,269
Payments in Lieu of Taxes	155,980	-	29,482	-	-	22,222	207,684
Parking Fees and Rentals	4,651,138	-	-	-	-	26,679	4,677,817
Loan Repayments	-	26,102	-	-	-	5,326	31,428
Interest	64,208	6,460	69,881	6,934	47,554	64,214	259,251
Miscellaneous	159,943	1	-	-	-	19,781	179,725
Total Revenue	22,453,706	1,639,924	3,226,605	6,934	1,002,544	4,512,308	32,842,021
Current Expenditures:							
Public Safety	9,744,320	-	-	-	88,079	334,737	10,167,136
Public Works	3,190,564	122,994	-	753,429	513,673	2,053,238	6,633,898
Public Library	1,458,246	-	-	-	4,496,229	-	5,954,475
Parks, Recreation and Public Property	2,051,368	8,244	39,890	172,547	1,209,804	-	3,481,853
Community Improvement and Development	485,376	1,778,525	-	-	-	1,070,875	3,334,776
General Government	2,443,110	-	-	-	-	-	2,443,110
Debt Service:							
Debt Service	-	-	2,114,272	28,489	-	401,393	2,544,154
Total Expenditures	19,372,984	1,909,763	2,154,162	954,465	6,307,785	3,860,243	34,559,402
Excess (Deficiency) of Revenues Over Expenditures	3,080,722	(269,839)	1,072,443	(947,531)	(5,305,241)	652,065	(1,717,381)
Other Financing Sources (Uses):							
Issuance of Debt	-	-	-	1,435,000	1,280,000	700,000	3,415,000
Insurance Proceeds	24,676	-	-	-	-	-	24,676
Transfers In	615,000	-	125,301	546,824	2,852,828	198,241	4,338,194
Transfers Out	(3,176,370)	-	(546,824)	-	-	(615,000)	(4,338,194)
Total Other Financing Sources (Uses)	(2,536,694)	-	(421,523)	1,981,824	4,132,828	283,241	3,439,676
Net Change in Fund Balance	544,028	(269,839)	650,920	1,034,293	(1,172,413)	935,306	1,722,295
Fund Balances Beginning of Year	8,816,684	895,238	4,493,711	(1,898,527)	5,339,470	5,051,150	22,697,726
Fund Balances End of Year	\$ 9,360,712	\$ 625,399	\$ 5,144,631	\$ (864,234)	\$ 4,167,057	\$ 5,986,456	\$ 24,420,021

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, 2018

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

Net change in fund balances - total governmental funds (page 36)	\$ 1,722,295
<p>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:</p>	
Expenditures for capital assets	\$ 6,352,292
Depreciation expense	<u>(3,533,200)</u> 2,819,092
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.	(2,235,036)
Revenues reported in the funds that are not available to provide current financial resources	1,180,632
Capital contributions reported in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	2,000,507
Accrued interest expense that does not require current financial resources	(1,302)
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:	(30,830)
Pension expenses reported in the Statement of Activities do not require the use of current financial resources.	250
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.	(340,407)
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:	(2,715,000)
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	91,654
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:	<u>2,155,000</u>
Change in net position of governmental activities (page 33)	<u>\$ 4,646,855</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2018

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 12,207,342	\$ 4,204,670
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,490,351	252,026
Accrued Interest	48,208	17,370
Special Assessments	27,078	-
Restricted Cash		
Cash and Cash Equivalents	402,387	-
Inventories	218,042	-
Total Current Assets	14,393,408	4,474,066
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	517,638	-
Capital Assets:		
Land	3,166,864	-
Construction in Progress	3,069,676	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	46,649,052	-
Total Noncurrent Assets	53,403,230	-
Total Assets	67,796,638	4,474,066
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,361,051	1,008,114
Accrued Wages and Compensated Absences	149,172	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	72,387	-
Revenue Bonds - Current	330,000	-
Total Current Liabilities	1,912,610	1,008,114
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	8,960,187	-
Compensated Absences and Benefits, Long-Term	181,787	-
Total Noncurrent Liabilities	9,141,974	-
Total Liabilities	11,054,584	1,008,114
NET POSITION		
Net Investment in Capital Assets	43,595,405	-
Restricted for:		
Debt Covenants	847,638	-
Unrestricted	12,299,011	3,465,952
Total Net Position	\$ 56,742,054	\$ 3,465,952

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, 2018

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
Operating Revenues:		
Charges for Services	\$ 9,299,043	\$ 3,205,431
Rental Income	66,176	-
Miscellaneous Income	22,980	-
Total Operating Revenue	<u>9,388,199</u>	<u>3,205,431</u>
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,309,886	-
Purchased Services	839,605	-
General and Administration	1,314,148	3,604,307
Repairs and Maintenance	1,427,281	-
Utilities	678,253	-
Depreciation and Amortization	1,297,200	-
Total Operating Expenses	<u>7,866,373</u>	<u>3,604,307</u>
Operating Income	<u>1,521,826</u>	<u>(398,876)</u>
Non-Operating Income (Expense):		
Interest Income	170,004	58,469
Gain (Loss) on Disposal of Capital Assets	(12,278)	-
Interest Expense	(222,689)	-
Total Non-Operating Income (Expenses)	<u>(64,963)</u>	<u>58,469</u>
Income before Contributions	1,456,863	(340,407)
Capital Contributions	<u>3,530,452</u>	<u>-</u>
Change in Net Position	4,987,315	(340,407)
Net Position - Beginning	<u>51,754,739</u>	<u>3,806,359</u>
Net Position - Ending	<u>\$ 56,742,054</u>	<u>\$ 3,465,952</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2018

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 9,434,533	\$ 3,205,431
Cash Paid to Suppliers for Goods and Services	(4,273,595)	(3,782,575)
Cash Paid to Employees for Services	(2,315,679)	-
Net Cash Provided by Operating Activities	<u>2,845,259</u>	<u>(577,144)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(3,437,347)	-
Capital Grants and Contributions	13,054	-
Proceeds from Sales of Capital Assets	7,395	-
Proceeds of Bond Sales	9,223,016	-
Principal Paid on Notes and Bonds	(5,700,000)	-
Interest Paid on Notes and Bonds	(223,760)	-
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(117,642)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>151,295</u>	<u>54,409</u>
Net Cash Provided for Investing Activities	<u>151,295</u>	<u>54,409</u>
Net Increase in Cash and Cash Equivalents	2,878,912	(522,735)
Cash and Cash Equivalents at Beginning of Year	<u>10,248,455</u>	<u>4,727,405</u>
Cash and Cash Equivalents at End of Year	<u>\$ 13,127,367</u>	<u>\$ 4,204,670</u>

(Continued)

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2018

	<u>Business Type Activities Combined Utilities</u>	<u>Governmental Activities Internal Service</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,521,826	\$ (398,876)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,297,200	-
(Increase) Decrease in Assets:		
Accounts Receivable	46,334	(252,026)
Increase (Decrease) in Liabilities:		
Accounts Payable	(14,308)	73,758
Accrued Compensated Absences	(5,793)	-
Total Adjustments	<u>1,323,433</u>	<u>(178,268)</u>
Net Cash Provided by Operating Activities	<u>2,845,259</u>	<u>(577,144)</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>1,255,221</u>	<u>-</u>
Accounts Payable Exchanged for Capital Assets	<u>877,819</u>	<u>-</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	12,207,342	4,204,670
Restricted Cash - Current	402,387	-
Restricted Cash - Noncurrent	517,638	-
	<u>\$ 13,127,367</u>	<u>\$ 4,204,670</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2018

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 572,584
Cash at County Treasurer	-	2,075
Guaranteed Insurance Contracts Managed by Trustee	13,998,868	-
Open Ended Mutual Funds Managed by Trustee	33,237,804	-
Total Current Assets	<u>47,236,672</u>	<u>574,659</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	574,659
Total Current Liabilities	<u>-</u>	<u>574,659</u>
NET POSITION		
Restricted for Pensions	<u>\$ 47,236,672</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2018

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 966,020
Employee	1,115,120
	<hr/>
Total Contributions	2,081,140
	<hr/>
Investment Income:	
Interest, Dividends and Market Gain	3,471,963
	<hr/>
Total Additions	5,553,103
	<hr/>
DEDUCTIONS	
Pension Benefits	1,522,483
Contribution Refunds	3,369,988
Administrative Costs	5,565
	<hr/>
Total Deductions	4,898,036
	<hr/>
Net Increase	655,067
	<hr/>
Net Position -- Beginning of Period	46,581,605
	<hr/>
Net Position -- End of Period	<u><u>\$ 47,236,672</u></u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Blended Component Units

Community Development Agency (CDA)

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

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

City of Norfolk Facilities Corporation (NFC)

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

Joint Venture – Northeast Nebraska Solid Waste Coalition (NNSWC)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Entities

Norfolk Housing Agency

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

Norfolk Airport Authority

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

B. Basic Financial Statements-Government-Wide Statements

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

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

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

The City does not allocate indirect costs.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

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

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

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

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

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

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

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

E. Budgets

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

F. Assets, Liabilities and Fund Equity

1. Pooled Investment Account – The City maintains a commingled pool of cash and investments for all funds, except the Community Development Agency. This pool is under the management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the principal balance of this pooled investment account, which is recorded at cost. Interest income received is allocated to each fund based on its proportionate interest in the pool.
2. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2018, 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Prepaid Items – 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.
8. Restricted Assets - Proceeds from debt and funds set aside for payment of enterprise fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.
9. Property and Equipment – Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

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

10. Accrued Compensated Absences - These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary fund types are accrued as liabilities on the government-wide statement for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental fund types because they do not represent amounts that are expected to be liquidated with expendable available financial resources. Other long term obligations are recognized as fund liability when amounts are due and payable rather than when amounts are expected to be liquidated with expendable available financial resources. A liability is recognized for that portion of accumulating sickleave benefits in which the employee becomes vested after twenty years of service. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2018. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 75 *Accounting and Financial Reporting for: Postemployment Benefits Other Than Pensions*. This Statement improves accounting and financial reporting for postemployment benefits other than pensions. The City adopted GASB Statement No. 81 *Irrevocable Split Interest Agreements*. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City adopted GASB Statement No. 85 *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during the implementation and the application of certain GASB Statements, such as blending component units, goodwill, fair value measurement and application, and post employment

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

benefits. The City adopted GASB Statement No. 86 *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the purpose of extinguishing debt. The adoption of these standards did not have a significant impact on the financial statements.

New Accounting Pronouncements Not Yet Adopted

In November 2016, GASB issued Statement No. 83 *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. In April 2018, GASB issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements and it clarifies which liabilities should be included when disclosing information related to debt. These Statements are effective for the City's year ending September 30, 2019.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2018, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 9,802,778
Money Market Account (at cost)	4,626,794
Certificates of Deposit (Cost = Fair Value)	12,500,000
United States Treasury (Cost, which approximates Fair Value)	14,912,532
	<u>\$ 41,842,104</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. A separate bank account is used to track program income in the Community Development Block Grant Fund. Statutes authorize the City to invest City funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2018 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, 2018

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

At September 30, 2018, the City had the following US Treasury Obligations:

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Cost</u>
US Treasury Note	12/15/2018	\$ 2,497,709
US Treasury Note	1/31/2019	\$ 2,497,148
US Treasury Note	3/31/2019	\$ 2,488,168
US Treasury Note	7/31/2019	\$ 2,483,504
US Treasury Note	8/31/2019	\$ 2,466,701
US Treasury Note	9/30/2019	\$ 2,479,302

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, 2018, \$13,998,868 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, 2018, amounted to \$33,237,804.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2018:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Revenue bond account	\$ 313,525
Operation and maintenance account	606,500
	<u>\$ 920,025</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, 2018, are net of allowance for uncollectable. The allowance for uncollectable in the General Fund was \$329,000 at September 30, 2018.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2018, there were no short-term interfund borrowings.

As of September 30, 2018, there were no long-term advances.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2017	Additions	Deletions	Reclass	Balance September 30, 2018
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 8,881,409	\$ 71,413	\$ -	\$ -	\$ 8,952,822
Construction in Progress	11,917,174	6,709,277	16,545,421	-	2,081,030
Total capital assets not being depreciated	<u>20,798,583</u>	<u>6,780,690</u>	<u>16,545,421</u>		<u>11,033,852</u>
Capital assets being depreciated:					
Buildings and improvements	23,159,934	8,961,090	-	-	32,121,024
Equipment, furniture and fixtures	12,947,013	689,780	467,365	18,182	13,187,610
Infrastructure	52,056,334	6,466,152	-	-	58,522,486
Total capital assets being depreciated	<u>88,163,281</u>	<u>16,117,022</u>	<u>467,365</u>	<u>18,182</u>	<u>103,831,120</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	8,282,510	888,266	-	-	9,170,776
Equipment, furniture and fixtures	8,172,822	787,582	464,961	13,485	8,508,928
Infrastructure	25,425,181	1,857,352	-	-	27,282,533
Total accumulated depreciation	<u>41,880,513</u>	<u>3,533,200</u>	<u>464,961</u>	<u>13,485</u>	<u>44,962,237</u>
Total capital assets being depreciated, net	<u>46,282,768</u>	<u>12,583,822</u>	<u>2,404</u>	<u>4,697</u>	<u>58,868,883</u>
Governmental activities capital assets, net	<u>\$ 67,081,351</u>	<u>\$ 19,364,512</u>	<u>\$ 16,547,825</u>	<u>\$ 4,697</u>	<u>\$ 69,902,735</u>

Construction in progress at September 30, 2018 for the governmental activities consisted of costs associated with Street Improvements, Trail Projects, Radio Replacement, Paving and Sidewalk Districts, and Victory Road Detention Cell.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2017	Additions	Deletions	Reclass	Balance September 30, 2018
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 3,166,864	\$ -	\$ -	\$ -	\$ 3,166,864
Construction in Progress	3,109,012	3,732,358	3,771,694	-	3,069,676
Total capital assets not being depreciated	<u>6,275,876</u>	<u>3,732,358</u>	<u>3,771,694</u>	<u>-</u>	<u>6,236,540</u>
Capital assets being depreciated:					
Buildings and improvements	26,615,180	19,537	270,667	-	26,364,050
Equipment, furniture and fixtures	33,835,868	220,144	130,740	(18,182)	33,907,090
Infrastructure	8,731,546	7,264,243	-	-	15,995,789
Total capital assets being depreciated	<u>69,182,594</u>	<u>7,503,924</u>	<u>401,407</u>	<u>(18,182)</u>	<u>76,266,929</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	19,564,688	509,482	269,025	-	19,805,145
Equipment, furniture and fixtures	6,138,092	351,910	123,906	(13,485)	6,352,611
Infrastructure	3,024,313	435,808	-	-	3,460,121
Total accumulated depreciation	<u>28,727,093</u>	<u>1,297,200</u>	<u>392,931</u>	<u>(13,485)</u>	<u>29,617,877</u>
Total capital assets being depreciated, net	<u>40,455,501</u>	<u>6,206,724</u>	<u>8,476</u>	<u>(4,697)</u>	<u>46,649,052</u>
Business-type activities capital assets, net	<u>\$ 46,731,377</u>	<u>\$ 9,939,082</u>	<u>\$ 3,780,170</u>	<u>\$ (4,697)</u>	<u>\$ 52,885,592</u>

Construction in progress at September 30, 2018 consisted of costs associated with the Communication Tower, South Water Main Loop, Northeast Industrial Water and Sewer Extensions, Hwy 275 Lift Station upgrade, Fountain Point Sewer Extension and Raasch Reservoir Interceptor Sewer.

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

Governmental Activities:	
General Government	\$ 137,325
Public Safety	550,317
Public Works	1,764,132
Parks, Recreation and Public Property	930,607
Public Library	147,332
Community Improvement and Development	3,487
Total depreciation expense - governmental activities	<u>\$ 3,533,200</u>
Business-Type Activities:	
Solid Waste Management	\$ 118,113
Water	594,551
Sewer	584,536
Total depreciation expense - business-type activities	<u>\$ 1,297,200</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,952,822	\$ 3,166,864
Construction in Progress	2,081,030	3,069,676
Capital Assets (Net of Accumulated Depreciation)	58,868,883	46,649,052
Deferred Refunding on Early Retirement of Debt	21,915	-
Unspent Bond Proceeds for Capital Assets	1,919,847	-
Less: General Obligation Bonds Payable	12,825,514	-
Various Purpose Bonds Payable	2,095,000	-
Bond Anticipation Notes	1,867,000	-
Revenue Bonds Payable	-	9,290,187
	\$ 55,056,983	\$ 43,595,405

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bonds payable and other long-term obligations for the period ended September 30, 2018 were as follows:

	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) .99% to 3.80%, Various maturities through 2038	\$ 14,350,000	\$ 1,280,000	\$ 1,910,000	\$ 13,720,000	\$ 1,930,000
Bond Issuance Premium/Discount	256,376	-	95,862	160,514	-
Total General Obligation Bonds	14,606,376	1,280,000	2,005,862	13,880,514	1,930,000
Special assessment bonds, with City commitment, .99% to 3.50%, various maturities through 2038	905,000	1,435,000	245,000	2,095,000	305,000
Bond Anticipation Notes 2.05% to 2.47%, various maturities through 2021	2,250,000	3,787,000	4,170,000	1,867,000	-
Accrued compensated absences	1,965,336	960,459	929,629	1,996,166	964,850
Total Governmental Activities	\$ 19,726,712	\$ 7,462,459	\$ 7,350,491	\$ 19,838,680	\$ 3,199,850

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

Business Type Activities:	Balance October 1, 2017	Additions	Retirements	Balance September 30, 2018	Due Within One Year
Revenue Bonds, 2.00% to 3.20%, various maturities through 2037	\$ 5,700,000	\$ 9,220,000	\$ 5,700,000	\$ 9,220,000	\$ 330,000
Bond Issuance Premium/Discount	-	96,616	26,429	70,187	-
Total Revenue Bonds	\$ 5,700,000	\$ 9,316,616	\$ 5,726,429	\$ 9,290,187	\$ 330,000
Accrued compensated absences	336,752	139,334	145,127	330,959	149,172
Total Business Type Activities	\$ 6,036,752	\$ 9,455,950	\$ 5,871,556	\$ 9,621,146	\$ 479,172
Grand Total	\$ 25,763,464	\$ 16,918,409	\$ 13,222,047	\$ 29,459,826	\$ 3,679,022

Annual debt service requirements as of September 30, 2018 for general obligation and enterprise fund debt, is as follows:

Fiscal Year Ending	Governmental Activities				Business Type Activities	
	General		Various		Enterprise	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	1,930,000	335,462	305,000	48,181	330,000	242,652
2020	1,945,000	281,798	140,000	47,964	370,000	232,152
2021	1,960,000	225,471	145,000	45,593	380,000	220,902
2022	1,705,000	172,291	150,000	42,856	395,000	209,277
2023	1,715,000	137,372	95,000	39,822	405,000	199,302
2024	1,775,000	101,798	100,000	37,885	415,000	191,103
2025	300,000	79,863	105,000	35,769	420,000	182,753
2026	315,000	72,185	105,000	33,376	430,000	174,253
2027	320,000	63,746	65,000	30,858	440,000	165,443
2028	325,000	54,687	70,000	29,070	450,000	155,983
2029	345,000	45,000	70,000	27,075	455,000	145,686
2030	325,000	34,885	75,000	24,975	470,000	134,465
2031	225,000	26,457	75,000	22,688	480,000	122,290
2032	70,000	19,260	75,000	20,363	495,000	108,565
2033	70,000	16,880	80,000	18,000	505,000	93,565
2034	75,000	14,430	80,000	15,400	525,000	78,115
2035	75,000	11,768	85,000	12,600	540,000	62,140
2036	80,000	9,068	90,000	9,625	555,000	45,438
2037	80,000	6,148	90,000	6,475	570,000	27,858
2038	85,000	3,188	95,000	3,325	590,000	9,440
	\$ 13,720,000	\$ 1,711,757	\$ 2,095,000	\$ 551,900	\$ 9,220,000	\$ 2,801,382

Bond Anticipation notes interest payment in 2019 will be \$42,463.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

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 \$9.22 million in Sewer bonds issued in November 2017. On November 1, 2017 the City of Norfolk called the Series 2011B and Series 2012B Bonds and issued \$9,220,000 of refunding bonds. The City used cash on hand in the Water Fund to pay \$294,750 of principal, during the refunding. The new bonds have a maturity of December 15, 2037 and interest rates ranging from 2.00% to 3.20%, whereas the Series 2011B and Series 2012B Bonds had a maturity of December 15, 2031 and December 2032 and interest rates ranging from 1.05% to 4.05%. This reduces debt service payments by \$591,188 over the next fifteen years, and the City obtains an economic gain of \$456,154. The bonds are paid solely from utility revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require less than 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$12,021,382. Principal and interest for the current year was \$5,923,760 which included \$3,965,000 of principal paid during the refunding. Total customer net revenues for the current year were \$2,984,030.

On November 2, 2010 the voters of City of Norfolk approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. To pay debt service on the bonds, the Council passed an ordinance to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011. On January 12, 2016 the City called the above bonds, and paid off the bonds with the longest maturity with \$2 million of accumulated occupation tax revenues and issued \$9,420,000 of refunding bonds. The total principal and interest remaining to be paid on the bonds is \$8,753,850. Principal and interest paid for the current year and total occupation tax revenues were \$1,560,988 and \$1,927,853 respectively.

The City of Norfolk Facilities Corporation (NFC) issued \$1,900,000 of building bonds on September 30, 2011 to purchase a building to be used as the City administration office. The City has entered into a Lease Purchase Agreement with the NFC. The terms of the agreement require the City to make lease payments to the NFC in an amount equal to debt service on the bonds until September 15, 2031, the date of final maturity of the bonds. Upon final payment of all lease-purchase obligations the building will be conveyed to the City. On January 10, 2017 the City of Norfolk called the above bonds and issued \$1,520,000 of refunding bonds. Principal and interest paid for the current year is \$125,301.

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 \$1,130,885. Principal and interest for the current year and property tax and related revenue were \$380,495 and \$426,652 respectively.

On May 17, 2018 the City issued \$867,000 special assessment bond anticipation note with a maturity of June 1, 2021 and an interest rate of 2.47%. This bond anticipation note was to pay for improvements for Paving Districts 510 & 511 and Sidewalk District 2017-1. On September 20, 2018 the City issued \$1,000,000 special assessment bond anticipation note with a maturity of September 15, 2021 and an interest rate of 2.05%. This bond anticipation note was to pay for improvements for Paving Districts 514 & 516, Water Districts 120, Sewer District 249 and Sidewalk 2018-1.

On November 7, 2017 the City issued \$1,920,000 special assessment bond anticipation note with a maturity of November 1, 2018 and an interest rate of 1.68% to pay the Series 2015 special assessment bond anticipation note that matured in November 2017. On May 23, 2018 the City issued \$1,435,000 various purpose bonds to pay off the \$1,920,000 special assessment bond anticipation note and provide permanent financing for

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

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

Sewer District 247. The interest rates on the bond range from 1.85% to 3.50% with a final maturity date of April 15, 2038.

The City issued \$1,280,000 flood control bonds on September 20, 2018 to fund a detention cell by Victory Road and certification that the flood control levee meets Federal Emergency Management Agency Standards. The interest rates on the bonds range from 1.75% to 3.70% with a final maturity date of September 15, 2038.

NOTE 7 - TRANSFERS

The following is a summary of transfers between funds:

	Transfers out:			
	Governmental Funds			
	General	Debt Service	Nonmajor Governmental	Total
Transfers in:				
General	\$ -	\$ -	\$ 615,000	\$ 615,000
Debt Service	125,301	-	-	125,301
Capital Construction	2,852,828	-	-	2,852,828
Special Assessment	-	546,824	-	546,824
Nonmajor Governmental	198,241	-	-	198,241
Total	\$ 3,176,370	\$ 546,824	\$ 615,000	\$ 4,338,194

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, 2018

NOTE 8 – NET POSITION/FUND BALANCES

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

	General	Community Development Block Grant	Debt Service	Capital Construction	Special Assessments	Other Governmental Funds	Total
Nonspendable:							
Fuel Inventory	\$ 18,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,410
Prepaid Items	20,058	-	-	-	-	16,052	36,110
Restricted For:							
Road Projects	-	-	-	-	-	3,836,877	3,836,877
Flood Control Projects	-	-	-	848,358	-	-	848,358
Storm Water	-	-	-	-	-	39,100	39,100
Vehicle Parking	-	-	-	-	-	88,406	88,406
Hazardous Materials	29,970	-	-	-	-	-	29,970
W W II Memorial	5,978	-	-	-	-	-	5,978
Library Renovations	-	-	-	232,125	-	-	232,125
Grant Programs	-	625,399	-	-	-	206,910	832,309
911 Operations	-	-	-	-	-	398,884	398,884
Recreation Projects	-	-	-	101,996	-	-	101,996
Drug Enforcement	-	-	-	-	-	203,083	203,083
Community Betterment	-	-	-	49,620	-	1,197,144	1,246,764
Debt Service	-	-	2,988,711	-	-	-	2,988,711
Committed For:							
2010 & 2016 Bond	-	-	2,155,920	-	-	-	2,155,920
Debt Service	-	-	2,155,920	-	-	-	2,155,920
Assigned to:							
Capital Improvements	-	-	-	893,582	-	-	893,582
Public Safety	28,484	-	-	-	-	-	28,484
Community Betterment	-	-	-	1,763,288	-	-	1,763,288
Council Priority Projects	-	-	-	278,088	-	-	278,088
Unassigned:	9,257,812	-	-	-	(864,234)	-	8,393,578
Total	\$9,360,712	\$ 625,399	\$5,144,631	\$ 4,167,057	\$ (864,234)	\$ 5,986,456	\$ 24,420,021

NOTE 9 - EMPLOYEE PENSION PLANS

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

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

The Firemen's Retirement System has minimum benefit guarantees for participants employed prior to January 1, 1984. With only 6 members employed prior to January 1, 1984, all of which are inactive, 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 \$814,439, and the City recognized pension expense of \$517,654.

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 \$169,747, and the City recognized pension expense of \$169,746.

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 \$127,182, and the City recognized pension expense of \$271,115.

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

	<u>Civilian</u>	<u>Police</u>	<u>Fire</u>
Vested inactive plan members	44	21	2
Active plan members:			
Non-vested	19	6	6
Partially vested	27	5	7
Fully vested	<u>92</u>	<u>21</u>	<u>22</u>
Total membership	<u>182</u>	<u>53</u>	<u>37</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan

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

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

Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	<u>1</u>
Total participants	<u><u>6</u></u>

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

Net pension liability was measured as of September 30, 2018, 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 in the current year, since there is no future working careers of covered participants remaining. The City annually contributes actuarially determined amounts in addition to any matching contributions. Significant actuarial assumptions include a 6% return on plan assets. 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, 2018

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, 2018 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	66%	2.75%
Domestic equity	24%	10.49%
Fixed income	1%	6.68%
Real estate	4%	6.06%
Balance funds	5%	4.46%

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 City makes any actuarial required contributions. Based on this assumption, the Firemen's Retirement System net position was projected to be available to make all projected future benefit payments of 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.56%. 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 10/1/17	\$ 2,542,644	\$ 2,525,894	\$ 16,750
Changes for the year:			
Service cost	30,967	-	30,967
Interest	159,925	-	159,925
Differences between expected and actual experience	(14,448)	-	(14,448)
Contributions-employer	-	24,254	(24,254)
Contributions-employee	-	3,752	(3,752)
Net investment income	-	148,374	(148,374)
Benefit payments, including refunds of employee contributions	(1,162,802)	(1,162,802)	-
Administrative expense	-	(323)	323
Net changes	(986,358)	(986,745)	387
Balances at 9/30/18	\$ 1,556,286	\$ 1,539,149	\$ 17,137

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

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)	\$54,326	\$17,137	(\$15,566)

For the current year, the City recognized pension expense of \$24,005. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 26,304

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:	
2019	\$ 10,915
2020	7,995
2021	5,083
2022	2,311

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, 2018.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$3,825,397. \$19,956 will be paid from the General Fund, \$1,777,878 will be paid from the City Highway Allocation Fund, \$246,936 will be paid from Community Development Block Grant Fund, \$32,647 will be paid from Storm Water Management Fund, \$747,423 will be paid from Capital Construction Fund and \$1,000,557 paid from Special Assessments. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$2,458,435. \$1,338,488 will be paid by the Water Division and \$1,119,947 will be paid by the Sewer Division.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

General Fund	\$28,484
--------------	----------

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, 2018:

Capital Project Fund	Special Assessment	(\$864,234)
----------------------	--------------------	-------------

- 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 \$63,599,697.

The City carries a blanket limit of 112.4 million.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

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

CONDENSED STATEMENT OF NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Assets:				
Current assets	\$ 5,763,977	\$ 7,654,486	\$ 974,945	\$ 14,393,408
Restricted assets	182,000	172,138	163,500	517,638
Capital assets	27,354,185	24,308,037	1,223,370	52,885,592
Total assets	<u>33,300,162</u>	<u>32,134,661</u>	<u>2,361,815</u>	<u>67,796,638</u>
Liabilities:				
Current liabilities	564,334	1,187,625	160,651	1,912,610
Noncurrent liabilities	59,814	9,037,579	44,581	9,141,974
Total liabilities	<u>624,148</u>	<u>10,225,204</u>	<u>205,232</u>	<u>11,054,584</u>
Net Position				
Net Investment in Capital Assets	27,354,185	15,017,850	1,223,370	43,595,405
Restricted	182,000	502,138	163,500	847,638
Unrestricted	5,139,829	6,389,469	769,713	12,299,011
Total Net Position	<u>\$ 32,676,014</u>	<u>\$ 21,909,457</u>	<u>\$ 2,156,583</u>	<u>\$ 56,742,054</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$ 2,896,878	\$ 4,472,247	\$ 2,019,074	\$ 9,388,199
Depreciation and amortization	594,551	584,536	118,113	1,297,200
Other operating expenses	1,748,901	2,977,536	1,842,736	6,569,173
Operating Income	<u>553,426</u>	<u>910,175</u>	<u>58,225</u>	<u>1,521,826</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(1,285)	(221,404)	-	(222,689)
Interest income	67,716	93,083	9,205	170,004
Gain (Loss) on disposal of capital assets	(5,092)	(7,186)	-	(12,278)
Contributions	698,199	2,832,253	-	3,530,452
Change in net position	<u>1,312,964</u>	<u>3,606,921</u>	<u>67,430</u>	<u>4,987,315</u>
Beginning net position	31,363,050	18,302,536	2,089,153	51,754,739
Ending net position	<u>\$ 32,676,014</u>	<u>\$ 21,909,457</u>	<u>\$ 2,156,583</u>	<u>\$ 56,742,054</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

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	\$ 1,143,827	\$ 1,485,901	\$ 215,531	\$ 2,845,259
Capital and related financing activities	(1,138,885)	1,095,916	(74,673)	(117,642)
Investing activities	61,063	82,233	7,999	151,295
Net increase (decrease)	66,005	2,664,050	148,857	2,878,912
Beginning cash and cash equivalents	5,037,460	4,447,097	763,898	10,248,455
Ending cash and cash equivalents	\$ 5,103,465	\$ 7,111,147	\$ 912,755	\$ 13,127,367

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	\$ 852,435	\$ 1,016,521	\$ 2,763,809	\$ 9,366,103	\$ 13,998,868
Open Ended Mutual Funds	6,376,256	522,628	7,646,411	18,692,509	33,237,804
Total Assets	7,228,691	1,539,149	10,410,220	28,058,612	47,236,672
NET POSITION:					
Held in Trust for Pension Benefits	7,228,691	1,539,149	10,410,220	28,056,612	47,234,672
Total Net Position	\$ 7,228,691	\$ 1,539,149	\$ 10,410,220	\$ 28,056,612	\$ 47,234,672

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

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	\$ 254,365	\$ 24,254	\$ 169,746	\$ 517,655	\$ 966,020
Employee	127,182	3,752	169,746	814,440	1,115,120
Total Contributions	381,547	28,006	339,492	1,332,095	2,081,140
Investment Income:					
Interest, Dividends and Market Gains	607,436	148,374	726,969	1,989,184	3,471,963
Total Additions	988,983	176,380	1,066,461	3,321,279	5,553,103
DEDUCTIONS					
Pension Benefits	-	47,635	14,400	1,460,448	1,522,483
Administration	1,053	323	1,102	3,087	5,565
Contribution Refunds	26,303	1,115,167	338,332	1,890,186	3,369,988
Total Deductions	27,356	1,163,125	353,834	3,353,721	4,898,036
Change in Net Position	961,627	(986,745)	712,627	(32,442)	655,067
Net Position-Beginning of Period	6,267,064	2,525,894	9,697,593	28,091,054	46,581,605
Net Position-End of Period	\$ 7,228,691	\$ 1,539,149	\$10,410,220	\$ 28,058,612	\$ 47,236,672

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, 2017 to September 30, 2018. The terms of coverage did not change substantially in the current fiscal year from the prior fiscal year and settled claims have not exceeded this coverage in any of the past three fiscal years. Group health and dental coverage provided by the City is accounted for in the Internal Service Fund, which is used to accumulate resources to fund claims under the City's self-insured health and dental plans. City contributions to fund this coverage are reported by the

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2018

NOTE 12 - RISK MANAGEMENT (CONTINUED)

respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$50,000 and limits City payments for claims during the year to a maximum of \$998,999. The September 30, 2018 claims liability of \$971,282 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, 2018 and the year ending September 30, 2017 are:

	Beginning	Claims & Changes in Estimates	Claim Payments	Ending
2017	\$233,792	\$3,074,867	\$2,424,405	\$884,254
2018	\$884,254	\$3,107,024	\$3,019,996	\$971,282

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 \$836,199 in garbage fees and at September 30, 2018, \$69,846 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$40,013 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$13,621 for NNSWC expenses paid by the City and at September 30, 2018, \$3,985 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 \$113,810 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$16,051 was received from the Housing Agency.

NOTE 14 – TAX ABATEMENTS

The State of Nebraska enters into tax abatement agreements with businesses under the Nebraska Advantage Act and the Employment and Investment Growth Act. These acts allow for refunds of sales tax paid on equipment or other taxable property purchased in connection with adding a certain number of jobs and dollar amount investment. For the fiscal year ending September 30, 2018 the City's sales tax revenues were reduced by \$1,928 under these tax abatement agreements.

NOTE 15 – SUBSEQUENT EVENTS

On December 20, 2018 the City issued \$1,850,000 of Bond Anticipation Notes to fund sewer improvements in Sewer Districts 250 and 251. Interest rate is 2.5% with a final maturity on December 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2018

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 30,967	\$ 57,038	\$ 27,285	\$ 66,451	\$ 84,332
Interest	159,925	201,041	243,025	76,781	230,999
Differences between expected and actual experience	(14,448)	(39,200)	63,779	(89,509)	(39,513)
Benefit payments, including refunds of member contributions	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Net change in total pension liability	(986,358)	(770,288)	237,444	(510,778)	194,429
Total pension liability-beginning	2,542,644	3,312,932	3,075,488	3,586,266	3,416,619
Total pension liability-ending (a)	<u>\$ 1,556,286</u>	<u>\$ 2,542,644</u>	<u>\$ 3,312,932</u>	<u>\$ 3,075,488</u>	<u>\$ 3,586,266</u>
Plan fiduciary net position					
Contributions-employer	\$ 24,254	\$ 39,284	\$ 48,190	\$ 51,220	\$ 66,996
Contributions-member	3,752	5,018	9,095	10,812	17,044
Net investment income	148,374	187,177	228,466	62,180	217,060
Benefit payments, including refunds of member contributions	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Administrative expense	(323)	(101)	(829)	(490)	(500)
Net change in plan fiduciary net position	(986,745)	(757,789)	188,277	(440,779)	194,429
Plan fiduciary net position-beginning	2,525,894	3,283,683	3,095,406	3,536,185	3,341,756
Plan fiduciary net position-ending (b)	<u>\$ 1,539,149</u>	<u>\$ 2,525,894</u>	<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>\$ 17,137</u>	<u>\$ 16,750</u>	<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%	99%	99%	101%	99%
Covered payroll	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224
City's net pension liability (asset) as a percentage of covered payroll	30%	22%	21%	(12%)	19%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2009 to 2013 are unavailable.

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2018

SCHEDULE OF FIREMEN'S CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	16,750	29,249	-	29,596	32,906	39,593	26,382	18,604	14,794	8,750
Contributions in relation to the actuarially determined contribution	16,750	29,249	30,000	29,596	32,906	39,593	26,382	18,604	14,794	8,750
Contribution deficiency (excess)	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224	\$ 258,540	\$ 252,300	\$ 351,108	\$ 366,036	\$ 365,988
Contributions as a percentage of covered payroll	29%	38%	21%	18%	13%	15%	10%	5%	4%	2%

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, 2018

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.56%	7.32%	7.32%	1.90%	6.56%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2009 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, 2018

	General Fund		
	Budgeted		Variance with
	Original & Final	Actual	Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 13,079,912	\$ 13,161,463	\$ 81,551
Special Assessments	-	236	236
Licenses and Permits	265,945	441,394	175,449
Intergovernmental Revenue	412,713	663,918	251,205
Nongovernmental Grants	-	9,940	9,940
Charges for Services	2,200,896	2,116,053	(84,843)
Occupation and Franchise Taxes	627,800	693,759	65,959
Payments in Lieu of Taxes	125,000	155,980	30,980
Contributions	1,500	552	(948)
Rental Income	4,560,648	4,638,152	77,504
Interest	18,100	59,166	41,066
Keno Revenue	551,000	641,227	90,227
Miscellaneous	128,000	162,109	34,109
Total Revenue	<u>21,971,514</u>	<u>22,743,949</u>	<u>772,435</u>
Current Expenditures:			
Public Safety	10,377,969	9,660,058	717,911
Public Works	3,740,358	3,216,570	523,788
Public Library	1,599,961	1,467,497	132,464
Parks, Recreation and Public Property	2,424,032	2,048,138	375,894
Community Improvement and Development	505,818	489,748	16,070
General Government	2,700,153	2,427,480	272,673
Total Expenditures	<u>21,348,291</u>	<u>19,309,491</u>	<u>2,038,800</u>
Excess (Deficiency) of Revenues over Expenditures	<u>623,223</u>	<u>3,434,458</u>	<u>2,811,235</u>
Other Financing Sources (Uses):			
Insurance Proceeds	-	24,676	24,676
Transfers In	615,000	615,000	-
Transfers Out	(3,095,794)	(3,176,370)	(80,576)
Total other Financing Sources (Uses)	<u>(2,480,794)</u>	<u>(2,536,694)</u>	<u>(55,900)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,857,571)</u>	<u>\$ 897,764</u>	<u>\$ 2,755,335</u>
Fund Balances-Beginning of Year		<u>5,570,042</u>	
Fund Balances- End of Year		<u>\$ 6,467,806</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, 2018

	Community Development Block Grant Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Intergovernmental Revenue	\$ 1,324,859	\$ 1,560,643	\$ 235,784
Loan Repayments	16,400	25,839	9,439
Interest	2,700	6,886	4,186
Miscellaneous	-	1	1
Total Revenue	<u>1,343,959</u>	<u>1,593,369</u>	<u>249,410</u>
Current Expenditures:			
Public Works	350,000	64,398	285,602
Parks, Recreation and Public Property	238,250	7,584	230,666
Community Improvement and Development	1,664,232	1,813,488	(149,256)
Total Expenditures	<u>2,252,482</u>	<u>1,885,470</u>	<u>367,012</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(908,523)</u>	<u>(292,101)</u>	<u>616,422</u>
Fund Balances-Beginning of Year		<u>898,334</u>	
Fund Balances- End of Year		<u>\$ 606,233</u>	

Budgets

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

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

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

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

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

BUDGETARY CONTROL

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

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2018

	General	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ 897,764	\$ (292,101)
Basis differences:		
To adjust revenues from recognition on a cash basis	(290,243)	46,555
To adjust total expenditures from a recognition on a cash basis	(63,493)	(24,293)
	\$ 544,028	\$ (269,839)
(Deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$ 544,028	\$ (269,839)

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	(\$39,830,867)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	933,271
Expenditures and other financing uses, on a GAAP basis	(\$38,897,596)

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$48,461,297	\$39,830,867	\$(8,630,430)

SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

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

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

SNARE FUND - This fund is used to account for the contributions from member cities, counties and Nebraska State Patrol to address the drug problem in a ten county area in Northeast Nebraska.

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

STORM WATER MANAGEMENT – This fund is used to account for revenue to implement the Storm Water Management Plan required by the Nebraska Legislature in 2006. The Nebraska Department of Environmental Quality (NDEQ) grants funds according to population size. The grant funding ended in 2017.

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, 2018

Special Revenue Funds

	City Highway Allocation	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Assets						
Cash and Equity in Pooled Investment Account	\$ 4,080,026	\$ 77,108	\$ 9,605	\$ 201,855	\$ 194,988	\$ 39,743
Cash at County Treasurer	-	12,503	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	192	15	-	1,293	-	-
Taxes	-	4,517	39,700	-	-	-
Accrued Interest	12,113	220	191	713	725	323
Notes Receivable	-	18,536	-	-	-	-
Due from Other Governmental Agencies	278,653	-	-	-	11,838	-
Prepaid Assets	-	-	2,605	1,400	-	1,211
Total Assets	4,370,984	112,899	52,101	205,261	207,551	41,277
Liabilities						
Accounts Payable	534,107	2,552	111	778	641	966
Total Liabilities	534,107	2,552	111	778	641	966
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	-	3,405	-	-	-	-
Unavailable Revenue-Loan Repayments	-	18,536	-	-	-	-
Total Deferred Inflows of Resources	-	21,941	-	-	-	-
Fund Balances						
Non Spendable	-	-	2,605	1,400	-	1,211
Restricted	3,836,877	88,406	49,385	203,083	206,910	39,100
Total Fund Balances	3,836,877	88,406	51,990	204,483	206,910	40,311
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 4,370,984	\$ 112,899	\$ 52,101	\$ 205,261	\$ 207,551	\$ 41,277

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET (CONTINUED)
Governmental Nonmajor Funds
September 30, 2018

Special Revenue Funds			Capital Projects	Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Development Operating	Community Development Agency	
\$ 348,741	\$ 507,169	\$ 257,090	\$ 381,599	\$ 6,097,924
-	49,928	-	-	62,431
-	-	-	-	1,500
-	8,894	-	-	53,111
1,203	1,856	848	-	18,192
-	-	-	-	18,536
-	-	-	-	290,491
10,836	-	-	-	16,052
360,780	567,847	257,938	381,599	6,558,237
445	-	4,029	-	543,629
445	-	4,029	-	543,629
-	6,211	-	-	9,616
-	-	-	-	18,536
-	6,211	-	-	28,152
10,836	-	-	-	16,052
349,499	561,636	253,909	381,599	5,970,404
360,335	561,636	253,909	381,599	5,986,456
\$ 360,780	\$ 567,847	\$ 257,938	\$ 381,599	\$ 6,558,237

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2018

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	911	SNARE	Region 11	Storm Water Management
Revenue:						
Taxes	\$ -	\$ 89,424	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	3,203,660	5,760	-	32,400	127,187	-
Occupation & Franchise Taxes	-	-	209,004	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Nongovernmental Grants	-	-	-	-	-	-
Rental Income	-	26,679	-	-	-	-
Loan Repayments	-	4,726	-	-	-	-
Interest	39,390	1,331	486	2,451	2,448	872
Miscellaneous	-	6	-	19,742	20	-
Total Revenue	3,243,050	127,926	209,490	54,593	129,655	872
Expenditures:						
Public Safety	-	-	11,468	46,760	230,127	-
Public Works	1,913,317	79,306	-	-	-	60,615
Community Improvement and Development	-	-	-	-	-	-
Debt Service	-	20,898	-	-	-	-
Total Expenditures	1,913,317	100,204	11,468	46,760	230,127	60,615
Excess (Deficiency) of Revenues over Expenditures	1,329,733	27,722	198,022	7,833	(100,472)	(59,743)
Other Financing Sources (Uses):						
Issuance of Debt	-	-	-	-	-	-
Transfers In	-	-	-	-	41,106	-
Transfers Out	(415,000)	-	(200,000)	-	-	-
Total other Financing Sources (Uses)	(415,000)	-	(200,000)	-	41,106	-
Net Change in Fund Balance	914,733	27,722	(1,978)	7,833	(59,366)	(59,743)
Fund Balances - Beginning of Year	2,922,144	60,684	53,968	196,650	266,276	100,054
Fund Balances - End of Year	\$ 3,836,877	\$ 88,406	\$ 51,990	\$ 204,483	\$ 206,910	\$ 40,311

CITY OF NORFOLK, NEBRASKA

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

Governmental Nonmajor Funds

For the Year Ended September 30, 2018

<u>Special Revenue Funds</u>			<u>Capital Projects</u>	<u>Total</u>
<u>Wireless 911</u>	<u>LB 840 Economic Development</u>	<u>Economic Development Operating</u>	<u>Community Development Agency</u>	<u>Governmental Nonmajor Funds</u>
\$ -	\$ 369,417	\$ -	\$ -	\$ 458,841
95,086	35,013	157,135	-	3,656,241
-	-	-	-	209,004
-	22,222	-	-	22,222
-	-	50,000	-	50,000
-	-	-	-	26,679
-	600	-	-	5,326
4,343	6,357	2,986	3,550	64,214
-	-	13	-	19,781
99,429	433,609	210,134	3,550	4,512,308
46,382	-	-	-	334,737
-	-	-	-	2,053,238
-	-	370,875	700,000	1,070,875
-	380,495	-	-	401,393
46,382	380,495	370,875	700,000	3,860,243
53,047	53,114	(160,741)	(696,450)	652,065
-	-	-	700,000	700,000
-	-	157,135	-	198,241
-	-	-	-	(615,000)
-	-	157,135	700,000	283,241
53,047	53,114	(3,606)	3,550	935,306
307,288	508,522	257,515	378,049	5,051,150
\$ 360,335	\$ 561,636	\$ 253,909	\$ 381,599	\$ 5,986,456

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, 2018

	City Highway Allocation Fund			Vehicle Parking			SNARE		
	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	\$ -	\$ -	\$ -	\$ 89,991	\$ 86,299	\$ (3,692)	\$ -	\$ -	\$ -
Intergovernmental Revenue	3,150,000	3,185,486	35,486	270	5,760	5,490	36,900	32,400	(4,500)
Loan Repayments	-	-	-	5,159	4,726	(433)	-	-	-
Rental Income	-	-	-	36,340	26,644	(9,696)	-	-	-
Interest	4,600	40,821	36,221	1,035	1,329	294	-	2,284	2,284
Miscellaneous	-	-	-	-	6	6	-	19,743	19,743
Total Revenue	<u>3,154,600</u>	<u>3,226,307</u>	<u>71,707</u>	<u>132,795</u>	<u>124,764</u>	<u>(8,031)</u>	<u>36,900</u>	<u>54,427</u>	<u>17,527</u>
Current Expenditures:									
Public Safety	-	-	-	-	-	-	79,786	47,644	32,142
Public Works	4,210,000	2,341,066	1,868,934	77,225	81,251	(4,026)	-	-	-
Debt Service	-	-	-	20,898	20,898	-	-	-	-
Total Expenditures	<u>4,210,000</u>	<u>2,341,066</u>	<u>1,868,934</u>	<u>98,123</u>	<u>102,149</u>	<u>(4,026)</u>	<u>79,786</u>	<u>47,644</u>	<u>32,142</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,055,400)</u>	<u>885,241</u>	<u>1,940,641</u>	<u>34,672</u>	<u>22,615</u>	<u>(12,057)</u>	<u>(42,886)</u>	<u>6,783</u>	<u>49,669</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>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u><u>\$(1,470,400)</u></u>	<u><u>\$ 470,241</u></u>	<u><u>\$ 1,940,641</u></u>	<u><u>\$ 34,672</u></u>	<u><u>\$ 22,615</u></u>	<u><u>\$ (12,057)</u></u>	<u><u>\$ (42,886)</u></u>	<u><u>\$ 6,783</u></u>	<u><u>\$ 49,669</u></u>
Fund Balances-Beginning of Year		<u>3,609,785</u>			<u>66,996</u>			<u>195,072</u>	
Fund Balances- End of Year		<u><u>\$ 4,080,026</u></u>			<u><u>\$ 89,611</u></u>			<u><u>\$ 201,855</u></u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS (CONTINUED)
For the Year Ended September 30, 2018

	911			REGION 11			Storm Water Management		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Intergovernmental Revenue	-	-	-	\$ 128,570	\$ 135,573	\$ 7,003	\$ -	\$ -	\$ -
Occupation and Franchise Taxes	215,000	211,275	(3,725)	-	-	-	-	-	-
Interest	100	451	351	1,500	2,331	831	300	895	595
Miscellaneous	-	-	-	-	20	20	-	-	-
Total Revenue	<u>215,100</u>	<u>211,726</u>	<u>(3,374)</u>	<u>130,070</u>	<u>137,924</u>	<u>7,854</u>	<u>300</u>	<u>895</u>	<u>595</u>
Current Expenditures:									
Public Safety	20,124	10,866	9,258	147,541	230,127	(82,586)	-	-	-
Public Works	-	-	-	-	-	-	103,800	71,062	32,738
Total Expenditures	<u>20,124</u>	<u>10,866</u>	<u>9,258</u>	<u>147,541</u>	<u>230,127</u>	<u>(82,586)</u>	<u>103,800</u>	<u>71,062</u>	<u>32,738</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>194,976</u>	<u>200,860</u>	<u>5,884</u>	<u>(17,471)</u>	<u>(92,203)</u>	<u>(74,732)</u>	<u>(103,500)</u>	<u>(70,167)</u>	<u>33,333</u>
Other Financing Sources (Uses):									
Transfers In	-	-	-	41,106	41,106	-	9,259	-	(9,259)
Transfers Out	(200,000)	(200,000)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>41,106</u>	<u>41,106</u>	<u>-</u>	<u>9,259</u>	<u>-</u>	<u>(9,259)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (5,024)</u>	<u>\$ 860</u>	<u>\$ 5,884</u>	<u>\$ 23,635</u>	<u>\$ (51,097)</u>	<u>\$ (74,732)</u>	<u>\$ (94,241)</u>	<u>\$ (70,167)</u>	<u>\$ 24,074</u>
Fund Balances-Beginning of Year		<u>8,745</u>			<u>246,085</u>			<u>109,910</u>	
Fund Balances- End of Year		<u>\$ 9,605</u>			<u>\$ 194,988</u>			<u>\$ 39,743</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS (CONTINUED)
For the Year Ended September 30, 2018

	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	\$ 367,058	\$ (33,042)	\$ -	\$ -	\$ -
Intergovernmental Revenue	94,827	95,086	259	1,300	35,013	33,713	157,135	157,135	-
Payments in Lieu of Taxes	-	-	-	24,000	22,222	(1,778)	-	-	-
Nongovernmental Grants	-	-	-	-	-	-	50,000	50,000	-
Loan Repayments	-	-	-	-	600	600	-	-	-
Interest	1,900	3,879	1,979	3,975	5,684	1,709	1,600	2,911	1,311
Miscellaneous	-	-	-	-	-	-	-	13	13
Total Revenue	<u>96,727</u>	<u>98,965</u>	<u>2,238</u>	<u>429,375</u>	<u>430,577</u>	<u>1,202</u>	<u>208,735</u>	<u>210,059</u>	<u>1,324</u>
Current Expenditures:									
Public Safety	85,792	45,081	40,711	-	-	-	-	-	-
Community Improvement and Development	-	-	-	-	-	-	392,636	368,554	24,082
Debt Service	-	-	-	380,495	380,495	-	-	-	-
Total Expenditures	<u>85,792</u>	<u>45,081</u>	<u>40,711</u>	<u>380,495</u>	<u>380,495</u>	<u>-</u>	<u>392,636</u>	<u>368,554</u>	<u>24,082</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,935</u>	<u>53,884</u>	<u>42,949</u>	<u>48,880</u>	<u>50,082</u>	<u>1,202</u>	<u>(183,901)</u>	<u>(158,495)</u>	<u>25,406</u>
Other Financing Sources:									
Transfers In	-	-	-	-	-	-	157,135	157,135	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,135</u>	<u>157,135</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 10,935</u>	<u>\$ 53,884</u>	<u>\$ 42,949</u>	<u>\$ 48,880</u>	<u>\$ 50,082</u>	<u>\$ 1,202</u>	<u>\$ (26,766)</u>	<u>\$ (1,360)</u>	<u>\$ 25,406</u>
Fund Balances-Beginning of Year		<u>294,857</u>			<u>507,015</u>			<u>258,450</u>	
Fund Balances- End of Year		<u>\$ 348,741</u>			<u>\$ 557,097</u>			<u>\$ 257,090</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, 2018

	Capital Construction			Special Assessments		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 1,505,226	\$ 700,560	\$ (804,666)	\$ -	\$ -	\$ -
Nongovernmental Grants	-	75,000	75,000	-	-	-
Contributions	385,500	134,065	(251,435)	-	-	-
Interest	17,100	50,699	33,599	1,117	6,773	5,656
Total Revenue	<u>1,907,826</u>	<u>960,324</u>	<u>(947,502)</u>	<u>1,117</u>	<u>6,773</u>	<u>5,656</u>
Expenditures:						
Public Safety	1,936,060	67,185	1,868,875	-	-	-
Public Works	1,555,792	713,751	842,041	2,815,000	162,600	2,652,400
Public Library	4,094,000	5,514,480	(1,420,480)	-	-	-
Parks, Recreation and Public Property	2,013,170	1,072,590	940,580	224,000	171,586	52,414
Community Improvement and Development	300,000	-	300,000	-	-	-
Debt Service	-	-	-	400,425	843,489	(443,064)
Total Expenditures	<u>9,899,022</u>	<u>7,368,006</u>	<u>2,531,016</u>	<u>3,439,425</u>	<u>1,177,675</u>	<u>2,261,750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,991,196)</u>	<u>(6,407,682)</u>	<u>1,583,514</u>	<u>(3,438,308)</u>	<u>(1,170,902)</u>	<u>2,267,406</u>
Other Financing Sources:						
Proceeds from Debt Financing	2,535,000	1,280,000	(1,255,000)	3,105,000	1,867,000	(1,238,000)
Transfers In	2,762,993	2,852,828	89,835	-	546,824	546,824
Total Other Financing Sources	<u>5,297,993</u>	<u>4,132,828</u>	<u>(1,165,165)</u>	<u>3,105,000</u>	<u>2,413,824</u>	<u>(691,176)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,693,203)</u>	<u>\$ (2,274,854)</u>	<u>\$ 418,349</u>	<u>\$ (333,308)</u>	<u>\$ 1,242,922</u>	<u>\$ 1,576,230</u>
Fund Balances-Beginning of Year		<u>7,007,125</u>			<u>351,456</u>	
Fund Balances- End of Year		<u>\$ 4,732,271</u>			<u>\$ 1,594,378</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, 2018

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 530,676	\$ 497,429	\$ (33,247)
Special Assessments	44,180	655,667	611,487
Intergovernmental Revenue	-	46,628	46,628
Occupation and Franchise Taxes	1,843,000	1,905,090	62,090
Payments in Lieu of Taxes	40,000	29,482	(10,518)
Interest	36,484	64,477	27,993
Total Revenue	<u>2,494,340</u>	<u>3,198,773</u>	<u>704,433</u>
Current Expenditures:			
Parks, Recreation and Public Property	36,860	40,102	(3,242)
General Government	-	613	(613)
Debt Service	2,134,604	2,114,272	20,332
Total Expenditures	<u>2,171,464</u>	<u>2,154,987</u>	<u>16,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>322,876</u>	<u>1,043,786</u>	<u>720,910</u>
Other Financing Sources:			
Transfers In	125,301	125,301	-
Transfers Out	-	(546,824)	(546,824)
Total Other Financing Sources	<u>125,301</u>	<u>(421,523)</u>	<u>(546,824)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 448,177</u>	<u>\$ 622,263</u>	<u>\$ 174,086</u>
Fund Balances-Beginning of Year		<u>4,326,761</u>	
Fund Balances- End of Year		<u>\$ 4,949,024</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, 2018

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Assets:				
Cash and Equity in Pooled Investment Account	\$4,921,465	\$6,536,622	\$749,255	\$12,207,342
Receivables:				
Accounts	603,170	664,609	222,572	1,490,351
Special Assessments	2,183	24,895	-	27,078
Interest	19,117	25,973	3,118	48,208
Restricted Cash:				
Cash & Cash Equivalents	-	402,387	-	402,387
Inventories:				
Fiber Optic System Held for Resale	218,042	-	-	218,042
Total Current Assets	5,763,977	7,654,486	974,945	14,393,408
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash	182,000	172,138	163,500	517,638
Property, Plant and Equipment:				
Land	2,353,977	760,603	52,284	3,166,864
Water and Pollution Control Plant	9,636,308	15,822,799	968,819	26,427,926
Water Distribution and Sewage System	23,384,113	19,439,424	-	42,823,537
Equipment	1,885,639	3,739,232	1,390,595	7,015,466
Construction in Progress	1,312,794	1,756,882	-	3,069,676
	38,572,831	41,518,940	2,411,698	82,503,469
Less Accumulated Depreciation	11,218,646	17,210,903	1,188,328	29,617,877
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	27,354,185	24,308,037	1,223,370	52,885,592
Total Noncurrent Assets	27,536,185	24,480,175	1,386,870	53,403,230
Total Assets	33,300,162	32,134,661	2,361,815	67,796,638

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
For the Year Ended September 30, 2018

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current Liabilities:				
Accounts and Contracts Payable	\$508,950	\$725,270	\$126,831	\$1,361,051
Accrued Compensated Absences	55,384	59,968	33,820	149,172
Payables from Restricted Assets:				
Accrued Interest Payable	-	72,387	-	72,387
Revenue Bonds - Current	-	330,000	-	330,000
Total Current Liabilities	564,334	1,187,625	160,651	1,912,610
Noncurrent Liabilities:				
Revenue Bonds	-	8,960,187	-	8,960,187
Accrued Compensated Absences	59,814	77,392	44,581	181,787
Total Noncurrent Liabilities	59,814	9,037,579	44,581	9,141,974
Total Liabilities	624,148	10,225,204	205,232	11,054,584
Net Position				
Net Investment in Capital Assets	27,354,185	15,017,850	1,223,370	43,595,405
Restricted for:				
Debt Covenants	182,000	502,138	163,500	847,638
Unrestricted	5,139,829	6,389,469	769,713	12,299,011
Total Net Position	\$ 32,676,014	\$ 21,909,457	\$ 2,156,583	\$ 56,742,054

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2018

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating Revenues:				
User Charges	\$2,819,735	\$4,462,766	\$2,016,542	\$9,299,043
Rental Income	59,576	6,600	-	66,176
Miscellaneous Income	17,567	2,881	2,532	22,980
Total Operating Revenues	<u>2,896,878</u>	<u>4,472,247</u>	<u>2,019,074</u>	<u>9,388,199</u>
Operating Expenses:				
Payroll and Related Taxes and Benefits	857,694	914,939	537,253	2,309,886
Utilities	257,903	392,472	27,878	678,253
Repairs and Maintenance	280,625	991,574	155,082	1,427,281
Purchased Services	-	-	839,605	839,605
General and Administration	352,679	678,551	282,918	1,314,148
Depreciation and Amortization	594,551	584,536	118,113	1,297,200
Total Operating Expenses	<u>2,343,452</u>	<u>3,562,072</u>	<u>1,960,849</u>	<u>7,866,373</u>
Operating Income	<u>553,426</u>	<u>910,175</u>	<u>58,225</u>	<u>1,521,826</u>
Nonoperating Revenues (Expenses):				
Interest on Bonds and Other Debt	(1,285)	(221,404)	-	(222,689)
Interest Income	67,716	93,083	9,205	170,004
Gain (Loss) on Disposal of Capital Assets	(5,092)	(7,186)	-	(12,278)
Total Nonoperating Revenues (Expenses)	<u>61,339</u>	<u>(135,507)</u>	<u>9,205</u>	<u>(64,963)</u>
Income before Capital Contributions	<u>614,765</u>	<u>774,668</u>	<u>67,430</u>	<u>1,456,863</u>
Capital Contributions	<u>698,199</u>	<u>2,832,253</u>	<u>-</u>	<u>3,530,452</u>
Change in Net Position	<u>1,312,964</u>	<u>3,606,921</u>	<u>67,430</u>	<u>4,987,315</u>
Net Position - Beginning of Period	<u>31,363,050</u>	<u>18,302,536</u>	<u>2,089,153</u>	<u>51,754,739</u>
Net Position - End of Period	<u>\$32,676,014</u>	<u>\$21,909,457</u>	<u>\$2,156,583</u>	<u>\$56,742,054</u>

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2018
need to update numbers for 2018

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,904,148	\$ 4,511,537	\$ 2,018,848	\$ 9,434,533
Cash Paid to Suppliers for Goods and Services	(894,524)	(2,111,348)	(1,267,723)	(4,273,595)
Cash Paid to Employees for Services	(865,797)	(914,288)	(535,594)	(2,315,679)
Net Cash Provided by Operating Activities	1,143,827	1,485,901	215,531	2,845,259
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(849,026)	(2,513,648)	(74,673)	(3,437,347)
Capital Grants and Contributions	7,500	5,554	-	13,054
Proceeds from Sales of Capital Assets	895	6,500	-	7,395
Bond Proceeds	-	9,223,016	-	9,223,016
Principal Paid on Notes and Bonds	(294,750)	(5,405,250)	-	(5,700,000)
Interest Paid on Notes and Bonds	(3,504)	(220,256)	-	(223,760)
Net Cash Provided (Used) for Capital and Related Financing Activities	(1,138,885)	1,095,916	(74,673)	(117,642)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	61,063	82,233	7,999	151,295
Net Cash Provided (Used) for Investing Activities	61,063	82,233	7,999	151,295
Net Increase (Decrease) in Cash and Cash Equivalents	66,005	2,664,050	148,857	2,878,912
Cash and Cash Equivalents at Beginning of Year	5,037,460	4,447,097	763,898	10,248,455
Cash and Cash Equivalents at End of Year	\$ 5,103,465	\$ 7,111,147	\$ 912,755	\$ 13,127,367

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2018

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 553,426	\$ 910,175	\$ 58,225	\$ 1,521,826
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	594,551	584,536	118,113	1,297,200
(Increase) Decrease in Assets:				
Accounts Receivable	7,270	39,290	(226)	46,334
Increase (Decrease) in Liabilities:				
Accounts and Contracts Payable	(3,317)	(48,751)	37,760	(14,308)
Accrued Compensated Absences	(8,103)	651	1,659	(5,793)
Total Adjustments	590,401	575,726	157,306	1,323,433
Net Cash Provided by Operating Activities	\$ 1,143,827	\$ 1,485,901	\$ 215,531	\$ 2,845,259
Supplemental Schedule of Noncash Capital and Related Financing Activities:				
Developers Contribution of Distribution System	\$ 690,699	\$ 564,522	\$ -	\$ 1,255,221
Accounts Payable Exchanged for Capital Assets	\$ 432,692	\$ 445,127	\$ -	\$ 877,819
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:				
Cash and Equity in Pooled Investment Account	\$ 4,921,465	\$ 6,536,622	\$ 749,255	\$ 12,207,342
Restricted Cash - Current	-	402,387	-	402,387
Restricted Cash - Noncurrent	182,000	172,138	163,500	517,638
	\$ 5,103,465	\$ 7,111,147	\$ 912,755	\$ 13,127,367

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, 2018

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS					
Guaranteed Insurance Contracts	\$ 852,435	\$ 1,016,521	\$ 2,763,809	\$ 9,366,103	\$ 13,998,868
Open Ended Mutual Funds	6,376,256	522,628	7,646,411	18,692,509	33,237,804
Total Assets	<u>7,228,691</u>	<u>1,539,149</u>	<u>10,410,220</u>	<u>28,058,612</u>	<u>47,236,672</u>
NET POSITION					
Restricted for Pensions	7,228,691	1,539,149	10,410,220	28,058,612	47,236,672
Total Net Position	<u>\$ 7,228,691</u>	<u>\$ 1,539,149</u>	<u>\$ 10,410,220</u>	<u>\$ 28,058,612</u>	<u>\$ 47,236,672</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2018

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 254,365	\$ 24,254	\$ 169,746	\$ 517,655	\$ 966,020
Employee	127,182	3,752	169,746	814,440	1,115,120
Total Contributions	<u>381,547</u>	<u>28,006</u>	<u>339,492</u>	<u>1,332,095</u>	<u>2,081,140</u>
Investment Income:					
Interest, Dividends & Market Gains	607,436	148,374	726,969	1,989,184	3,471,963
Total Additions	<u>988,983</u>	<u>176,380</u>	<u>1,066,461</u>	<u>3,321,279</u>	<u>5,553,103</u>
DEDUCTIONS					
Pension Benefits	-	47,635	14,400	1,460,448	1,522,483
Contribution Refunds	26,303	1,115,167	338,332	1,890,186	3,369,988
Administration	1,053	323	1,102	3,087	5,565
Total Deductions	<u>27,356</u>	<u>1,163,125</u>	<u>353,834</u>	<u>3,353,721</u>	<u>4,898,036</u>
Change in Net Position	961,627	(986,745)	712,627	(32,442)	655,067
Net Position -- Beginning of Period	<u>6,267,064</u>	<u>2,525,894</u>	<u>9,697,593</u>	<u>28,091,054</u>	<u>46,581,605</u>
Net Position -- End of Period	<u>\$ 7,228,691</u>	<u>\$ 1,539,149</u>	<u>\$ 10,410,220</u>	<u>\$ 28,058,612</u>	<u>\$ 47,236,672</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2018

	Balance September 30, 2017	Additions	Deductions	Balance September 30, 2018
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 530,209	\$ 84,275	\$ 41,900	\$ 572,584
Cash at County Treasurer	10,260	2,075	10,260	2,075
 Total Assets	 \$ 540,469	 \$ 86,350	 \$ 52,160	 \$ 574,659
 <u>Liabilities</u>				
Due to Bondholders	\$ 540,469	\$ 86,350	\$ 52,160	\$ 574,659
 Total Liabilities	 \$ 540,469	 \$ 86,350	 \$ 52,160	 \$ 574,659

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.

TABLE 1

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities					
Net Investment in Capital Assets	\$ 55,056,983	\$ 50,736,098	\$ 40,610,264	\$ 39,859,311	\$ 39,846,176
Restricted for:					
Debt Service	2,879,341	2,575,381	2,310,289	2,056,725	1,718,817
Road Projects	3,836,877	2,922,144	4,315,636	3,038,500	1,587,443
Community Programs and Services	4,026,973	6,186,742	7,067,955	5,475,708	3,284,448
Unrestricted	16,251,003	14,983,957	16,820,853	17,893,551	16,711,180
Total Governmental Activities Net Position	<u>\$ 82,051,177</u>	<u>\$ 77,404,322</u>	<u>\$ 71,124,997</u>	<u>\$ 68,323,795</u>	<u>\$ 63,148,064</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 43,595,405	\$ 41,031,377	\$ 37,513,730	\$ 37,014,955	\$ 36,984,047
Restricted	847,638	1,841,627	2,609,219	2,480,450	2,545,137
Unrestricted	12,299,011	8,881,735	8,972,087	7,981,527	6,344,841
Total Business-Type Activities Net Position	<u>\$ 56,742,054</u>	<u>\$ 51,754,739</u>	<u>\$ 49,095,036</u>	<u>\$ 47,476,932</u>	<u>\$ 45,874,025</u>
Primary Government:					
Net Investment in Capital Assets	\$ 98,652,388	\$ 91,767,475	\$ 78,123,994	\$ 76,874,266	\$ 76,830,223
Restricted	11,590,829	13,525,894	16,303,099	13,051,383	9,135,845
Unrestricted	28,550,014	23,865,692	25,792,940	25,875,078	23,056,021
Total Primary Government Net Position	<u>\$ 138,793,231</u>	<u>\$ 129,159,061</u>	<u>\$ 120,220,033</u>	<u>\$ 115,800,727</u>	<u>\$ 109,022,089</u>

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities					
Net Investment in Capital Assets	\$ 38,561,536	\$ 37,538,073	\$ 36,664,204	\$ 36,774,090	\$ 36,650,941
Restricted for:					
Debt Service	1,556,817	1,117,646	504,468	1,193,594	1,218,131
Road Projects	2,655,276	2,761,835	2,787,524	-	-
Community Programs and Services	2,654,437	2,469,929	1,869,768	-	-
Unrestricted	15,527,684	14,750,599	13,682,990	14,066,386	14,205,078
Total Governmental Activities Net Position	<u>\$ 60,955,750</u>	<u>\$ 58,638,082</u>	<u>\$ 55,508,954</u>	<u>\$ 52,034,070</u>	<u>\$ 52,074,150</u>
Business-Type Activities					
Net Investment in Capital Assets	\$ 33,609,113	\$ 33,789,528	\$ 33,161,053	\$ 29,797,795	\$ 28,504,434
Restricted	2,732,672	2,233,386	1,723,206	2,570,858	2,513,381
Unrestricted	7,773,246	6,559,493	5,251,421	6,555,425	6,831,206
Total Business-Type Activities Net Position	<u>\$ 44,115,031</u>	<u>\$ 42,582,407</u>	<u>\$ 40,135,680</u>	<u>\$ 38,924,078</u>	<u>\$ 37,849,021</u>
Primary Government:					
Net Investment in Capital Assets	\$ 72,170,649	\$ 71,327,601	\$ 69,825,257	\$ 66,571,885	\$ 65,155,375
Restricted	9,599,202	8,582,796	6,884,966	2,570,858	2,513,381
Unrestricted	23,300,930	21,310,092	18,934,411	20,621,811	21,036,284
Total Primary Government Net Position	<u>\$ 105,070,781</u>	<u>\$ 101,220,489</u>	<u>\$ 95,644,634</u>	<u>\$ 89,764,554</u>	<u>\$ 88,705,040</u>

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities										
General Government	\$ 2,977,504	\$ 3,311,385	\$ 2,462,887	\$ 2,622,419	\$ 2,552,931	\$ 1,851,020	\$ 2,434,382	\$ 1,660,197	\$ 2,940,797	\$ 2,363,397
Public Safety	10,427,387	10,152,789	10,133,933	9,111,824	8,912,927	8,750,908	8,507,028	8,473,093	8,137,286	7,841,533
Public Works	7,353,230	4,949,525	5,494,622	7,114,441	6,282,178	6,282,178	5,426,164	6,877,940	5,477,606	5,664,242
Public Library	2,233,538	1,478,371	1,461,349	1,386,198	1,409,728	1,308,791	1,258,780	1,203,191	1,163,623	1,173,863
Parks, Recreation and Public Property	3,180,516	2,970,064	3,354,612	2,927,345	2,674,471	3,012,478	2,176,083	1,468,214	1,599,713	1,604,612
Community Improvement & Development	3,182,386	1,035,861	4,217,807	1,213,129	994,906	1,199,963	825,295	686,717	1,287,249	999,898
Debt Service	344,297	323,382	454,900	673,579	626,377	673,495	699,623	565,025	218,415	272,480
Total Governmental Activities Expenses	29,698,858	24,221,377	27,580,110	23,214,045	24,285,781	23,078,833	21,327,355	20,934,377	20,824,689	19,920,025
Business-Type Activities										
Water Division	2,345,132	2,269,164	2,294,958	2,102,160	2,386,409	2,448,790	2,078,471	1,990,118	1,977,520	1,877,440
Sewer Division	3,790,662	3,168,511	3,293,531	3,075,988	2,770,537	2,999,679	2,709,764	2,644,975	2,696,190	2,529,041
Solid Waste Division	1,960,849	1,830,369	1,763,283	1,763,897	1,739,883	1,593,608	1,659,361	1,649,899	1,668,167	1,579,945
Total Business-Type Activities	8,096,643	7,268,044	7,351,772	6,942,045	6,896,829	7,042,077	6,447,596	6,284,992	6,341,877	5,986,426
Total Primary Government Expenses	\$ 37,795,501	\$ 31,489,421	\$ 34,931,882	\$ 30,156,090	\$ 31,182,610	\$ 30,120,910	\$ 27,774,951	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 774,415	\$ 675,443	\$ 550,560	\$ 493,501	\$ 514,625	\$ 544,417	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612
Public Safety	1,270,763	1,175,687	1,104,698	1,110,300	1,098,611	1,013,391	965,103	978,401	922,686	991,781
Public Works	127,618	141,147	100,707	110,592	124,738	113,369	182,375	109,797	122,459	132,948
Public Library	21,943	27,119	29,056	30,326	28,627	25,820	27,149	26,970	24,134	25,588
Parks, Recreation and Public Property	463,339	493,930	495,207	462,350	446,982	445,399	471,172	113,352	139,042	145,293
Community Improvement and Development	113,810	102,647	113,526	98,601	80,000	120,000	120,000	120,000	115,146	84,000
Operating Grants & Contributions	6,103,919	4,159,685	3,700,589	4,148,833	3,894,437	3,602,142	3,285,816	3,315,948	3,124,585	2,849,515
Capital Grants & Contributions	4,709,685	980,028	1,656,522	458,660	531,933	880,045	530,445	1,723,050	337,404	1,942,912
Total Governmental Activities Program Revenues	13,585,492	7,755,686	7,750,865	6,913,163	6,719,953	6,744,583	6,066,218	6,870,486	5,171,798	6,603,649
Business-Type Activities:										
Charges for Services:										
Water Division	2,879,311	3,034,477	2,636,412	2,496,043	2,579,265	2,900,045	3,201,639	2,615,148	2,487,553	2,210,112
Sewer Division	4,469,366	4,353,195	3,947,187	3,518,523	3,755,613	3,740,332	3,562,527	3,120,580	2,838,860	2,343,513
Solid Waste	2,016,542	1,994,477	1,909,479	1,975,181	1,772,489	1,634,893	1,716,396	1,731,288	1,759,703	1,699,431
Operating Grants & Contributions	-	-	1,445	81,487	-	125,708	23,545	15,544	-	-
Capital Grants & Contributions	1,293,123	-	243,349	340,886	422,145	99,172	263,456	-	263,880	144,210
Total Business-Type Activities Program Revenues	10,658,342	9,382,149	8,737,872	8,412,120	8,528,512	8,500,150	7,482,560	7,349,996	7,349,996	6,397,266
Total Primary Government Program Revenues	\$ 24,243,834	\$ 17,137,835	\$ 16,488,737	\$ 15,325,283	\$ 15,248,465	\$ 15,244,733	\$ 14,833,781	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915
Net (Expense)/Revenue										
Governmental Activities	\$ (16,113,366)	\$ (16,465,691)	\$ (19,829,245)	\$ (16,300,882)	\$ (17,565,828)	\$ (16,334,250)	\$ (15,261,137)	\$ (14,063,891)	\$ (15,652,891)	\$ (13,316,376)
Business-Type Activities	2,561,699	2,114,105	1,386,100	1,470,075	1,631,683	1,458,073	2,319,967	1,197,568	1,008,119	410,840
Total Primary Government Net Expense	\$ (13,551,667)	\$ (14,351,586)	\$ (18,443,145)	\$ (14,830,807)	\$ (15,934,145)	\$ (14,876,177)	\$ (12,941,170)	\$ (12,866,323)	\$ (14,644,772)	\$ (12,905,536)

(Continued)

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 4,002,734	\$ 3,765,320	\$ 3,480,593	\$ 3,428,471	\$ 3,097,189	\$ 3,117,062	\$ 3,129,497	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230
Sales Tax	9,796,242	10,677,614	10,614,793	9,358,568	8,035,671	7,081,725	7,629,397	7,072,877	6,919,663	6,760,144
Other Taxes	210,413	209,221	203,371	202,868	184,689	176,215	270,292	254,665	240,021	199,591
Occupation and Franchise Taxes	2,827,862	2,705,164	2,680,189	2,764,650	2,781,028	2,653,429	2,514,570	2,030,762	971,022	873,472
Interest	317,718	209,621	107,008	58,091	49,656	56,716	123,026	99,146	106,069	251,126
General Intergovernmental Revenues Unrestricted	409,242	398,194	372,186	365,627	276,969	394,575	124,392	295,309	289,270	260,190
Unrestricted Keno Revenues	642,534	584,717	552,493	611,740	572,632	547,095	494,447	432,584	359,060	428,302
General Revenue from Electrical Distribution System Lease/Use of Property	4,630,450	4,505,919	4,596,858	4,620,527	4,677,788	4,578,545	4,471,873	4,186,984	3,822,961	3,418,900
Revenue from Sale of Uncapitalized Property	35,000	56,219	17,097	74,113	42,511	55,625	14,162	17,747	57,219	44,059
Miscellaneous	120,658	92,345	109,622	55,506	40,009	57,054	32,379	51,113	153,345	363,181
Interfund Transfers	(2,232,632)	(459,318)	(103,763)	(13,467)	-	(66,125)	(158,646)	-	-	(27,194)
Total Governmental Activities	20,760,221	22,745,016	22,630,447	21,528,694	19,758,142	18,651,916	18,645,389	17,538,775	15,612,901	14,516,001
Business Type of Activities:										
Interest	170,004	64,418	27,278	11,899	13,699	8,428	18,008	14,034	66,938	165,386
Use of Property	-	-	82,022	84,919	81,422	-	-	-	-	-
Miscellaneous	22,980	21,859	18,944	22,547	32,190	-	-	-	-	-
Interfund Transfers	2,232,632	459,318	103,763	13,467	-	66,125	158,646	-	-	27,194
Total Business-Type Activities	2,425,616	545,595	232,007	132,832	127,311	74,553	176,654	14,034	66,938	192,580
Total Primary Government	\$ 23,185,837	\$ 23,290,611	\$ 22,862,454	\$ 21,659,526	\$ 19,885,453	\$ 18,726,469	\$ 18,822,043	\$ 17,552,809	\$ 15,679,839	\$ 14,708,581
Change in Net Position										
Governmental Activities	\$ 4,646,855	\$ 6,279,325	\$ 2,801,202	\$ 5,225,812	\$ 2,192,314	\$ 2,317,666	\$ 3,384,252	\$ 3,474,884	\$ (99,990)	\$ 1,199,625
Business-Type Activities	4,987,315	2,659,700	1,618,107	1,602,907	1,758,994	1,532,626	2,496,621	1,211,602	1,075,057	603,420
Total Primary Government	\$ 9,634,170	\$ 8,939,025	\$ 4,419,309	\$ 6,828,719	\$ 3,951,308	\$ 3,850,292	\$ 5,880,873	\$ 4,686,486	\$ 1,035,067	\$ 1,803,045

TABLE 3

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

	Fiscal Year				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	38,468	34,735	41,535	22,742	37,154
Restricted	35,948	480,485	488,920	476,210	38,291
Committed	-	-	-	-	31,144
Unreserved	-	-	-	-	-
Assigned	28,484	13,770	-	31,941	10,044
Unassigned	9,257,812	8,287,694	8,420,582	8,816,995	8,003,963
Total General Fund	<u>\$ 9,360,712</u>	<u>\$ 8,816,684</u>	<u>\$ 8,951,037</u>	<u>\$ 9,347,888</u>	<u>\$ 8,120,596</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	16,052	17,950	16,687	15,128	9,762
Restricted	10,816,613	11,311,850	13,329,130	12,604,917	9,088,635
Committed	2,155,920	1,810,263	1,579,460	2,836,617	2,952,632
Unreserved, Reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Assigned	2,934,958	2,639,506	2,494,115	2,697,595	1,353,826
Unassigned	(864,234)	(1,898,527)	(1,878,019)	(1,120,538)	(44,361)
Total All Other Governmental Funds	<u>\$ 15,059,309</u>	<u>\$ 13,881,042</u>	<u>\$ 15,541,373</u>	<u>\$ 17,033,719</u>	<u>\$ 13,360,494</u>
Total Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Non Spendable	54,520	52,685	58,222	37,870	46,916
Restricted	10,852,561	11,792,335	13,818,050	13,081,127	9,126,926
Committed	2,155,920	1,810,263	1,579,460	2,836,617	2,983,776
Unreserved	-	-	-	-	-
Assigned	2,963,442	2,635,276	2,494,115	2,729,536	1,363,870
Unassigned	8,393,578	6,389,167	6,542,563	7,696,457	7,959,602
Total Governmental Fund	<u>\$ 24,420,021</u>	<u>\$ 22,679,726</u>	<u>\$ 24,492,410</u>	<u>\$ 26,381,607</u>	<u>\$ 21,481,090</u>

TABLE 3 (CONT.)

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

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

Table 4

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 13,789,353	\$ 14,435,331	\$ 14,154,637	\$ 12,803,574	\$ 11,118,944
Special Assessments	655,903	194,862	478,529	184,987	200,654
Licenses & Permits	444,192	367,889	271,234	321,575	271,175
Intergovernmental Revenue	6,709,209	4,912,529	4,910,812	4,347,275	4,079,487
Nongovernmental Grants	134,940	50,000	50,000	-	-
Keno Revenue	642,534	584,717	552,493	611,740	572,632
Charges for Services	2,144,854	2,089,143	1,980,265	1,841,576	1,890,616
Occupation & Franchise Taxes	2,827,862	2,705,165	2,680,188	2,764,651	2,781,029
Contributions	137,269	436,499	17,661	204,577	559,517
Payments in Lieu of Taxes	207,684	209,221	203,371	202,867	184,689
Parking Fees and Rentals	4,677,817	4,535,554	4,596,859	4,620,528	4,681,679
Loan Repayments	31,428	71,501	156,428	570,883	104,783
Interest	259,251	179,142	94,744	51,653	49,655
Miscellaneous	179,725	190,118	147,949	314,105	124,215
Total Revenue	32,842,021	30,961,671	30,295,170	28,839,991	26,619,075
Expenditures					
General Government	2,443,110	2,612,548	2,473,293	2,575,062	2,698,982
Public Safety	10,167,136	9,987,194	10,209,750	10,019,243	8,967,532
Public Works	6,633,898	8,501,967	7,181,786	5,766,816	6,597,380
Public Library	5,954,475	5,137,451	1,718,799	1,334,676	1,355,079
Parks, Recreation & Public Property	3,481,853	2,554,955	2,785,403	2,314,769	2,816,830
Community Improvement & Development	3,334,776	1,091,316	4,449,547	1,265,759	1,031,844
Debt Service					
Principal Retirement	2,155,000	3,960,000	13,535,000	1,695,000	2,620,000
Interest	389,154	443,424	595,287	667,145	649,134
Capital Outlay	-	-	-	-	-
Total Expenditure	34,559,402	34,288,855	42,948,865	25,638,470	26,736,781
Excess (Deficiency) of Revenues over expenditures	(1,717,381)	(3,327,184)	(12,653,695)	3,201,521	(117,706)
Other Financing Sources (Uses)					
Insurance Proceeds	24,676	-	20,885	218,996	141,778
Issuance of Debt	3,415,000	-	870,000	1,480,000	2,625,000
Premium on Bonds	-	-	453,613	-	-
Bonds Refunded	-	1,520,000	9,420,000	-	795,000
Transfers In	4,338,194	4,754,981	4,825,719	2,765,647	2,171,879
Transfers Out	(4,338,194)	(4,742,481)	(4,825,719)	(2,765,647)	(2,171,879)
Total Other Financing Sources (Uses)	3,439,676	1,532,500	10,764,498	1,698,996	3,561,778
Net Change in Fund Balances	\$ 1,722,295	\$ (1,794,684)	\$ (1,889,197)	\$ 4,900,517	\$ 3,444,072
Debt Service as a Percentage of Noncapital Expenditures	9.02%	17.82%	37.92%	11.14%	13.77%

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Revenues					
Taxes	\$ 10,142,968	\$ 10,758,892	\$ 10,178,587	\$ 9,613,934	\$ 9,027,255
Special Assessments	289,216	325,136	472,266	151,392	685,607
Licenses & Permits	244,733	224,947	201,651	233,786	323,800
Intergovernmental Revenue	4,330,390	3,619,939	4,414,712	3,846,761	3,805,003
Nongovernmental Grants	-	-	-	-	-
Keno Revenue	547,095	494,447	432,584	359,060	428,302
Charges for Services	1,865,085	1,863,308	1,464,667	1,330,223	1,374,689
Occupation & Franchise Taxes	2,653,429	2,621,917	2,138,542	1,093,679	667,778
Contributions	54,942	35,293	54,228	72,234	81,360
Payments in Lieu of Taxes	176,215	162,944	146,885	117,364	82,402
Parking Fees and Rentals	4,584,494	4,474,023	4,204,014	3,830,046	3,422,615
Loan Repayments	78,073	557,448	136,519	82,419	120,700
Interest	54,192	114,312	90,235	71,269	186,036
Miscellaneous	138,377	84,580	105,741	232,156	434,854
Total Revenue	<u>25,159,209</u>	<u>25,337,186</u>	<u>24,040,631</u>	<u>21,034,323</u>	<u>20,640,401</u>
Expenditures					
General Government	2,543,757	2,491,369	4,263,408	2,419,970	2,580,140
Public Safety	9,138,087	8,194,543	8,238,009	7,974,899	7,475,999
Public Works	5,658,796	5,353,264	5,588,853	4,853,161	5,585,140
Public Library	1,288,130	1,204,614	1,329,905	1,485,872	1,139,770
Parks, Recreation & Public Property	2,661,914	11,655,476	8,267,527	1,519,769	1,828,716
Community Improvement & Development	1,322,343	963,266	794,940	1,560,058	976,102
Debt Service					
Principal Retirement	1,453,810	1,928,649	1,179,881	870,714	773,690
Interest	677,052	442,032	442,032	234,421	275,001
Capital Outlay	-	-	-	159,664	370,248
Total Expenditure	<u>24,743,889</u>	<u>32,233,213</u>	<u>30,104,555</u>	<u>21,078,528</u>	<u>21,004,806</u>
Excess (Deficiency) of Revenues over expenditures	<u>415,320</u>	<u>(6,896,027)</u>	<u>(6,063,924)</u>	<u>(44,205)</u>	<u>(364,405)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	308,069	-	-	-	-
Issuance of Debt	-	490,000	20,305,000	401,500	2,030,000
Premium on Bonds	-	-	49,560	-	-
Bonds Refunded	-	-	(2,130,000)	-	-
Transfers In	2,272,954	1,832,789	1,919,961	2,068,596	1,840,990
Transfers Out	(2,322,342)	(1,832,789)	(1,919,961)	(2,068,596)	(1,840,990)
Total Other Financing Sources (Uses)	<u>258,681</u>	<u>490,000</u>	<u>18,224,560</u>	<u>401,500</u>	<u>2,030,000</u>
Net Change in Fund Balances	<u>\$ 674,001</u>	<u>\$ (6,406,027)</u>	<u>\$ 12,160,636</u>	<u>\$ 357,295</u>	<u>\$ 1,665,595</u>
Debt Service as a Percentage of Noncapital Expenditures	9.72%	11.69%	7.81%	5.76%	5.59%

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
2018	\$ 554,798,701	1.50%
2017	535,529,003	2.00%
2016	527,991,172	2.00%
2015	547,447,750	2.00%
2014	522,866,921	1.50%
2013	510,892,339	1.50%
2012	504,008,240	1.50%
2011	467,925,125	1.50%
2010	459,698,781	1.50%
2009	448,552,315	1.50%

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	
2018 (2)	1.50%	5.50%	7.00%
2017	2.00%	5.50%	7.50%
2016	2.00%	5.50%	7.50%
2015 (2)	2.00%	5.50%	7.50%
2014	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%
2012	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%

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. The additional 0.5% sales tax sunset on March 31, 2018.

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

TABLE 7

Business Classifications	2018			2009		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 321,994,332	1	51.52%	\$ 254,346,043	1	54.31%
Accommodation & Food Services	68,581,913	2	10.97%	41,587,053	2	8.88%
Other	234,474,998	-	37.51%	172,389,576	-	36.81%
Total	\$ 625,051,243		100.00%	\$ 468,322,672		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
2018	\$ 1,527,100,699	\$ 58,347,001	\$ 1,585,447,700	0.6055
2017	1,414,978,332	51,546,991	1,466,525,323	0.6021
2016	1,336,246,190	47,747,588	1,383,993,778	0.6021
2015	1,269,843,679	50,035,023	1,319,878,702	0.5967
2014	1,214,361,524	44,813,004	1,259,174,528	0.5967
2013	1,160,166,057	42,955,400	1,203,121,457	0.5781
2012	1,145,320,208	44,351,377	1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466

(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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
CITY OF NORFOLK										
GENERAL FUND	0.1928	0.1880	0.1685	0.1591	0.1549	0.1320	0.1335	0.1341	0.1341	0.1345
DEBT SERVICE	0.0373	0.0366	0.0529	0.0555	0.0581	0.0609	0.0615	0.0618	0.0618	0.0620
ECONOMIC DEVELOPMENT FUND	0.0255	0.0275	0.0306	0.0321	0.0337	0.0352	0.0356	0.0358	0.0358	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>0.6055</u>	<u>0.6021</u>	<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>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3265	0.3267	0.3268	0.3283	0.3557	0.4255	0.4249	0.4211	0.4090	0.3990
SCHOOL DISTRICT NO 2	1.1766	1.1880	1.2051	1.2098	1.2154	1.2154	1.2589	1.3182	1.3240	1.3062
NORTHEAST COMMUNITY COLLEGE	0.0950	0.0909	0.0913	0.0953	0.0990	0.0993	0.0983	0.0953	0.0985	0.0935
NORFOLK AIRPORT AUTHORITY	0.0412	0.0437	0.0318	0.0334	0.0306	0.0310	0.0313	0.0315	0.0330	0.0228
LOWER ELKHORN NRD	0.0231	0.0233	0.0240	0.0241	0.0251	0.0266	0.0296	0.0340	0.0379	0.0341
AGRICULTURAL SOCIETY MADISON COUNTY	0.0109	0.0110	0.0110	0.0110	0.0116	0.0131	0.0139	0.0144	0.0145	0.0144
EDUCATIONAL SERVICES UNIT #8	0.0131	0.0131	0.0126	0.0126	0.0126	0.0150	0.0150	0.0150	0.0149	0.0149
NORFOLK SANITARY DISTRICT	0.0148	0.0099	0.0100	0.0099	0.0099	0.0100	0.0098	0.0095	0.0091	0.0087
RAILROAD TRANSPORTATION SAFETY DIST.	0.0083	0.0101	0.0093	0.0079	0.0060	0.0060	0.0050	0.0106	0.0036	0.0039
TOTAL OVERLAPPING RATES	<u>1.7095</u>	<u>1.7167</u>	<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>
TOTAL PROPERTY TAXES	2.3150	2.3188	2.3240	2.3290	2.3626	2.4200	2.4673	2.5313	2.5262	2.4441

(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	2018			2009		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	\$ 12,253,148	1	0.77%	\$ 9,276,547	4	0.79%
WIS-PAK	BOTTLING DISTRIBUTION	10,726,229	2	0.68%	7,210,760	5	0.61%
N S P LLC	SHOPPING MALL	10,080,846	3	0.64%	-	-	0.00%
WAL-MART STORES INC	RETAIL STORE	9,792,578	4	0.62%	10,180,058	2	0.86%
HEARTLAND PANTRY INC	RETAIL STORE	9,005,963	5	0.57%	9,580,200	3	0.81%
HERITAGE OF NORFOLK INC	NURSING HOME	6,704,018	6	0.42%	6,298,274	6	0.53%
QWEST CORPORATION	TELEPHONE	6,492,017	7	0.41%	5,533,878	8	0.47%
TIMM VILLAGE GREEN LLC	APARTMENTS	6,451,238	8	0.41%	-	-	0.00%
UNION PACIFIC RAILROAD CO	RAILROAD	6,307,165	9	0.40%	-	-	0.00%
MENARD INC	RETAIL STORE	6,256,300	10	0.39%	5,990,081	7	0.51%
DIAL - SUNSET MALL LLC	SHOPPING MALL	-	-	0.00%	13,820,783	1	1.17%
BLACK HILLS NEBR GAS (AQUILLA)	UTILITY	-	-	0.00%	5,465,218	9	0.46%
PERKINS DELAWARE	MANUFACTURING	-	-	0.00%	5,266,340	10	0.45%
TOTAL		\$ 84,069,502		5.31%	\$ 78,622,139		6.66%

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
2018	\$ 3,790,655	\$ 3,687,877	97.29%	\$ -	\$ 3,687,877	97.29%
2017	3,573,866	3,466,463	96.99%	95,463	3,561,926	99.67%
2016	3,340,527	3,268,556	97.85%	71,971	3,340,527	100.00%
2015	3,189,630	3,089,071	96.85%	100,559	3,189,630	100.00%
2014	2,827,106	2,747,980	97.20%	79,126	2,827,106	100.00%
2013	2,825,242	2,736,874	96.87%	88,368	2,825,242	100.00%
2012	2,823,416	2,737,455	96.96%	85,163	2,822,618	99.97%
2011	2,825,657	2,726,631	96.50%	98,614	2,825,245	99.99%
2010	2,404,312	2,317,303	96.38%	83,958	2,401,261	99.87%
2009	1,603,272	1,557,427	97.14%	45,719	1,603,146	99.99%

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
2018	\$ 13,880,514	\$ 2,095,000	\$ 1,867,000	\$ -
2017	14,606,376	905,000	2,250,000	-
2016	16,912,454	1,105,000	2,250,000	-
2015	19,950,000	990,000	2,590,000	-
2014	20,100,000	1,195,000	-	-
2013	18,960,000	1,535,000	-	-
2012	20,180,000	1,745,000	-	23,809
2011	21,210,000	1,415,000	525,000	255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954

Notes: (1) See Table 16 for income and population data. 2018 population and personal income numbers are unavailable.

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

TABLE 12 (CONT.)

<u>BUSINESS-TYPE ACTIVITIES</u>				
<u>REVENUE</u>	<u>STATE</u>	<u>TOTAL</u>	<u>DEBT PER</u>	<u>PERCENTAGE</u>
<u>BONDS</u>	<u>REVOLVING</u>	<u>PRIMARY</u>	<u>CAPITA (1)</u>	<u>OF PERSONAL</u>
	<u>LOAN</u>	<u>GOVERNMENT</u>		<u>INCOME (1)</u>
\$ 9,290,187	\$ -	27,132,701	N/A	N/A
5,700,000	-	23,461,376	960.19	1.39
6,595,000	-	26,862,454	1,103.27	1.68
7,440,000	-	30,970,000	1,271.03	1.95
8,305,000	-	29,600,000	1,210.93	1.91
9,160,000	-	29,655,000	1,208.83	1.97
6,065,000	-	28,013,809	1,151.32	2.03
3,550,000	710,008	27,665,367	1,140.93	2.12
6,110,000	827,066	13,347,306	551.31	1.10
6,820,000	940,690	14,356,644	616.91	1.20

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
2018	\$ 13,880,514	\$ 788,653	14,669,167	\$ 2,879,341	\$ 11,789,826	N/A	0.77%
2017	14,606,376	303,025	14,909,401	2,575,381	12,334,020	504.79	0.87%
2016	16,912,454	382,930	17,295,384	2,310,289	14,985,095	615.45	1.12%
2015	19,950,000	339,878	20,289,878	2,056,725	18,233,153	748.30	1.44%
2014	20,100,000	407,083	20,507,083	1,718,817	18,788,266	768.62	1.55%
2013	18,960,000	470,340	19,430,340	1,556,817	17,873,523	728.85	1.54%
2012	20,180,000	532,264	20,712,264	1,117,646	19,594,618	805.30	1.71%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	1.85%
2010	3,480,000	618,952	4,098,952	1,193,594	2,905,358	120.01	0.26%
2009	3,720,000	729,722	4,449,722	1,218,131	3,231,591	138.86	0.29%

Notes: (1) See Table 16 for population data. 2018 population numbers are unavailable.

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

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 17,842,514	100.00%	\$ 17,842,514
OVERLAPPING:			
Norfolk School District #2	\$ 14,545,000	62.63%	\$ 9,110,125

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	
2018	\$ 9,558,203	\$ 6,569,173	\$ 2,989,030	\$ 290,000	\$ 222,689	\$ 512,689	5.83
2017	9,463,735	5,806,596	3,657,139	895,000	163,784	1,058,784	3.45
2016	8,622,767	5,353,538	3,269,229	845,000	183,051	1,028,051	3.18
2015	8,109,112	5,234,995	2,874,117	865,000	184,233	1,049,233	2.74
2014	8,510,448	5,307,088	3,203,360	855,000	198,501	1,053,501	3.04
2013	8,344,442	5,524,293	2,820,149	905,000	182,034	1,087,034	2.59
2012	8,677,238	4,965,477	3,711,761	1,120,008	95,519	1,215,527	3.05
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76

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)
2018	N/A	N/A	N/A	4,446	2.5%
2017	24,434	1,689,969	48,087	4,370	2.7%
2016	24,348	1,599,237	45,673	4,325	3.0%
2015	24,366	1,587,171	45,264	4,244	2.6%
2014	24,444	1,550,788	44,089	4,069	2.7%
2013	24,523	1,506,700	42,709	4,148	2.9%
2012	24,332	1,380,610	39,411	4,110	3.2%
2011	24,248	1,305,431	37,372	4,009	3.6%
2010	24,210	1,213,230	34,728	4,023	3.8%
2009	23,272	1,198,153	33,949	3,891	4.2%

- Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2018 numbers are unavailable.
 (2) Bureau of Economic Analysis. 2018 numbers are unavailable.
 Numbers are shown for Madison County.
 (3) Norfolk Public Schools PreK-12
 (4) State of Nebraska, NE Dept of Labor

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

TABLE 17

EMPLOYER	2018			2009		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,342	1	5.49%	1,285	1	6.32%
Northeast Community College	728	2	2.98%	300	9	1.48%
Norfolk Public Schools	603	3	2.47%	665	2	3.27%
Nucor Steel Division of Nucor Corp	508	4	2.08%	404	6	1.99%
Vulcraft Division of Nucor Corp	494	5	2.02%	400	7	1.97%
Associated Wholesale Grocers	417	6	1.71%			
Conitech	401	7	1.64%			
Cardinal Health	380	8	1.56%			
Norfolk Iron & Metal Co	325	9	1.33%	236	10	1.16%
Walmart	300	10	1.23%	435	5	2.14%
Affiliated Foods Midwest				650	3	3.20%
COVIDIEN				500	4	2.46%
Veyance Technologies				399	8	1.96%
Total	5,498		22.51%	5,274		25.95%

Source: City of Norfolk Economic Development

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

TABLE 18

	Full-Time Equivalent City Government Employees by Function as of September 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	29.00	29.00	29.00	26.88	25.88	25.88	25.88	26.18	25.55	23.55
Engineering	7.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	62.00	60.50	60.00	60.00	58.00	58.00	58.00	58.00	58.00	60.00
Fire	36.55	36.05	36.05	37.00	37.00	37.00	38.00	38.00	38.00	38.00
Region 11	0.95	0.95	0.95	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SNARE	0.13	0.13	0.13	0.13	0.13	0.50	0.50	0.50	0.50	0.50
Streets	22.62	22.62	22.62	23.25	23.25	23.25	22.25	22.25	22.00	22.00
Culture & Recreation										
Parks	19.00	19.00	20.00	20.00	22.00	21.00	20.00	20.00	22.00	22.00
Recreation	2.00	2.00	2.00	2.00	2.00	1.67	1.67	1.00	1.00	2.00
Auditorium	0.00	0.00	0.00	0.00	0.00	2.43	2.43	2.43	2.43	2.43
Library	15.64	15.64	15.21	15.38	15.38	15.1	15.1	14.97	14.97	14.97
Housing	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Community Character Development Coalition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.25	5.00
Economic Development Operating	2.00	3.00	3.00	3.00	3.00	2.00	2.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water Pollution Control	8.50	8.50	8.50	9.00	9.00	9.00	9.00	9.50	9.50	13.50
Solid Waste Management	7.38	7.38	6.38	5.38	6.38	6.38	6.38	5.88	5.75	5.75
Total	233.77	231.77	230.84	229.77	228.77	228.96	227.96	225.46	230.70	236.45

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Purchase Ordered Processed	0	0	0	0	31	765	1,223	1,393	1,365	1,773
Water/Sewer Customers Billed	9,649	9,633	9,602	9,551	9,523	9,479	9,419	9,392	9,306	9,276
Engineering										
Miles of Paving Districts	0.00	0.00	0.14	0.33	0.00	0.00	0.00	0.20	0.20	0.51
Miles of Street Reconstruction	1.40	0.00	0.17	0.32	0.10	0.40	1.10	0.75	0.30	0.35
Public Safety										
Police:										
Criminal Arrests	1,525	1,465	1,392	1,394	1,448	1,645	1,809	1,701	1,655	1,932
Traffic Arrests	1,865	2,129	2,391	3,097	2,388	2,294	2,709	2,804	2,313	2,348
Drug/Alcohol Arrests	705	712	749	696	705	817	897	762	556	715
Fire:										
Rescue Calls	2,100	1,960	2,066	2,007	1,912	1,941	1,866	1,861	1,678	1,714
Building and Safety										
Building Permits	423	461	423	411	388	347	356	375	386	382
Culture and Recreation										
Library										
Total Circulation	253,346	265,698	295,787	309,281	321,954	320,282	299,776	324,042	319,997	338,308
Water:										
Water Inspections	59	69	56	51	56	66	47	42	48	39
Locates	3,308	3,565	3,475	3,198	3,272	3,449	3,070	2,521	2,743	2,406
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.128	1.054	1.099	1.02	1.02	1.077	1.083	1.189	1.269	1.017
Sewer Maintenance										
Sewer Inspections	46	48	31	35	34	61	34	20	32	22
Solid Waste Management										
Average Daily Tonnage	113	112	109	106	102	104	108	108	113	110

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
City Auditorium (1)	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Offices (2)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
City Council Chambers	-	-	-	-	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)	147.15	145.56	145.09	144.55	144.09	144.08	144.29	144.29	144.29	143.88
Streetlights	2,282	2,305	2,277	2,279	2,257	2,257	2,258	2,327	2,244	2,236
Parks										
Parks Acreage	422.20	422.20	421.60	421.60	414.00	403.50	403.50	403.50	403.50	396.00
Parks #	16.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.00
Swimming Pools	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	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)	131.00	127.00	126.00	126.00	129.00	123.00	123.00	123.00	122.00	121.00
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)	140.00	137.00	133.00	131.00	128.00	127.00	127.00	127.00	127.00	126.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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

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

Sources: Various City Departments



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

Honorable Members
of the City Council
City of Norfolk, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norfolk, Nebraska (the City) as of and for the year ended September 30, 2018, 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 25, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hayes & Associates, L.L.C.

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 25, 2019

City of Norfolk, Nebraska
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended September 30, 2018

I. SUMMARY OF AUDIT RESULTS

Financial Statements

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

II. FINDINGS—FINANCIAL STATEMENTS

None reported.

City of Norfolk, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2018

II. FINDINGS—FINANCIAL STATEMENTS

None reported