

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

of the

**CITY
OF
NORFOLK
NEBRASKA**

for the year ended

September 30, 2007

CITY OF NORFOLK, NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2007*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

City of Norfolk

(402) 844-2000
Fax: (402) 844-2001

127 North 1st Street
Norfolk, Nebraska 68701

March 15, 2008

**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, 2007 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, 2007.

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 our 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 Williams & Company, 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, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Norfolk was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor report not only on the fair presentation of the financial statements, but also on the audited government's internal

controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

CITY PROFILE

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

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

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

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

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 \$1,000. Amounts over \$1,000 are approved by the City Administrator or the Mayor and City Council.

ECONOMIC CONDITION AND OUTLOOK

Each year City departments and divisions submit their budget requests in four service levels. The first level assumes a 4% reduction in expenditures from the prior year. The second level assumes the same amount of funding authorized in the prior year. Both of these levels are reduced service levels since budgets must absorb inflation and growth to maintain service. The third level is a 4% increase over prior year and is the maintenance level. This increase should approximately match growth and inflation over the long-term. The fourth level contains no expenditure constraints and is the budget the department or division head feels is ideal.

If expenditures grow at 4% to maintain service levels, revenues must also grow at 4%. However, the City's largest General Fund revenue source, sales tax, has not kept pace. Sales tax alone makes up almost half of General Fund revenues. Actual sales tax receipts for the City's original 1% sales tax have been up three out of the last seven years and down the other four.

City sales tax collections have remained relatively flat since the fiscal year ended September 30, 2000. Actual receipts from the City's 1% sales tax were \$4,022,480 in the fiscal year ended September 30, 2000 and \$4,220,521 in the fiscal year ended September 30, 2007, only a 5% increase over the last seven years.

An additional half-cent City sales tax authorized by voters in fiscal year 2002-2003 provided \$1 million of property tax relief with the balance for public safety expenditures. Original projections for this half-cent sales tax were prepared in May 2002. These projections also need to absorb inflation and growth at an assumed 4% rate. From May 2002 through fiscal year 2007-2008, the half-cent sales tax is expected to lag the 4% growth rate by a cumulative \$1,542,146. Total City sales tax is projected to lag behind the 4% annual growth rate by a cumulative \$6.5 million between 2001 and 2008.

Sales tax for the fiscal year ending September 30, 2008 is budgeted at \$6,281,196, essentially unchanged from the 2007 budget. Through the first five months of fiscal year 2008, actual sales tax receipts exceed budget for the period by \$211,598 or 7.78%. Receipts were over budget for the first four months and under budget by \$8,892 in February. The Nebraska Department of Revenue indicates these increases are fairly uniformly distributed between businesses in the City. City staff speculate these increases may be due to improvements in the local agricultural economy due to high crop prices.

The City's sales tax growth traditionally exceeded 4%, and slow growth in sales tax early this decade was assumed due to general declines in the economy. However, the City's sales tax growth continues sluggish, requiring a long-term solution. The City increased 2007 property tax by \$191,440. By state law, the City Council determines the Airport Authority's levy. Due to declining sales tax revenue, the Airport Authority deferred to the City and reduced its tax request from \$450,949 in 2006 to \$248,022 for 2007, a decrease of \$202,927. After adjusting for the County Treasurer's commission and delinquencies, this allowed the City to increase the General Fund property tax budget by \$191,440 without any change in the combined tax asking of the Airport Authority and the City. The net effect was no increase in property taxes controlled by the City of Norfolk.

The City Council had endeavored to maintain the actual dollar amount of property tax levied at or below the prior year which normally resulted in declining levy rates as valuation increased. This year the City Council changed its policy to maintaining or decreasing the levy rate allowing property tax to increase with growth and inflation. The City increased the combined General Fund and Debt Service Fund property tax for 2008 by 4% or \$44,837 which is just slightly below the 4.14% increase in assessed valuation resulting in a slight decrease in the City's levy rate. This policy change is necessary due to the lack of sales tax growth.

The City's economic outlook is further clouded by the closing of Norfolk's largest employer Tyson Foods which operated a beef processing plant on the edge of Norfolk. Tyson announced the closure on February 15, 2006, effective February 17, 2006, putting 1,300 Norfolk employees out of work. At the same time, Tyson announced the closure of their West Point plant employing 365 people. West Point is located about 40 miles southeast of Norfolk. The loss of these 1,300 employees is believed to have a significant impact on Norfolk's population; however, this is not reflected in the July 1, 2006 population estimates which were the most current available at the date of this transmittal letter. The City's population estimate at July 1, 2006, was 23,896 compared to 23,946 on July 1, 2005, a decrease of only 50 people or .2%. Tyson provided 2 months of severance pay and benefits to its former employees and unemployment benefits continued after that. Many Tyson employees probably decided to leave Norfolk after July 1, 2006 after these benefits ceased. It is expected next year's population numbers will show a more substantial decrease. Since many of these former Tyson employees left Norfolk, the unemployment rate has actually gone down with the shrinking labor force and is now at 2.7% which is lower than anytime in the past 10 years.

The City's economic development efforts had a setback recently when Specialty Protein Producers, LLC (SPPLLC) announced on July 27, 2007 that the planned organic soy protein isolate production facility for Norfolk was going to be relocated to South Sioux City. The City had been working with SPPLLC for a year on location of their plant in Norfolk. This plant was to be constructed in two phases with over \$50 million invested in plant and equipment. SPPLLC expected to have 135 employees. The City annexed the site and completed a redevelopment plan which allowed use of about \$2.8 million of tax increment financing to construct infrastructure to this site and ready it for development. The City also received a \$1.5 million Economic Development Administration (EDA) grant for water improvements to the site and a \$505,000 Community Development Block Grant for the project. This activity is reflected in the FY 2007-2008 budget, but not expected to occur. SPPLLC's decision to relocate was solely because of an inability to obtain a firm natural gas transportation commitment from Kinder Morgan Pipeline, the only natural gas pipeline company supplying Norfolk. The City is now working to improve natural gas supply to the community and is meeting with several other pipeline companies about possible extension of their pipelines to Norfolk.

In spite of the setbacks just discussed, the local economy in general appears to be doing well. A good example of this is the completion in September 2007 of a \$60 million ethanol plant producing over 40 million gallons of ethanol annually. This plant employs over 35 people and is a large purchaser of locally grown corn and, in addition, provides by-products as cattle feed to local feedlots, improving the local agricultural economy. In general, the outlook for the local agricultural economy is excellent, especially for crop producers. The increased demand for grain related to biofuels production has caused grain prices to skyrocket over the past year which is

probably a significant factor in the almost 8% increase in the City's sales tax receipts for the first five months of the 2008 fiscal year.

On August 27, 2007, the Community Development Agency approved the Crafts redevelopment plan. Crafts acquired and demolished the old Roman Packing facility at the southeast corner of Highway 81 and Monroe Avenue to construct a new 18,000 square foot commercial building. The new structure will house a large truck sales and service facility, Sioux City Truck Sales. Sioux City Truck Sales currently has a facility located on Monroe Avenue for the repair and service of Peterbilt Trucks; however, the company desires to expand its present operation from parts and light service to retail truck sales and a full service facility. Sioux City Truck Sales will double its present employment to about 16-20 employees in the new facility. The Community Development Agency will issue tax increment financing bonds to clear the site and ready it for development.

Northeast Community College continues to grow and expand. In March 2008, the University of Nebraska Board of Regents approved agreements with Northeast Community College that mark a significant step toward establishing a University of Nebraska Medical Center College of Nursing Division in Norfolk in conjunction with Northeast Community College and Faith Regional Health Services. This division will serve northeast and north central Nebraska and help alleviate a shortage of nurses that is expected to worsen with growing regional demand for health services. In February, a fundraising campaign was launched to construct the building on the Northeast Community College campus to accommodate the nursing program. The goal is to raise \$12.9 million with more than \$3 million already raised. In September 2007, the college dedicated their new \$2.7 million 36,800 square foot utility line building to accommodate up to 100 full-time students and up to 48 truck driving students each year. Plans are also being finalized for a new college welcome center which is planned to open in late summer of 2009. The welcome center will be a 35,000 square foot building with an estimated cost of \$6 to \$7 million. Northeast Community College also launched a new renewable fuels training program last fall with 12 students working towards an associate of applied science degree in renewable fuels technology. This program will help the growing ethanol industry in the area and includes internships at area ethanol plants.

On March 9, 2007, the Nebraska Department of Economic Development formally approved the City's grant application of \$276,600 to extend 16th Street from Monroe Avenue north to Affiliated Foods. Construction of a public rail crossing is also part of this project. This will allow Affiliated Foods to access an adjacent 35-acre parcel that the company recently acquired. Plans are to relocate truck parking to this parcel providing space next to the existing facility for future expansion of the warehouse. This will also enable easier truck access from Highway 81. Without this project, Affiliated Foods was land-locked and unable to grow. Affiliated will add eight employees to its current Norfolk staff of 698. This project will be completed in 2008.

Last fall, Arkfeld Manufacturing, a local manufacturing company announced they were expanding in order to build emergency water mobile response units. These units are a trailer with specialized equipment capable of purifying 21,000 gallons of water per day from any contaminated water source including radioactive, biologically, and chemically contaminated water. The company expects to create 20-40 new jobs to manufacture these emergency water mobile response units within the next several years.

Last year, the DeVent Center opened at the Divots Lodge, Suites and Conference Center location just west of Norfolk. This 26,000 square foot facility is built to handle large crowds, such as sports shows.

In addition to the items just discussed, numerous smaller businesses opened and expanded during the year and, in general, Norfolk's economy seems to be doing well with many existing employers remaining strong and continuing to expand and add jobs.

LONG-TERM FINANCIAL PLANNING

The City annually prepares a six-year capital improvement program. The most recent program was approved by the City Council on June 18, 2007. This program outlines the City's capital needs for the next six years and identifies potential funding sources. These projects are prioritized in the categories of urgent, necessary, desirable or deferrable. The Water Fund has significant capital needs as the 2002 Water Master Plan is implemented. This Master Plan includes a ten-year prioritized capital improvement plan including about \$20 million of improvements to be financed over ten years with a combination of revenue bonds and use fees. The first of a planned series of 4% water rate increases went into effect October 1, 2002 with additional 4% increases through September 30, 2007. Black & Veatch is currently updating the 2002 Water Master Plan. This update will specifically consider the cost of extending service south of the Elkhorn River. Black & Veatch is also in the process of developing a Sewer Master Plan and conducting both water and sewer rate studies to be completed in 2008.

SIGNIFICANT EVENTS

The City Administrative and Engineering offices are currently housed in the City Auditorium built in 1939. The City has long since outgrown this cramped and inefficient facility and is looking to relocate the Administration and Engineering offices. In the spring of 2007, the City entered into negotiations for the purchase of a medical building on the west end of downtown with the intention of remodeling it for City offices. After the City spent significant time looking at the purchase of this facility, the owner sold it to another organization. The City continued to look for a new facility and on November 30, 2007 purchased an option on the First Christian Church property at 1200 North 13th Street with the intention of remodeling this church into Administration and Engineering facilities. After the purchase of this option, the City received much public comment regarding administration and engineering facilities. Many people suggested City offices should remain downtown. Many additional locations and ideas were put forth. Several organizations and citizens formed a shared facilities group looking at co-locating various other organizations in the city in a combined facility with city offices. Based on public comment, the Mayor and City Council passed Resolution No. 2008-11 on March 3, 2008 declaring the City's intent to allow the option on the First Christian Church property to expire. The City continues to explore options for offices concentrating on the downtown area. These options range from purchasing an existing office building and remodeling at an estimated cost of approximately \$2 million, to constructing a new combined facility with an estimated cost in excess of \$5 million. Also under consideration is a campus setting with a new City office building located in close proximity to the existing Police and Fire Stations and the potential partners locating in a nearby facility. These options continue to be explored.

Since 2000, the City has seen its telecommunications based revenue decline dramatically. The City levied a 3% occupation in the General Fund on basic local exchange service. This tax peaked at \$153,000 in the 2001 fiscal year and then declined dramatically with only \$72,000 received in fiscal year 2006 and \$50,000 budgeted for fiscal year 2007. 911 surcharge revenue, which is \$1 per phone line in the City's 911 service area, also declined dramatically, going from \$191,579 in fiscal year 2000 to less than \$150,000 in fiscal year 2006. This 911 surcharge revenue is deposited in the City's 911 Fund and used to pay a portion of the cost of operating the City's 911 center. It was obvious the City's telecommunications based revenue would continue to decrease as the number of landlines decreased due to a combination of factors, most important of which is a substitution of cell phones for landlines. Because of this, the Council voted in September 2006 to expand the definition of telecommunications services subject to the City's 3% occupation tax beyond basic local exchange service to include additional types of telecommunications services including cell phones and intrastate long distance charges. The first of this additional revenue was received by the City in fiscal year 2007. The City anticipates about \$250,000 a year from this expanded telecommunications occupation tax compared to the \$50,000 budgeted for fiscal year 2007 based on taxing only basic local exchange service. The city continues to receive the 911 surcharge; however, this continues to decline and is budgeted at only \$110,000 in fiscal year 2008. The Council directed that 2/3 of the telecommunications occupation tax go to the 911 Fund with the remaining 1/3 to the General Fund.

Nebraska law authorizes cities and counties to conduct Keno lotteries. Of Nebraska's seventeen largest cities, Norfolk is the only one without Keno conducted either by the city or the county. Eight of these cities are larger than Norfolk and eight smaller than Norfolk. Norfolk is one of the few first-class cities in the state that does not have Keno. One of the largest Keno operators in the state estimates Norfolk would net \$400,000 annually from Keno. Because of flat sales tax revenues, the City considered other revenue sources including Keno. At the August 6, 2007 City Council meeting, the Council approved sending requests for proposal to Keno operators contemplating selecting a Keno operator prior to placing Keno on the ballot. Voters would then know who would operate Keno in Norfolk if approved at the election. The City received three proposals from operators interested in being the City's Keno operator. One of these operators withdrew its proposal because of doubts about gaining voter approval. At the October 1, 2007 Finance Committee meeting, the Finance Committee decided to reject all three proposals and directed staff to move forward with placing Keno on the May primary ballot. On February 19, 2008, the City Council formally adopted a resolution placing Keno on the ballot for the May 13, 2008 election. The Council also approved a resolution committing that for a minimum period of four years after commencement of a Keno lottery, net Keno proceeds would fund park and recreation expenditures. The City needs new aquatic facilities and upgrades to Memorial Field along with other park and recreation needs.

Last year, the Vehicle Parking District annexed several blocks to the west. These blocks are included in the Downtown Improvement Project currently underway. This project includes replacing sidewalks, landscaping, street lighting, various sidewalk amenities, and a major change in downtown street design. Total project cost exceeds \$1,750,000 and will be funded approximately one-third from special assessments, one-third from Vehicle Parking District revenues, and one-third from the City Highway Allocation Fund. A \$300,000 bond issue is planned in the Vehicle Parking District Fund to help finance this project.

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, 2006. This was the nineteenth 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.

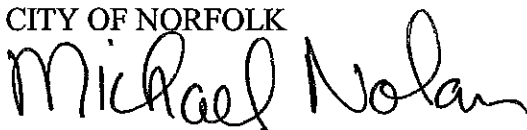
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION AWARD. In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last fourteen years, the most recent for the 2006-2007 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 our sincere appreciation for the contributions made in the preparation of this report. We would also like to 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



Michael Nolan
City Administrator



Randy Gates, CPA
Finance Officer

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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

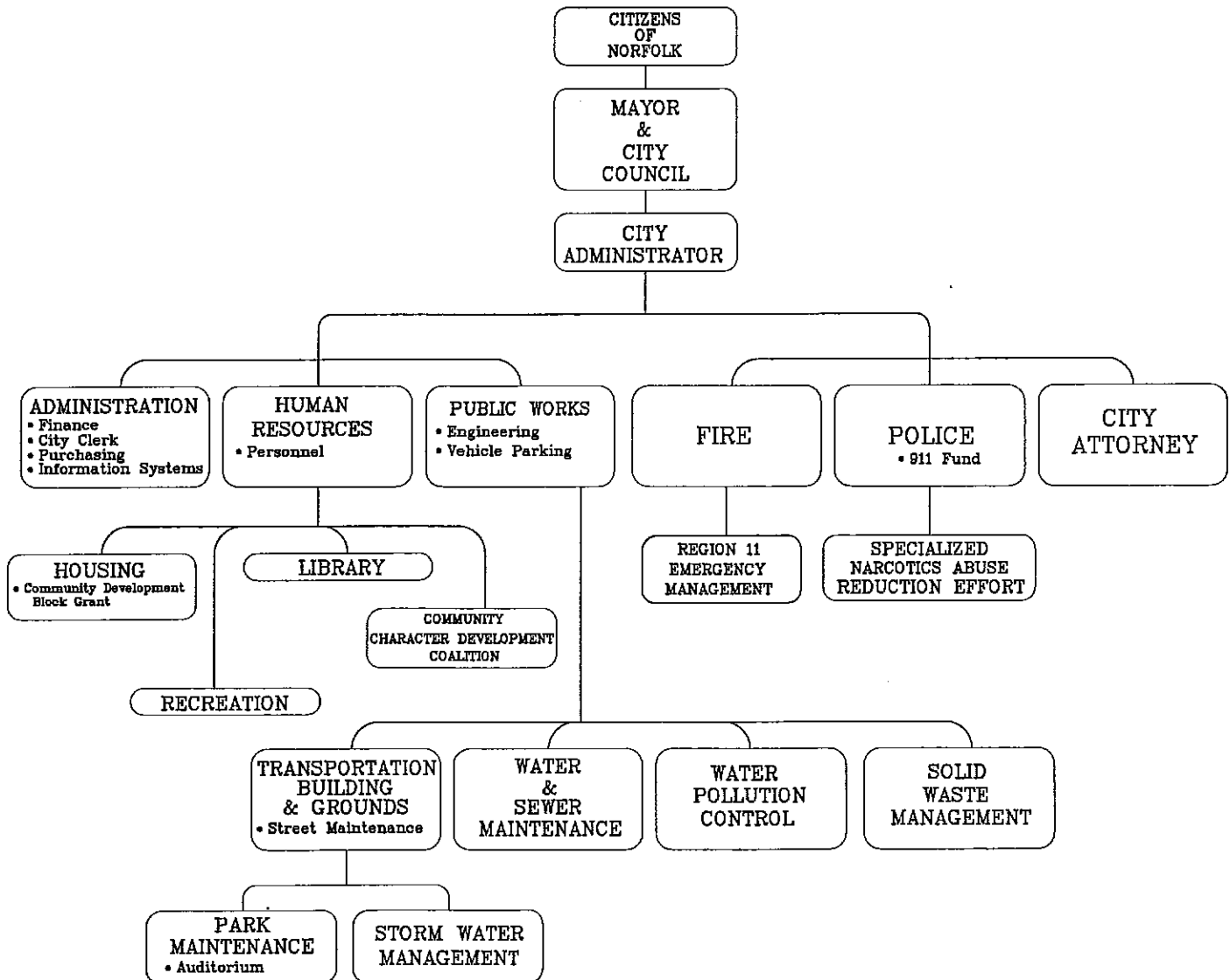
Executive Director

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, 2006.

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.

City of Norfolk, NE Organizational Chart



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

September 30, 2007

Title	Name
Mayor	Gordon D. Adams
Council Member	Jim Brenneman
Council Member	Dale Coy
Council Member	Dave Fauss
Council Member	Jim Lange
Council Member	Karl Reeder
Council Member	Vicki Saunders
Council Member	Ivan Van Dyke
Council Member	Erik Wilson
City Administrator	Mike Nolan
City Attorney	Clint Schukei
Information Systems Manager	Jim McKenzie
Director of Public Works	Dennis Smith
Water and Sewer Director	Dennis Watts
Wastewater Plant Superintendent	Todd Boling
Solid Waste Manager	Gary Lund
Transportation, Building & Grounds Director	Jim Koch
Park & Building Maintenance Superintendent	Pat Mrsny
Housing Director	Sheila Miller
Library Director	Ted Smith
Police Chief	William Mizner
Fire Chief	Shane Weidner
Finance Officer	Randy Gates
City Clerk	Elizabeth A. Deck
Property/Operations Manager	Gary Miller
Human Resources Director	Sheila Schukei

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FINANCIAL SECTION



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Norfolk, Nebraska

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 the City of Norfolk, Nebraska, (the City) as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Section 84-304.01 of the *Revised Statutes of Nebraska*, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Norfolk as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2008 on our consideration of the City of Norfolk's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 and Statistical Section is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Norfolk. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying other supplementary information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 21, 2008

Management Discussion and Analysis

September 30, 2007

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, 2007. 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 of the City of Norfolk exceeded liabilities at September 30, 2007, by \$86,103,607. Of this amount, \$20,402,580 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$2,548,028 during the year. Of this amount, the assets of Governmental Activities increased \$1,067,335 and the assets of Business Activities increased \$1,480,693.
- Bonds payable decreased \$1,042,343. Outstanding revenue bonds total \$9,317,322, general obligation bonds \$4,365,000, and special assessment bonds \$1,185,000 backed by the City's full faith and credit.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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 Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of Norfolk in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Assets 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 liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets 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 Assets and the Statement of Activities, we divided the City into two kinds of activities:

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as grant revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City’s basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the “modified accrual basis” of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City’s general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets 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 Assets and a Statement of Changes in Fiduciary Net Assets. 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 assets may serve over time as a useful indicator of a government’s financial position. The largest part of the City’s net assets 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, 2007, net assets were as follows:

City of Norfolk's Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 17,554,136	\$ 14,742,155	\$ 9,539,800	\$ 9,067,253	\$ 27,093,936	\$ 23,809,408
Capital assets	41,899,286	42,281,743	37,119,009	36,991,100	79,018,295	79,272,843
Total assets	59,453,422	57,023,898	46,658,809	46,058,353	106,112,231	103,082,251
Long-Term Liabilities	9,088,943	7,837,519	9,517,553	10,278,269	18,606,496	18,115,788
Other liabilities	1,026,640	915,875	375,488	495,009	1,402,128	1,410,884
Total liabilities	10,115,583	8,753,394	9,893,041	10,773,278	20,008,624	19,526,672
Net assets:						
Invested in capital assets, net of related debt	34,084,125	35,839,624	28,660,480	27,675,349	62,744,605	63,514,973
Restricted	1,318,671	1,283,781	1,637,751	1,639,618	2,956,422	2,923,399
Unrestricted	13,935,043	11,147,099	6,467,537	5,970,108	20,402,580	17,117,207
Total net assets	\$ 49,337,839	\$ 48,270,504	\$ 36,765,768	\$ 35,285,075	\$ 86,103,607	\$ 83,555,579

An additional portion of net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$20,402,580 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 assets, 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 fund balance is the \$3,285,373 increase in unrestricted net assets. This increase is due to city operations during the year.

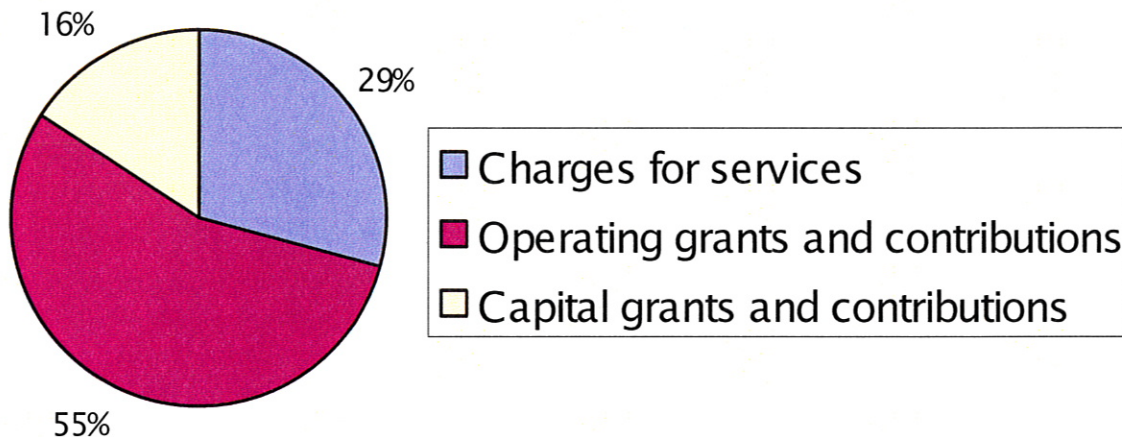
Total revenue reported in Fiscal 2007 was \$26,311,514. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

City of Norfolk's Changes in Net Assets

	General Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$ 1,596,419	\$ 1,682,868	\$ 6,828,332	\$ 6,756,177	\$ 8,424,751	\$ 8,439,045
Operating grants and contributions	3,031,310	3,496,950	-	-	3,031,310	3,496,950
Capital grants and contributions	864,556	378,175	403,630	791,145	1,268,186	1,169,320
Total Program Revenues	5,492,285	5,557,993	7,231,962	7,547,322	12,724,247	13,105,315
General Revenues:						
Property taxes	1,625,182	1,392,282	-	-	1,625,182	1,392,282
Sales taxes	6,427,716	6,548,082	-	-	6,427,716	6,548,082
Other taxes	191,073	209,536	-	-	191,073	209,536
Occupation and franchise taxes	787,763	618,984	-	-	787,763	618,984
Interest	561,205	461,182	398,229	332,022	959,434	793,204
General intergovernmental revenues	248,438	242,041	-	-	248,438	242,041
Use of property	3,209,969	3,170,236	-	-	3,209,969	3,170,236
Gain (loss) on sales of assets	27,532	-	-	9,089	27,532	9,089
Revenue from Sale of Uncapitalized Property	77,072	83,761	-	-	77,072	83,761
Miscellaneous	33,088	68,035	-	-	33,088	68,035
Total General Revenues	13,189,038	12,794,139	398,229	341,111	13,587,267	13,135,250
Total Revenues	18,681,323	18,352,132	7,630,191	7,888,433	26,311,514	26,240,565
Expenses:						
General Government	2,062,088	2,416,353	-	-	2,062,088	2,416,353
Public Safety	7,663,541	7,408,066	-	-	7,663,541	7,408,066
Public Works	4,162,060	4,050,107	-	-	4,162,060	4,050,107
Public Library	1,051,044	1,043,951	-	-	1,051,044	1,043,951
Parks, Recreation and Public Property	1,283,585	1,233,518	-	-	1,283,585	1,233,518
Community Improvement and Development	1,133,491	1,213,623	-	-	1,133,491	1,213,623
Debt Service	258,179	265,219	-	-	258,179	265,219
Capital Outlays	-	-	-	-	-	-
Water System	-	-	1,856,242	1,870,805	1,856,242	1,870,805
Sewer System	-	-	2,627,136	2,443,955	2,627,136	2,443,955
Solid Waste	-	-	1,666,120	1,717,494	1,666,120	1,717,494
Total Expenses	17,613,988	17,630,837	6,149,498	6,032,254	23,763,486	23,663,091
Increase in Net Assets	1,067,335	721,295	1,480,693	1,856,179	2,548,028	2,577,474
Net Assets - Beginning	48,270,504	47,549,209	35,285,075	33,428,896	83,555,579	80,978,105
Net Assets - Ending	\$ 49,337,839	\$ 48,270,504	\$ 36,765,768	\$ 35,285,075	\$ 86,103,607	\$ 83,555,579

Program revenues totaled \$12,724,247. \$7,231,962 was program revenues from Business-Type Activities. Charges for services for Business-Type Activities increased \$72,155 due to a 4% water rate increase and a \$1 per ton increase in transfer station tipping fees implemented during the year. Capital grants and contributions for Business-Type Activities decreased \$387,515 going from \$791,145 to \$403,630. This was due to more water lines being dedicated by developers to the City in the prior year, including lines in Green Meadow, Wyndham Hills, and College View 5th Additions. Program revenues in the General Governmental Activities decreased \$65,708 from the prior year. Charges for services decreased \$86,449 going from \$1,682,868 in the prior year to \$1,596,419 in the current year. This decrease was primarily due to a decrease in building permits. Capital grants and contributions increased \$486,381 going from \$378,175 in 2006 to \$864,556 in 2007 primarily due to additional public safety grants including \$512,995 received for Region 11 communications equipment. Operating grants and contributions decreased \$465,640 going from \$3,496,950 in 2006 to \$3,031,310 in 2007. \$368,286 of this decrease was in community improvement and development. In 2006, the City received \$316,498 of Community Development Block Grant (CDBG) funding for the MP Global grant and \$253,909 for the Nucor Detailing Center grant. Partially offsetting this is \$153,223 of CDGB grant revenue received in 2007 for the Community Revitalization grant.

Program Revenues General Governmental



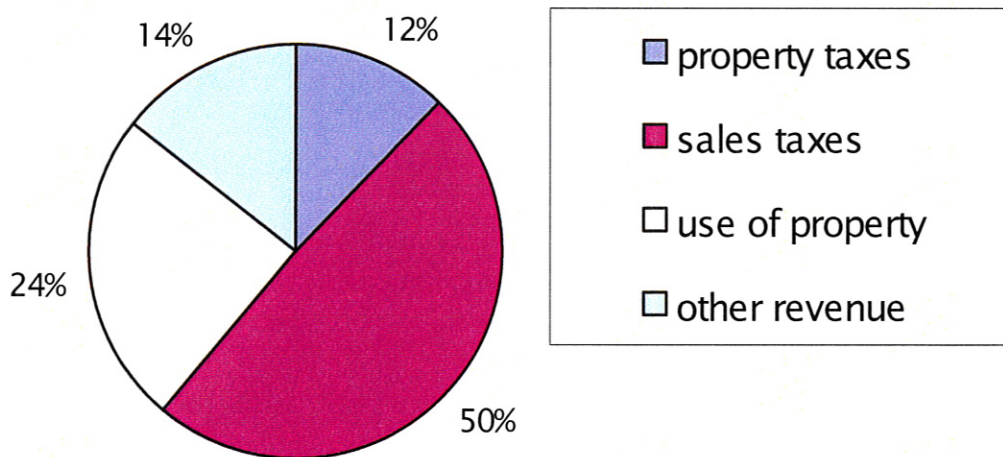
General revenues for Governmental Activities went from \$12,794,139 in 2006 to \$13,189,038 in 2007, an increase of \$394,899 or 3%. The biggest increase is in property taxes which went from \$1,392,282 in 2006 to \$1,625,182 in 2007, an increase of \$232,900 or 17%. This property tax increase was necessary to offset sluggish sales tax revenues for the last seven years. By state law, the City Council determines the Airport

Authority's levy. The City Council reduced the Airport Authority's levy equivalent to the increase in City property taxes with the net effect being no increase in property taxes controlled by the City. Occupation and franchise taxes increased \$168,779 or 27% going from \$618,984 in 2006 to \$787,763 in 2007. This increase is due to the City adopting an expanded definition of telecommunication services subject to the City's 3% occupation tax, effective September 2006. The Council increased the revenue subject to telecommunications occupation tax to include, among other things, cell phone revenue. This was to offset declines in telecommunications occupation tax and 911 surcharges over the prior six years as people switched from land lines to cell phones.

The largest decrease in general revenues was in sales tax. Sales tax growth has been sluggish for the last seven years and decreased \$120,366 in 2006-2007 or 1.8%.

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

General Revenues General Governmental



Total expenses are consistent with the prior year increasing about \$100,000 or .4%. Expenses in General Governmental Activities decreased \$16,849 partially offset by a \$117,244 increase in expenses for Business-Type Activities. General Government Expense went from \$2,416,353 last year to \$2,062,088 in 2007, a decrease of \$354,265 or 15%. This decrease was caused by a \$438,011 increase in operating income for the Internal Service Fund which is credited to General Governmental Expenses. Expenses for business-type activities increased 2% going from \$6,032,254 in 2006 to \$6,149,498 in 2007. This increase was mostly in Sewer Division repairs and maintenance which went from \$261,538 in 2006 to \$353,381 in 2007, an increase of \$91,843 or 35%. This increase was due to a combination of factors at both the Water Pollution Control Plant

and in the sewer collection system and is not any one particular repair or maintenance item.

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

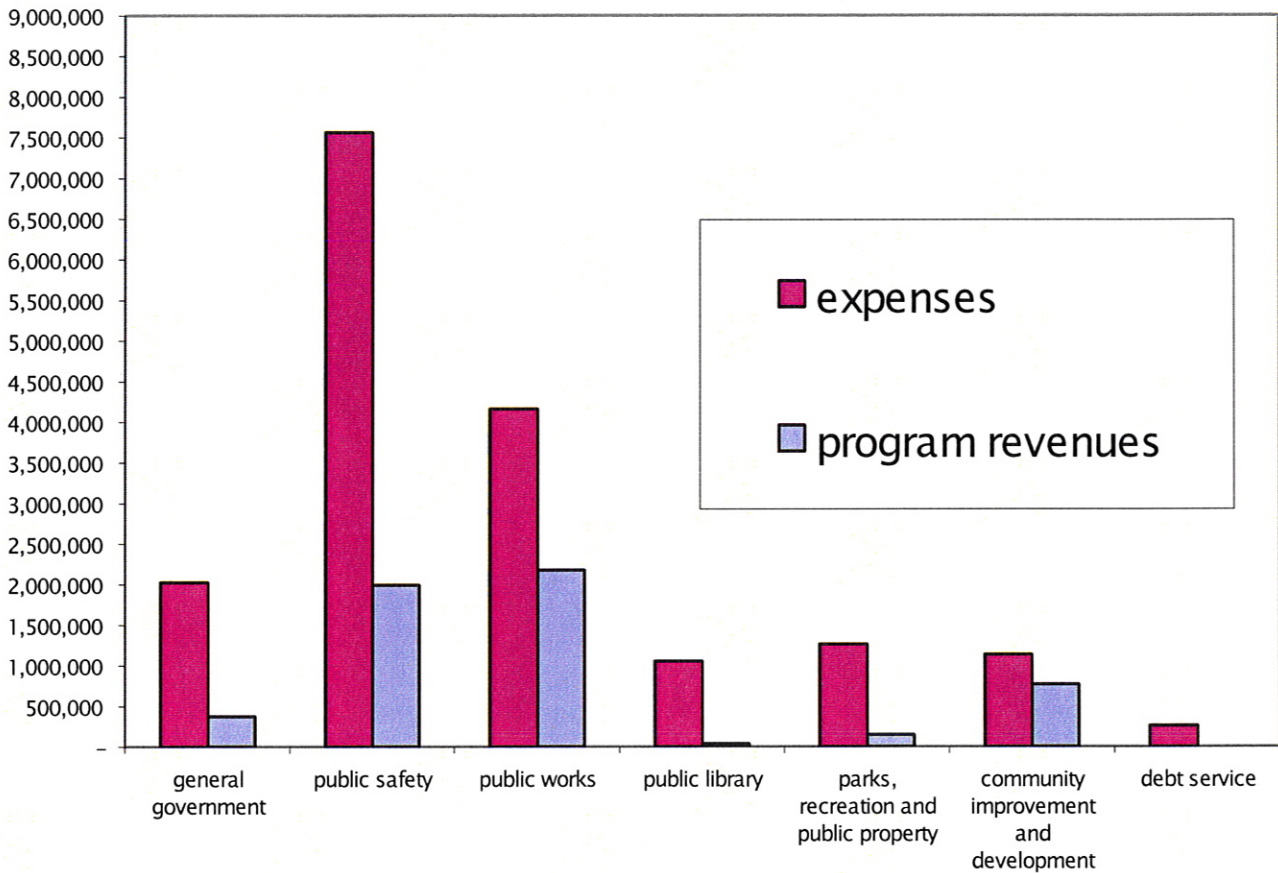
<u>Program Level</u>	<u>Activity</u>
General Government.....	Administration, Support Services
Public Safety.....	Emergency medical services, Police, Fire, Prevention and Codes, Planning and Zoning, Emergency Management
Public Works	Engineering, Streets, Drainage
Public Library	Operation of Public Library
Parks, Recreation, and Public Property	Parks, Auditorium, Recreation
Community Improvement and Development.....	Housing, Economic Development, Community Character 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 \$7,663,541 and total program revenues of only \$1,994,992 comprised of \$906,560 of Charges for Services, \$396,764 of Operating Grants and Contributions, and \$691,668 of Capital Grants and Contributions. The net cost of Public Safety was \$5,668,549 which must be funded by general revenues.

Expenses and Program Revenues - Governmental Activities



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

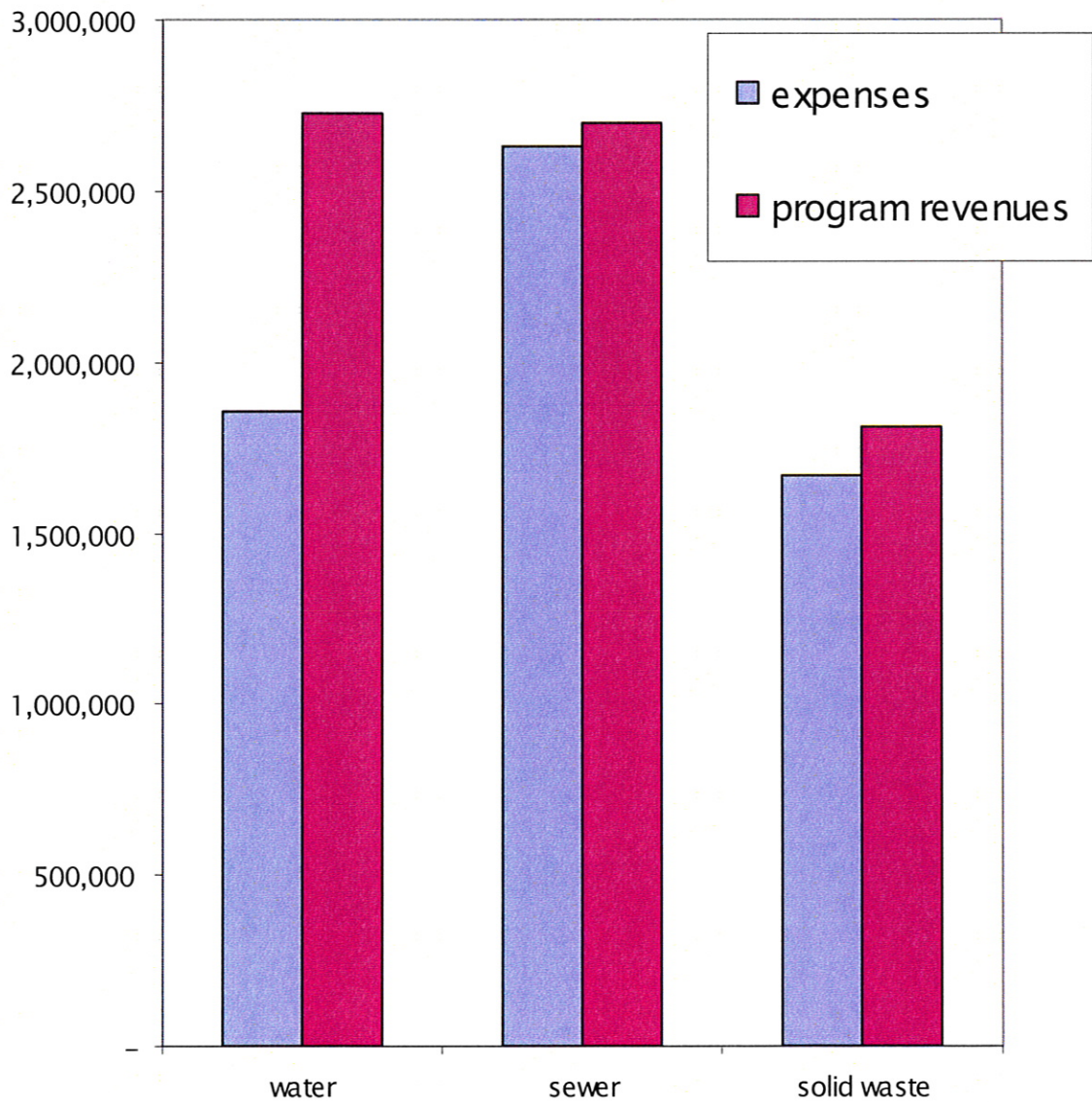
General Government.....	Fees
Public Safety.....	Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions, 911 Surcharges
Public Works.....	Special Assessments, State Revenue, Charges for Services, Federal Grants
Public Library.....	Service Charges, Fees
Parks, Recreation and Public Property.....	Rent, Fees, Contributions
Community Improvements and Development...	Federal Grants, Contributions

Business Type Activities

Business Type Activities increased the City's net assets by \$1,480,693, accounting for 58% of the growth in the City's net assets.

The City operates three Business-Type Activities including water, sewer and solid waste. As can be seen by the following chart, revenues exceeded expenses for all three of these activities during the year. Water Division revenues exceeded expenses by \$1,065,549. This is because water rates are set to fund the City's Water Master Plan which includes about \$20 million of improvements over ten years. The City implemented a series of planned rate increases beginning October 1, 2002 through September 30, 2007.

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. Unreserved 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 \$10,052,271. The combined Governmental Fund balance increased \$948,295 from the prior year.

The primary increases in fund balance were in the City Highway Allocation Fund (CHAF) and General Fund. CHAF Fund balance increased \$706,209 primarily due to street projects budgeted that were not done including the Nucor Road relocation, the traffic signal on Highway 81 and Monroe Avenue and the downtown improvement project. These projects were re-budgeted in 2008.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$479,321 increasing fund balance from \$4,820,974 last year to \$5,300,295 in the current year. The City budgeted \$565,000 of public safety tax anticipation bonds in 2007. \$235,000 of this bond issue was to reimburse the City for public safety equipment purchased in 2006 including an E911 system. The City also applied for a grant for the E911 system but award was uncertain and no receivable was booked for the grant. In 2007, \$154,938 was received from the Nebraska Public Service Commission (PSC) as a grant for the purchase of the E911 system and \$380,000 of public safety tax anticipation bonds were issued to pay for the remaining cost of the 2006 equipment purchases plus a rescue unit and tanker purchased in 2007. The net effect of the grant and bond issue reimbursing the \$235,000 of 2006 purchases and was an increase in fund balance by that amount. The remaining increase in fund balance was due to the combined effect of a number of different factors.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$14.4 million of revenue and \$15.7 million of expenditures resulting in a budgeted decrease in fund balance of \$1.3 million. Fund balance actually increased \$417,721 because revenues exceeded budget by \$.3 million and expenditures were under budget by \$1.4 million. This combined with beginning fund balance exceeding budget by \$.5 million, resulted in an ending fund balance of about \$2.2 million more than budgeted.

The largest amount of revenues over budget was in intergovernmental revenue which exceeded budget by almost \$230,000. \$154,938 was the unbudgeted grant received from the PSC for purchase of the City's E911 system. This grant was not budgeted since award was uncertain. The next largest increase in revenue over budget was in occupation

and franchise taxes which exceeded budget by more than \$120,000. This was due to an expansion of telecommunications services subject to the City's 3% telecommunications occupation tax at the end of 2006. This was not anticipated at the time of the City's budget was prepared resulting in revenues being over budget. Most other revenue categories also exceeded budget since the City normally budgets conservatively. However, several categories of revenues were under budget. Most significant was proceeds from debt financing. The City budgeted \$565,000 of public safety tax anticipation bonds. Included in this bond issue was the City's E911 system. However, as discussed earlier, the City received \$154,938 grant from the PSC for this equipment reducing the amount of the bond issue.

Expenditures in all categories were under budget resulting in \$1,422,123 less expenditures than budgeted. The City always budgets conservatively and expenditures are normally under budget. However, due to on-going concerns about the local economy, the City implemented a hiring moratorium in the prior year and as employees separated they were not replaced unless absolutely necessary. This resulted in the elimination of eight full-time equivalent positions in the General Fund. During 2007, several positions became vacant and replacements have not occurred. Capital outlays were also prioritized and lower priority items not purchased.

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, 2007, was \$62,744,605 (net of accumulated depreciation and outstanding financings). The City implemented retroactive reporting of infrastructure in 2007, as required by GASB 34, resulting in an increase of \$16,094,743 in reported Infrastructure Property and Equipment net of Accumulated Depreciation on September 30, 2006. The gross additions to capital assets for the last two years follows:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 201,383	\$ 18,531	\$ 80,307	\$ 713,198	\$ 281,690	\$ 731,729
Buildings and improvements	-	81,965	-	-	-	81,965
Water distribution and sewage system	-	-	1,429,042	534,452	1,429,042	534,452
Equipment, furniture and fixtures	614,396	551,063	109,987	276,914	724,383	827,977
Infrastructure	874,089	4,015,550	-	-	874,089	4,015,550
Construction in progress	820,970	352,111	626,624	923,437	1,447,594	1,275,548
Total Gross Additions	\$ 2,510,838	\$ 5,019,220	\$ 2,245,960	\$ 2,448,001	\$ 4,756,798	\$ 7,467,221

Gross additions to capital assets for Governmental Activities were \$2,510,838 decreasing \$2,508,382 from the \$5,019,220 of additions in the prior year. This decrease is caused primarily by a \$3 million decrease in infrastructure additions in 2007 due to large infrastructure projects completed last year including Benjamin Avenue from 13th Street to 25th Street costing over \$3 million.

Total gross additions to capital assets for Business-Type activities was \$2.2 million compared to \$2.4 million the prior year. Current year additions include \$535,030 for construction in progress at the Water Pollution Control Plant for the influent debris screen. Other significant additions are water mains for the Eisenhower Avenue and 37th Street project for \$556,590 and the Wyndham Hills Addition water line for approximately \$130,000. There were also sewer lines in Wyndham Hills Addition for \$108,022 and a sewer line project on 1st Street from Adams Avenue to Monroe Avenue for almost \$112,000. There were a number of smaller water and sewer main additions during the year, along with equipment additions.

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

DEBT ADMINISTRATION

At year-end the City had \$14,867,322 of bonded debt outstanding, net of original issue discounts and deferrals. This is a decrease of \$1,042,343 from the prior year. During the year the City issued \$380,000 of public safety tax anticipation bonds to pay for a rescue unit, tanker and other public safety equipment.

Although the City has no independent bond rating, it insures some of its larger bond issues. The City's uninsured debt normally sells at lower interest rates than "A" rated debt. The ratio of debt to assessed value for the City has declined from 1.34% in 1998 to .78% currently. Debt per capita was \$335.00 in 1998 compared to \$329.34 currently. The debt coverage ratio for the City's enterprise bonds is 2.32. All these debt indicators are favorable.

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

ECONOMIC FACTORS

The City faces some economic challenges. As discussed more fully in the transmittal letter, the City's sales tax growth has been slow over the last seven years and has not kept up with inflation and growth necessitating a property tax increase for fiscal year 2006-2007. The City Council had endeavored to maintain the actual dollar amount of property tax levied at or below the prior year which normally resulted in declining levy rates as valuation increased. This year the City Council changed its policy to maintaining or

decreasing the levy rate. This allows property tax to increase with growth and inflation. The City increased the property tax for 2007-2008 by 4% or \$44,837 which is just slightly below the 4.14% increase in assessed valuation. This results in a slight decrease in the City's levy rate. This policy change is necessary due to the lack of sales tax growth. Sales tax for 2008 was budgeted essentially unchanged from the 2007 sales tax budget. Sales tax receipts for the first four months of fiscal year 2007-2008 were above the same months last year with receipts in February down from the prior year.

The City's economic development efforts had a setback recently when Specialty Protein Producers, LLC (SPPLLC) announced July 27, 2007 that the planned organic soy protein isolate production facility for Norfolk was going to be relocated to South Sioux City. The City had been working with SPPLLC for a year on locating their plant in Norfolk. This plant was to be constructed in two phases with over \$50 million invested in plant and equipment. SPPLLC expected to have 135 employees. The City annexed the site and completed a redevelopment plan which allowed use of about \$2.8 million of tax increment financing to construct infrastructure at this site and ready it for development. The City also received a \$1.5 million Economic Development Administration (EDA) grant for water improvements to this site and a \$505,000 Community Development Block Grant (CDBG) for the project. This activity is reflected in the 2007-2008 budget, but not expected to occur. SPPLLC's decision to relocate was solely because of an inability to obtain a firm natural gas transportation commitment from Kinder Morgan Pipeline, the only natural gas pipeline supply in Norfolk. The City is now working to improve natural gas supply to the community and is meeting with several other pipeline companies about a possible extension of their pipelines to Norfolk.

On the positive side, construction was completed in September 2007 on a \$60 million ethanol plant capable of producing 40 million of gallons of ethanol annually. This plant, owned by Louis Dreyfus, an international agricultural and energy firm, employs about 35 people. The plant is a large purchaser of locally grown corn and also provides by-products as cattle feed to local feedlots. This plant has helped improve the local agricultural economy. In general, the outlook for the local agricultural economy is excellent, especially for crop producers. The increased demand for grain related to biofuels production caused grain prices to skyrocket over the past year and this may be a factor in the recent trend of increased sales tax receipts for the City.

Nucor has opened a detailing center in Norfolk and expects to add 200 jobs and an \$11 million payroll. This detailing center is presently housed in a renovated industrial plant, but construction has started on a new detailing center on the east side of town. This 47,000 square foot facility is expected to open in the fall of 2008.

Other economic indicators also remained mixed last year. In the area of construction activity, it was an average year for commercial construction with 14 permits issued with a value of over \$8.5 million. However, it was slower than normal for residential construction with only 56 permits issued, the least in the last ten years. Residential construction permit value was only \$9.5 million, the second lowest in the last ten years. Norfolk's assessed valuation increased 4.14%. Bank deposits also increased, going up

2.5%. Population decreased slightly with the 2006 closing of Tyson Foods, a large local employer; however the unemployment rate actually decreased from 3.5% to 2.7%, the lowest in the last 10 years. Per capita income also decreased slightly.

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 ASSETS
September 30, 2007
With Summarized Financial Information as of September 30, 2006

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2007	2006
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 12,154,668	\$ 5,575,144	\$ 17,729,812	\$ 14,173,738
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	122,894	938,028	1,060,922	1,092,392
Taxes	1,409,533	-	1,409,533	1,326,808
Accrued Interest	-	10,405	10,405	10,405
Special Assessments	268,940	8,482	277,422	525,020
Notes Receivable	2,149,814	71,648	2,221,462	2,332,253
Advances to Other Funds	(34,933)	34,933	-	-
Due from Other Governmental Agencies	1,403,455	-	1,403,455	1,366,385
Inventories	24,926	282,024	306,950	306,955
Restricted Assets:				
Cash and Cash Equivalents	-	2,532,398	2,532,398	2,522,571
Bond Issue Costs	54,839	86,738	141,577	152,881
Land	7,428,086	1,950,721	9,378,807	9,107,157
Construction in Progress	669,729	642,334	1,312,063	1,541,637
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	33,801,471	34,525,954	68,327,425	68,624,049
Total Assets	59,453,422	46,658,809	106,112,232	103,082,251
LIABILITIES				
Accounts Payable	980,501	252,894	1,233,395	1,241,250
Accrued Interest Payable	46,139	-	46,139	40,595
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	122,592	122,592	129,039
Revenue Bonds - Current	-	772,055	772,055	753,914
Noncurrent Liabilities:				
Due within one year:				
Notes Payable	35,714	-	35,714	35,714
General Obligation Bonds	470,000	-	470,000	425,000
Various Purpose Bonds	250,000	-	250,000	245,000
Bond Anticipation Notes	510,000	-	510,000	755,000
Compensated Absences and Benefits	618,446	94,732	713,178	693,918
Due in more than one year:				
Notes Payable	169,644	-	169,644	208,334
Revenue Bonds Payable	-	8,545,267	8,545,267	9,315,751
General Obligation Bonds	3,895,000	-	3,895,000	3,985,000
Various Purpose Bonds	935,000	-	935,000	1,185,000
Bond Anticipation Notes	1,810,000	-	1,810,000	-
Compensated Absences and Benefits	395,139	105,499	500,638	513,157
Total Liabilities	10,115,583	9,893,041	20,008,624	19,526,672
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	34,084,125	28,660,480	62,744,605	63,514,973
Restricted for:				
Debt Service	1,318,671	1,009,900	2,328,571	2,267,230
Future Capital Assets	-	627,851	627,851	656,169
Unrestricted	13,935,043	6,467,537	20,402,580	17,117,207
Total Net Assets	\$ 49,337,839	\$ 36,765,768	\$ 86,103,607	\$ 83,555,579

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CITY OF NORFOLK, NEBRASKA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007
With Summarized Financial Information for the Year Ended September 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,062,088	\$ 368,626	\$ 1,298	\$ -
Public Safety	7,663,541	906,560	396,764	691,668
Public Works	4,162,060	80,856	1,923,659	172,888
Public Library	1,051,044	28,220	8,643	-
Parks, Recreation and Public Property	1,283,585	146,157	-	-
Community Improvement and Development	1,133,491	66,000	700,946	-
Debt Service	258,179	-	-	-
Total governmental activities	<u>17,613,988</u>	<u>1,596,419</u>	<u>3,031,310</u>	<u>864,556</u>
Business-Type Activities:				
Water Division	1,856,242	2,559,572	-	165,291
Sewer Division	2,627,136	2,457,164	-	238,339
Solid Waste Division	1,666,120	1,811,596	-	-
Total Business-Type Activities:	<u>6,149,498</u>	<u>6,828,332</u>	<u>-</u>	<u>403,630</u>
Total Primary Government	<u>\$23,763,486</u>	<u>\$ 8,424,751</u>	<u>\$ 3,031,310</u>	<u>\$ 1,268,186</u>
General Revenues:				
Property taxes				
Sales Taxes				
Other taxes				
Occupation and Franchise Taxes				
Interest				
General Intergovernmental Revenues Unrestricted				
Use of property				
Gain on Sale of Assets				
Revenue from Sale of Uncapitalized Property				
Miscellaneous				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

<u>Net (Expense) Revenue and Changes in Net Assets</u>			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	
		<u>2007</u>	<u>2006</u>
\$ (1,692,164)		\$ (1,692,164)	\$ (2,812,299)
(5,668,549)		(5,668,549)	(5,749,556)
(1,984,657)		(1,984,657)	(1,085,700)
(1,014,181)		(1,014,181)	(1,006,314)
(1,137,428)		(1,137,428)	(1,075,465)
(366,545)		(366,545)	(78,291)
(258,179)		(258,179)	(265,219)
<u>(12,121,703)</u>		<u>(12,121,703)</u>	<u>(12,072,844)</u>
	\$ 868,621	868,621	1,099,407
	68,367	68,367	395,652
	145,476	145,476	20,009
	<u>1,082,464</u>	<u>1,082,464</u>	<u>1,515,068</u>
<u>(12,121,703)</u>	<u>1,082,464</u>	<u>(11,039,239)</u>	<u>(10,557,776)</u>
1,625,182	-	1,625,182	1,392,282
6,427,716	-	6,427,716	6,548,082
191,073	-	191,073	209,536
787,763	-	787,763	618,984
561,205	398,229	959,434	793,204
248,438	-	248,438	242,041
3,209,969	-	3,209,969	3,170,236
27,532	-	27,532	9,089
77,072	-	77,072	83,761
33,088	-	33,088	68,035
<u>13,189,038</u>	<u>398,229</u>	<u>13,587,267</u>	<u>13,135,250</u>
1,067,335	1,480,693	2,548,028	2,577,474
48,270,504	35,285,075	83,555,579	80,978,105
<u>\$ 49,337,839</u>	<u>\$ 36,765,768</u>	<u>\$ 86,103,607</u>	<u>\$ 83,555,579</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
BALANCE SHEET
Governmental Funds
September 30, 2007

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assesments	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Equity in Pooled Investment Account	\$ 3,129,122	\$3,286,037	\$ 218,472	\$ 1,264,426	\$ 1,184,286	\$ 1,122,696	\$ 10,205,039
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	66,821	-	-	-	-	56,073	122,894
Taxes	1,282,618	-	-	110,384	-	16,531	1,409,533
Special Assessments	134	-	-	216,063	52,743	-	268,940
Notes Receivable	20,678	-	2,100,272	-	-	28,864	2,149,814
Due from Other Funds	92,159	-	-	-	-	-	92,159
Due from Other Governmental Agencies	1,132,917	199,606	33,571	-	-	37,361	1,403,455
Inventories	24,926	-	-	-	-	-	24,926
Total Assets	5,749,375	3,485,643	2,352,315	1,590,873	1,237,029	1,261,525	15,676,760
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	393,335	174,615	73,234	10,000	100,779	6,680	758,643
Due to Other Funds	-	-	-	-	-	92,159	92,159
Unearned Revenue	20,812	-	2,100,272	216,063	52,743	28,864	2,418,754
Bond Anticipation Notes	-	-	-	-	2,320,000	-	2,320,000
Advances from Other Funds	34,933	-	-	-	-	-	34,933
Total Liabilities	449,080	174,615	2,173,506	226,063	2,473,522	127,703	5,624,489
Fund Balances:							
Reserved for:							
Encumbrances	110,977	42,449	44,054	-	-	414	197,894
Hazardous Waste	29,970	-	-	-	-	-	29,970
WW II Memorial	11,451	-	-	-	-	-	11,451
Debt Service	-	-	-	1,364,810	-	-	1,364,810
Inventories	24,926	-	-	-	-	-	24,926
Unreserved:							
General fund	5,122,971	-	-	-	-	-	5,122,971
Special revenue funds	-	3,268,579	134,755	-	-	848,047	4,251,381
Capital projects funds	-	-	-	-	(1,236,493)	285,361	(951,132)
Total Fund Balances	5,300,295	3,311,028	178,809	1,364,810	(1,236,493)	1,133,822	10,052,271
Total Liabilities and Equity	\$ 5,749,375	\$ 3,485,643	\$ 2,352,315	\$ 1,590,873	\$ 1,237,029	\$ 1,261,525	\$ 15,676,760

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
September 30, 2007

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

Total Fund Balance - Governmental Funds (page 33)	\$ 10,052,271
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	41,899,286
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets.	1,727,771
Unearned revenues that provide current financial resources for governmental activities	2,418,754
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(46,139)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	54,839
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(6,768,943)</u>
Total Net Assets - Governmental Activities (page 29)	<u>\$ 49,337,839</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
Year Ended September 30, 2007

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Other Governmental Funds	Total Governmental Funds
Revenue:							
Taxes	\$7,270,205	\$ -	\$ -	\$ 703,980	\$ -	\$ 325,683	\$ 8,299,868
Special Assessments	-	-	-	104,518	133,899	-	238,417
Licenses and Permits	305,364	-	-	-	-	-	305,364
Intergovernmental Revenue	709,152	1,864,787	340,393	23,332	-	1,098,453	4,036,117
Charges for Services	1,195,069	-	-	-	-	-	1,195,069
Occupation and Franchise Taxes	666,704	-	-	-	-	-	666,704
Payments in Lieu of Taxes	25,118	-	-	40,044	-	-	65,162
Parking Fees and Rentals	3,199,497	-	-	-	-	12,237	3,211,734
Loan Repayments	-	-	96,376	-	-	7,093	103,469
Interest	110,135	154,921	12,225	77,046	26,720	51,741	432,788
Miscellaneous	146,844	-	6	-	-	30,989	177,839
Total Revenue	13,628,088	2,019,708	449,000	948,920	160,619	1,526,196	18,732,531
Current Expenditures:							
Public Safety	6,949,815	-	-	-	-	709,243	7,659,058
Public Works	2,221,838	848,499	-	-	-	57,434	3,127,771
Public Library	1,039,277	-	-	-	-	-	1,039,277
Parks, Recreation and Public Property	1,193,539	-	-	-	-	-	1,193,539
Community Improvement and Development	330,834	-	476,369	-	-	348,954	1,156,157
General Government	2,412,032	-	-	-	22,186	-	2,434,218
Debt Service:							
Debt Service	2,274	-	38,691	886,497	39,276	-	966,738
Capital Outlays:							
Capital Outlay	-	-	-	-	543,823	43,655	587,478
Total Expenditures	14,149,609	848,499	515,060	886,497	605,285	1,159,286	18,164,236
Excess (deficiency) of revenues over expenditures	(521,521)	1,171,209	(66,060)	62,423	(444,666)	366,910	568,295
Other financing sources (uses):							
Bonds Issued	380,000	-	-	-	-	-	380,000
Transfers In	800,700	-	-	145,216	-	34,642	980,558
Transfers Out	(179,858)	(465,000)	-	(110,700)	-	(225,000)	(980,558)
Total other financing sources (uses)	1,000,842	(465,000)	-	34,516	-	(190,358)	380,000
Net Change in Fund Balance	479,321	706,209	(66,060)	96,939	(444,666)	176,552	948,295
Fund balances (deficits)-beginning of year	4,820,974	2,604,819	244,869	1,267,871	(791,827)	957,270	9,103,976
Fund balances (deficits) - end of year	\$5,300,295	\$ 3,311,028	\$ 178,809	\$ 1,364,810	\$ (1,236,493)	\$ 1,133,822	\$ 10,052,271

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2007

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

Net change in fund balances - total governmental funds (page 35)	\$	948,295
<p>Governmental funds report capital outlays, 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 were exceeded by depreciation expense in the current year as follows:</p>		
Expenditures for capital assets	\$	1,797,694
Depreciation expense	<u>(2,062,572)</u>	(264,878)
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 assets on the statement of activities.		(117,579)
Revenues reported in the funds that are not available to provide current financial resources		(314,059)
Accrued interest expense that does not require current financial resources		(5,544)
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:		(15,114)
Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair, and replacement of the City's automotive equipment and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities.		509,190
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:		(380,000)
The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities		(1,666)
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. 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>708,690</u>
Change in net assets of governmental activities (page 31)	\$	<u>1,067,335</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET ASSETS
Proprietary Funds
September 30, 2007

	<u>Business Type Activities</u>	<u>Governmental Activities</u>
	<u>Combined Utilities</u>	<u>Internal Service</u>
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 5,575,144	\$ 1,949,629
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	938,028	-
Accrued Interest	10,405	-
Special Assessments	8,482	-
Restricted Cash		
Cash and Cash Equivalents	894,647	-
Inventories	282,024	-
Total current assets	<u>7,708,730</u>	<u>1,949,629</u>
Noncurrent assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,637,751	-
Notes Receivable	71,648	-
Advances to Other Funds	34,933	-
Bond Acquisition Costs	86,738	-
Capital assets:		
Land	1,950,721	-
Construction in Progress	642,334	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	34,525,954	-
Total noncurrent assets	<u>38,950,079</u>	<u>-</u>
Total Assets	<u>46,658,809</u>	<u>1,949,629</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	252,894	221,858
Accrued Wages and Compensated Absences	94,734	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	122,592	-
Revenue Bonds - Current	772,055	-
Total current liabilities	<u>1,242,275</u>	<u>221,858</u>
Noncurrent Liabilities:		
Due within one year:		
Due in more than one year:		
Revenue Bonds Payable	8,545,267	-
Compensated Absences and Benefits, Long-Term	105,499	-
Total noncurrent liabilities	<u>8,650,766</u>	<u>-</u>
Total Liabilities	<u>9,893,041</u>	<u>221,858</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	28,660,480	-
Restricted for:		
Debt Service	1,009,900	-
Future Capital Assets	627,851	-
Unrestricted	6,467,537	1,727,771
Total Net Assets	<u>\$ 36,765,768</u>	<u>\$ 1,727,771</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended September 30, 2007

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 6,399,526	\$ 1,860,005
Miscellaneous Income	428,806	-
Total Operating Revenue	<u>6,828,332</u>	<u>1,860,005</u>
Operating Expenses:		
Payroll and Related Taxes and Benefits	1,763,244	-
Purchased Services	1,092,971	-
General and Administration	730,193	1,479,952
Repairs and Maintenance	573,832	-
Utilities	467,117	-
Depreciation and Amortization	1,158,032	-
Total Operating Expenses	<u>5,785,389</u>	<u>1,479,952</u>
Operating Income	<u>1,042,943</u>	<u>380,053</u>
Non-Operating Income (Expense):		
Interest Income	382,364	129,137
Market Value Gain	15,865	-
(Loss) on Disposal of Capital Assets	(5,461)	-
Interest Expense	(358,648)	-
Total Non-Operating Income (Expenses)	<u>34,120</u>	<u>129,137</u>
Income before contributions and transfers	1,077,063	509,190
Capital contributions	403,630	-
Change in Net Assets	1,480,693	509,190
Net Assets - Beginning	35,285,075	1,218,581
Net Assets - Ending	<u>\$ 36,765,768</u>	<u>\$ 1,727,771</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2007

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 6,906,950	\$ 1,860,005
Cash Paid to Suppliers for Goods and Services	(2,860,363)	(1,623,716)
Cash Paid to Employees for Services	(1,771,615)	-
Net Cash Provided by Operating Activities	<u>2,274,972</u>	<u>236,289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
Acquisition and Construction of Capital Assets	(993,389)	-
Change in Advance to Other Funds	10,553	-
Principal Paid on Notes and Bonds	(753,914)	-
Interest Paid on Notes and Bonds	(365,095)	-
Payments on Note Receivable	27,292	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(2,074,553)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>398,229</u>	<u>129,137</u>
Net Increase in Cash and Cash Equivalents	598,648	365,426
Cash and Cash Equivalents at Beginning of Year	<u>7,508,894</u>	<u>1,584,203</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,107,542</u>	<u>\$ 1,949,629</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2007

	<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	\$ 1,042,943	\$ 380,053
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,158,032	-
(Increase) Decrease in Assets:		
Accounts Receivable	61,580	-
Special Assessments	7,038	-
Notes Receivable	10,000	-
Increase (Decrease) in Liabilities:		
Accounts Payable	3,750	(143,764)
Accrued Compensated Absences	(8,371)	-
Total Adjustments	<u>1,232,029</u>	<u>(143,764)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,274,972</u>	<u>\$ 236,289</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>\$ 403,630</u>	<u>-</u>
Accounts Payable Exchanged for Capital Assets	<u>\$ 975</u>	<u>-</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	\$ 5,575,144	\$ 1,949,629
Restricted Cash	2,532,398	-
	<u>\$ 8,107,542</u>	<u>\$ 1,949,629</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET ASSETS
 Fiduciary Funds
 September 30, 2007

	<u>Pension Trust Funds Employee Retirement Funds</u>	<u>Agency Fund Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 561,604
Guaranteed Insurance Contracts Managed by Trustee	13,622,241	-
Open Ended Mutual Funds Managed by Trustee	10,884,624	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Taxes	-	4,938
Total Current Assets	<u>24,506,865</u>	<u>566,542</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	566,542
Total Current Liabilities	<u>-</u>	<u>566,542</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 24,506,865</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Fiduciary Funds
For the Year Ended September 30, 2007

	<u>Pension Trust Funds</u> <u>Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 589,792
Employee	<u>616,619</u>
Total Contributions	<u>1,206,411</u>
Investment Income:	
Interest, Dividends and Market Gain	<u>2,516,087</u>
Total Additions	<u>3,722,498</u>
DEDUCTIONS	
Pension Benefits	442,863
Contribution Refunds	<u>1,227,805</u>
Total Deductions	<u>1,670,668</u>
Net Increase	2,051,830
Net Assets -- Beginning of Period	<u>22,455,035</u>
Net Assets -- End of Period	<u><u>\$ 24,506,865</u></u>

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). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. 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 City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

Blended Component Unit-Community Development Agency (CDA)

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

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

Joint Venture – Northeast Nebraska Solid Waste Coalition (NNSWC)

The City, in conjunction with twenty-four other cities and counties in Northeast Nebraska, has created the NNSWC. The NNSWC's Board is composed of a member from each of the participating cities and counties. The Purpose of the NNSWC is to provide solid waste management by means of building and operating a solid waste disposal facility, commonly referred to as a landfill. The NNSWC issued \$8,000,000 of revenue bonds on October 1, 1998. As the three largest participants in NNSWC, the cities of Fremont, Norfolk, and Columbus each guaranteed one third of the NNSWC bond issue. It anticipated these bonds will be paid by revenue from the NNSWC landfill, which began operation October 30, 1995.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 127 North First Street in Norfolk.

B. Basic Financial Statements-Government-Wide Statements

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

In the government-wide Statement of Net Assets, 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 and obligations. The City's net assets are reported in three parts: invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. 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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

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

- 2) Special Revenue Funds

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

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

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

- 4) Capital Project Funds

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

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

- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2007, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.
4. Proprietary Fund Types – Contributions of capital assets are treated as revenue and capital assets. Contributions and grants received for operating purposes are included in revenues when earned.

Governmental Fund Types – Contributions and grants for both capital and operating purposes are included in revenues when earned.

5. 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Inventories – Purchases of materials and supplies are recorded as expenditures as incurred except for items (e.g. fuel and certain office supplies) held in central storage for the use of several of the City's funds. Inventories held in central storage are valued at cost, which approximates market, using the first-in/first-out (FIFO) method are recorded as expenditures when consumed rather than when purchased. The amounts in the governmental funds are not material and therefore not recorded on the Statement of Net Assets.
7. 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.
8. Property and Equipment – Assets with an initial individual cost of \$500 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

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

9. 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. A liability is recognized for that portion of accumulating sick leave benefits in which the employee becomes vested after twenty years of service.
10. 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. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.
11. Fund Equity – Reserves represent those portions of fund equity legally segregated for a specific use.
12. Bond Issuance Costs/Discounts - Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs for governmental fund types are deferred and amortized over the term of the bonds in the governmental activities column of the government-wide Statement of Net Assets.
13. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

14. 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.

15. 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.

G. Landfill Closure Costs

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

H. Statement of Cash Flows

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

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

At September 30, 2007, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$19,580,017
Unites States Treasury Note (at market)	<u>682,193</u>
	<u>\$20,262,210</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities,

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

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

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, 2007 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. Fair value is determined by quoted market prices.

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Fair Value</u>
Notes	11/15/12	\$682,193

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. At September 30, 2007, \$13,622,241 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, 2007, amounted to \$10,884,624.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2007:

	Enterprise Fund
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 937,850
Revenue bond account	611,697
Operation and maintenance account	<u>355,000</u>
	1,904,547
Pursuant to grant agreements:	
Improvement and extension account	<u>627,851</u>
	<u>\$2,532,398</u>

Restricted cash is recorded at cost, which approximates market value, and consists of equity in the pooled investment account in the form of U. S. Treasury obligations and 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.

Credit Risk: The City's investments at September 30, 2007 consisted entirely of U.S. Treasury obligations.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

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

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, 2007, are net of allowance for uncollectibles. The allowance for uncollectibles in the general fund was \$95,000 at September 30, 2007.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2007, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	<u>\$ 92,159</u>

The purpose of these interfund balances is to finance short-term cash flow shortages of various funds.

As of September 30, 2007, long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Proprietary Fund – Water	General	<u>\$ 34,933</u>

The purpose of this interfund balance was to finance the fiber optic inventory purchased by the general fund from the water fund. The general fund is repaying the Water fund by making annual payments of \$12,828, including interest at 5%.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 7,226,703	\$ 201,383	\$ -	\$ 7,428,086
Construction in Progress	561,903	820,970	713,144	669,729
Total capital assets not being depreciated	7,788,606	1,022,353	713,144	8,097,815
Capital assets being depreciated:				
Buildings and improvements	9,456,375	-	-	9,456,375
Equipment, furniture and fixtures	9,030,920	614,396	152,948	9,492,368
Infrastructure	35,333,472	874,089	136,416	36,071,145
Total capital assets being depreciated	53,820,767	1,488,485	289,364	55,019,888
Less: Accumulated Depreciation for:				
Buildings and improvements	4,369,131	196,697	-	4,565,828
Equipment, furniture and fixtures	5,681,121	666,188	143,214	6,204,095
Infrastructure	9,277,378	1,199,687	28,571	10,448,494
Total accumulated depreciation	19,327,630	2,062,572	171,785	21,218,417
Total capital assets being depreciated, net	34,493,137	(574,087)	117,579	33,801,471
Governmental activities capital assets, net	\$ 42,281,743	\$ 448,266	\$ 830,723	\$ 41,899,286

Construction in progress at September 30, 2007, for the governmental activities consisted of costs associated with Meadow Ridge, Elkhorn Valley Ethanol Project Plant, downtown street improvements, floodway property acquisition, 16th St Improvement and NDOR Project N-35.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,870,414	\$ 80,307	\$ -	\$ 1,950,721
Construction in Progress	979,734	626,624	964,024	642,334
Total capital assets not being depreciated	2,850,148	706,931	964,024	2,593,055
Capital assets being depreciated:				
Water and pollution control plant	25,865,716	-	-	25,865,716
Water distribution and sewage system	21,585,009	1,429,042	-	23,014,051
Equipment	4,146,798	109,987	32,763	4,224,022
Total capital assets being depreciated	51,597,523	1,539,029	32,763	53,103,789
Less: Accumulated Depreciation for:				
Water and pollution control plant	12,212,164	784,337	-	12,996,501
Water distribution and sewage system	3,455,074	207,545	-	3,662,619
Equipment, furniture and fixtures	1,789,333	154,941	25,559	1,918,715
Total accumulated depreciation	17,456,571	1,146,823	-	18,577,835
Total capital assets being depreciated, net	34,140,952	392,206	7,204	34,525,954
Business-type activities capital assets, net	\$ 36,991,100	\$ 1,099,137	\$ 971,228	\$ 37,119,009

Construction in progress at September 30, 2007 consisted of costs associated with the Influent Debris Screen.

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

Governmental Activities:	
General Government	\$ 44,251
Public Safety	501,098
Public Works	1,315,887
Parks, Recreation, and Public Property	149,659
Public Library	37,302
Community Improvement and Development	14,375
Total depreciation expense – governmental activities	<u>\$ 2,062,572</u>
Business-Type Activities:	
Solid Waste Management	\$ 65,386
Water	422,266
Sewer	659,171
Total depreciation expense – business-type activities	<u>\$ 1,146,823</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 7,428,086	\$ 1,950,721
Construction in Progress	669,729	642,334
Capital Assets (Net of Accumulated Depreciation)	33,801,471	34,525,954
Bond Issue Costs	54,839	86,738
Less: General Obligation Bonds Payable	4,365,000	-
Various Purpose Bonds Payable	1,185,000	-
Bond Anticipation Notes	2,320,000	-
Revenue Bonds Payable	-	8,545,267
Invested in Capital Assets, Net of Related Debt	\$ 34,084,125	\$ 28,660,480

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bonds payable and other long-term obligations for the period ended September 30, 2007 were as follows:

	Balance October 01, 2006	Additions	Retirements	Balance September 30, 2007	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) 2.5% to 5.35%, Various maturities through 2019	\$ 4,410,000	\$ 380,000	\$ 425,000	\$ 4,365,000	\$ 470,000
Special assessment bonds, with City commitment, 3.1% to 5.00%, various maturities through 2015	1,430,000	-	245,000	1,185,000	250,000
Bond anticipation notes, 3.70% to 3.90%, various maturities through September, 2009	755,000	2,320,000	755,000	2,320,000	510,000
Note Payable	244,048	-	38,690	205,358	35,714
Accrued compensated absences	998,471	623,427	608,313	1,013,585	618,446
Total Governmental Activities	\$7,837,519	\$3,323,427	\$2,072,003	\$9,088,943	\$1,884,160

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

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

Business Type Activities:

Revenue Bonds, 2.7% to 5.20%, various maturities through 2024	\$ 8,825,000	\$ -	\$650,000	\$8,175,000	\$665,000
State Revolving Loan Fund Bond, 3.00%	1,261,949	-	103,914	1,158,035	107,055
Accrued Compensated absences	208,604	77,232	85,605	200,231	94,732
Total Business Type Activities	10,295,553	77,232	839,519	9,533,266	866,787
Grand Total	\$18,133,072	\$3,400,659	\$2,911,522	\$18,622,209	\$2,775,947

The revenue bonds are presented on the statement of net assets net of unamortized bond discounts of \$15,713. In addition, for the governmental activities compensated absences are generally liquidated by the general fund.

Annual debt service requirements as of September 30, 2007 for general obligation and enterprise fund debt, including interest of \$3,357,791 is as follows:

Fiscal Year Ending	Governmental Activities				Business Type Activities	
	General Obligation Debt		Various Purpose Bonds		Enterprise Fund	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	470,000	161,728	250,000	48,125	772,055	344,149
2009	475,000	147,142	260,000	37,723	800,290	320,666
2010	490,000	130,919	190,000	27,223	823,624	294,510
2011	420,000	112,688	205,000	19,333	852,058	265,916
2012	430,000	97,290	65,000	10,618	880,596	234,869
2013	455,000	80,864	70,000	8,245	879,241	201,825
2014	470,000	62,991	70,000	5,620	837,997	168,496
2015	355,000	46,692	75,000	2,925	876,865	135,540
2016	380,000	32,303	-	-	865,851	99,918
2017	340,000	17,595	-	-	829,458	63,883
2018	40,000	3,440	-	-	110,000	43,487
2019	40,000	1,740	-	-	120,000	37,907
2020	-	-	-	-	125,000	31,842
2021	-	-	-	-	130,000	25,435
2022	-	-	-	-	135,000	18,710
2023	-	-	-	-	145,000	11,534
2024	-	-	-	-	150,000	3,900
	\$4,365,000	\$ 895,392	\$1,185,000	\$159,812	\$9,333,035	\$2,302,587

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

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. Bond anticipation notes are used by the City as interim financing. The City has no legal debt limit; therefore, a computation of the legal debt margin is not required. Revenue bonds are the obligation of the Enterprise Fund and are payable solely from the revenues of that fund.

On October 19, 2006, the City issued \$510,000 special assessment bond anticipation notes with a maturity of September 1, 2008 and an interest rate of 3.7%. This bond provided interim financing for paving district 494.

On August 16, 2007, the City issued \$1,810,000 of special assessment bond anticipation notes with a maturity of date of September 1, 2009 and an interest rate of 3.9%. This bond provided interim financing for the cost of street improvements for various paving districts.

On September 10, 2007 the City issued \$380,000 public safety tax anticipation bonds with a maturity of September 1, 2017 and interest rates ranging from 3.8% to 4.25%. These bonds financed new equipment for police and fire.

On September 16, 2005, the City loaned \$250,000 to MP Global through a Community Development Block Grant. This \$250,000 is owed back to the State of Nebraska. MP Global began making payments to the City August 1, 2006 and in turn the City is remitting those payments to the State. The loan has an interest rate of 0% for 30 years.

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

NOTE 7 – TRANSFERS

The following is a summary of transfers between funds:

	Governmental Fund Types			Total
	General	Debt Service	Nonmajor Governmental	Transfer Out
General	\$ -	\$ 145,216	\$ 34,642	\$ 179,858
City Highway Allocation	465,000	-	-	465,000
Nonmajor Governmental	225,000	-	-	225,000
Debt Service	110,700	-	-	110,700
Transfer In	<u>\$ 800,700</u>	<u>\$ 145,216</u>	<u>\$ 34,642</u>	<u>\$980,558</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To use sales tax revenues collected in the general fund for property tax relief in the debt service fund as well as to fund capital construction.

NOTE 8 - EMPLOYEE PENSION PLANS

The City has three single-employer retirement systems covering City employees. The City and covered employees make contributions to these retirement plans. The total payroll for all employees during the period ended September 30, 2007 was \$9,341,181 of which \$8,409,876 related to employees covered by one of these three retirement systems. Forfeitures of non-vested employer contributions are used to pay for administrative costs. If forfeitures are insufficient, costs are financed through investment earnings.

Employees are allowed to invest their participant account balances in certain stock and/or bond mutual funds as well as guaranteed insurance accounts. Participants in the Civilian Employee Retirement System can direct their entire account balance to mutual funds. Participants in the Police and Firemen's Retirement Systems can only direct a portion of their accounts into these funds. All of these funds are invested through Ameritas Life Insurance Corporation. All investments are valued at market or contract value as more fully discussed in note 2. B. to these statements.

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

Civilian Employee Retirement System

The City of Norfolk's Civilian Employee Retirement System is a defined contribution plan, which covers substantially all regular employees working greater than 1,000 hours per year. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. The City contributes an amount up to 6% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employer contributions to this plan totaled \$302,043, and employee contributions totaled \$418,697.

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

Vested terminated employees	22
Active Employees:	
Non-vested	11
Partially vested	17
Fully vested	123
Total membership	<u>151</u>

Police and Firemen's Retirement Systems

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 8 - EMPLOYEE PENSION PLANS (CONTINUED)

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

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

	Police Retirement System	Firemen's Retirement System	Total
Current covered employees:			
Non-vested	13	3	16
Partially vested	12	9	21
Fully vested	25	23	48
	50	35	85
Retirees and beneficiaries currently			
Receiving benefits from the plan	-	9	9
Terminated employees entitled to,			
But not yet receiving benefits	11	2	13
Total active and inactive participants	61	46	107

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 8 - EMPLOYEE PENSION PLANS (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date(1) Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Fire						
1999	3,503,543	3,659,209	155,666	95.7%	903,600	17.23%
2000	4,068,501	4,148,965	80,464	98.1%	889,825	9.04%
2001	3,698,838	3,698,838	-	100.0%	940,286	0.00%
2002	3,474,047	3,474,047	-	100.0%	975,556	0.00%
2003	4,123,606	4,123,606	-	100.0%	1,152,063	0.00%
2004	4,752,051	4,752,051	-	100.0%	1,242,030	0.00%
2005	5,012,780	5,012,780	-	100.0%	1,304,663	0.00%
2006	5,205,751	5,205,751	-	100.0%	1,335,544	0.00%
2007	5,836,535	5,836,535	-	100.0%	1,380,975	0.00%
Police						
1999	2,949,459	2,949,459	-	100.0%	1,176,154	0.0%
2000	3,176,783	3,176,783	-	100.0%	1,403,036	0.0%
2001	2,899,255	2,899,255	-	100.0%	1,444,857	0.0%
2002	3,070,458	3,070,458	-	100.0%	1,485,186	0.0%
2003	3,488,992	3,488,992	-	100.0%	1,645,314	0.0%
2004	3,788,812	3,788,812	-	100.0%	1,796,690	0.0%
2005	4,178,798	4,178,798	-	100.0%	1,867,048	0.0%
2006	4,572,173	4,572,173	-	100.0%	1,845,479	0.0%
2007	5,048,089	5,048,089	-	100.0%	1,787,394	0.0%

Schedule of Employer Contributions

Fiscal Year Ended	Fire		Police	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
1999	\$187,368	100%	\$79,591	100%
2000	190,228	100%	84,434	100%
2001	217,352	100%	89,415	100%
2002	140,091	100%	101,954	100%
2003	169,410	100%	109,041	100%
2004	178,605	100%	113,365	100%
2005	189,027	100%	120,520	100%
2006	156,272	100%	150,327	100%
2007	179,655	100%	108,094	100%

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 8 - EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial valuations of the Police and Firemen's Retirement Plans are performed annually, with the most recent as of October 1, 2007. The City uses the Frozen Entry Age Normal actuarial method for reporting and disclosure purposes. The City annually contributes actuarially determined amounts in addition to the matching contributions. These contributions are recognized as expenses when made. Significant actuarial assumptions include a 7% return on plan assets and 4% annual salary increases, 3% of which is assumed to be due to inflation and 1% assumed to be due to merit pay increases. Publicly issued financial reports are not available for any of the pension plans.

NOTE 9 - 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, 2007.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$160,782. \$74,650 will be paid from the City Highway Allocation Fund, \$30,458 will be paid from the Capital Construction Fund, \$36,000 will be paid from the General Fund and \$19,674 will be paid Community Development Block Grant Fund. The City also entered into various contracts for Water and Sewer Improvement Projects. The remaining commitment under these contracts is approximately \$432,710 and \$185,759 will be paid by the Water Division with \$246,951 will be paid by the Sewer Division.

As more fully discussed in Note 1. A., the City has guaranteed one-third of the Northeast Nebraska Solid Waste Coalition \$8,000,000 Revenue Bonds dated October 1, 1998. These issues are expected to be paid from landfill revenues or future bond issues and do not require any City funding.

NOTE 10 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

A. The following funds had a deficit fund balance at September 30, 2007:

Capital Project Fund:	Special Assessment	(\$1,236,493)
Capital Project Fund:	Capital Construction	(78,336)

These deficits will be funded by proceeds from the issuance of bonds.

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 \$5,000 deductible on various water and sewage treatment and solid waste facilities. Buildings and contents insured at \$40,842,162.

Boiler and machinery coverage on City utility plant is covered under a blanket of \$63 million per accident policy.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 10 - 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 ASSETS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Assets:				
Current assets	\$ 4,624,660	\$1,808,714	\$ 380,709	\$ 6,814,083
Restricted assets	368,438	1,892,933	271,027	2,532,398
Noncurrent assets	106,581	86,738	-	193,319
Capital assets	22,160,684	14,030,715	927,610	37,119,009
Total assets	27,260,363	17,819,100	1,579,346	46,658,809
Liabilities:				
Current liabilities	326,769	714,358	201,148	1,242,275
Noncurrent liabilities	2,825,316	5,288,151	537,299	8,650,766
Total liabilities	3,152,085	6,002,509	738,447	9,893,041
Net assets:				
Invested in capital assets, net of related debt	19,374,704	8,876,166	409,610	28,660,480
Restricted	135,462	1,328,126	174,163	1,637,751
Unrestricted	4,598,112	1,612,299	257,126	6,467,537
Total net assets	\$24,108,278	\$11,816,591	\$ 840,899	\$36,765,768

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$2,559,572	\$2,457,164	\$1,811,596	\$ 6,828,332
Depreciation and amortization	422,266	670,380	65,386	1,158,032
Other operating expenses	1,311,479	1,743,031	1,572,847	4,627,357
Operating income	825,827	43,753	173,363	1,042,943
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(118,156)	(212,605)	(27,887)	(358,648)
Interest income	197,928	163,058	21,378	382,364
Market Value Gain	-	15,865	-	15,865
(Loss) on disposal of capital assets	(4,341)	(1,120)	-	(5,461)
Capital Contributions	165,291	238,339	-	403,630
Change in net assets	1,066,549	247,290	166,854	1,480,693
Beginning net assets	23,041,729	11,569,301	674,045	35,285,075
Ending net assets	\$24,108,278	\$11,816,591	\$840,899	\$36,765,768

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 10 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:				
Operating activities	\$ 1,268,791	\$ 777,755	\$228,426	\$ 2,274,972
Capital and related financing activities	(469,875)	(1,406,946)	(197,732)	(2,074,553)
Investing activities	197,928	178,923	21,378	398,229
Net increase (decrease)	996,844	(450,268)	52,072	598,648
Beginning cash and cash equivalents	3,339,887	3,797,838	371,169	7,508,894
Ending cash and cash equivalents	<u>\$4,336,731</u>	<u>\$3,347,570</u>	<u>\$ 423,241</u>	<u>\$ 8,107,542</u>

Individual Fund Information for the Employee Retirement Funds follows:

COMBINING STATEMENT OF NET ASSETS

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$ -	\$ -	\$13,622,241	\$13,622,111
Open Ended Mutual Funds	5,836,535	5,048,089	-	10,884,624
Total Assets	<u>5,836,535</u>	<u>5,048,089</u>	<u>13,622,241</u>	<u>24,506,865</u>
NET ASSETS				
Held in Trust for Pension Benefits	<u>5,836,535</u>	<u>5,048,089</u>	<u>13,622,241</u>	<u>24,506,865</u>
Total Net Assets	<u>\$5,836,535</u>	<u>\$5,048,089</u>	<u>\$13,622,241</u>	<u>\$24,506,865</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

COMBINING STATEMENT OF CHANGES IN NET ASSETS

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 179,655	\$ 108,094	\$ 302,043	\$ 589,792
Employee	<u>89,828</u>	<u>108,094</u>	<u>418,697</u>	<u>616,619</u>
Total Contributions	<u>269,483</u>	<u>216,188</u>	<u>720,740</u>	<u>1,206,411</u>
Investment Income:				
Interest, Dividends and Market Gains	<u>508,468</u>	<u>489,857</u>	<u>1,517,762</u>	<u>2,516,087</u>
Total Additions	<u>777,951</u>	<u>706,045</u>	<u>2,238,502</u>	<u>3,722,498</u>
DEDUCTIONS				
Pension Benefits	80,119	48,900	313,844	442,863
Contribution Refunds	<u>67,048</u>	<u>181,229</u>	<u>979,528</u>	<u>1,227,805</u>
Total Deductions	<u>147,167</u>	<u>230,129</u>	<u>1,293,372</u>	<u>1,670,668</u>
Net Increase	630,784	475,916	945,130	2,051,830
Net Assets -- Beginning of Period	<u>5,205,751</u>	<u>4,572,173</u>	<u>12,677,111</u>	<u>22,455,035</u>
Net Assets -- End of Period	<u><u>\$5,836,535</u></u>	<u><u>\$5,048,089</u></u>	<u><u>\$ 13,622,241</u></u>	<u><u>\$24,506,865</u></u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2007

NOTE 11 - 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. The City participates in the League Association of Risk Management (LARM), a public entity risk pool, to cover the risk of loss except for health and dental coverage, which is self-insured. The City pays an annual premium contribution to LARM for its insurance coverage membership in the self-insurance pool. LARM purchases reinsurance through commercial companies for claims in excess of \$1,000,000 for property or \$250,000 for liability per single loss, or a combined loss of \$2.1 million. Workers Compensation reinsurance covers claims in excess of \$500,000 for a single loss or a combined loss of \$1.8 million. The retentions meet the actuarially determined requirements of the third party administrator reducing the risk of assessments over premiums. The policy period is October 1, 2006 to September 30, 2007. The terms of coverage did not change substantially in the current fiscal year from the prior fiscal year and settled claims have not exceeded this coverage in any of the past three fiscal years.

Group health and dental coverage provided by the City is accounted for in the Internal Service Fund, which is used to accumulate resources to fund claims under the City's self-insured health and dental plans. City contributions to fund this coverage are reported by the respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$50,000 and limits City payments for claims during the year to a maximum of \$998,999. The September 30, 2007 claims liability of \$196,370 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, 2007 and the year ending September 30, 2006 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2006	\$227,905	\$1,760,474	\$1,643,786	\$344,593
2007	\$344,593	\$1,148,455	\$1,296,678	\$196,370

NOTE 12 – RESTATEMENTS

The prior year summarized financial information for the Statement of Net Assets and Statement of Activities has been restated to reflect the retroactive reporting of infrastructure back to 1980 as required by GASB 34.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
Year Ended September 30, 2007

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
Revenue:			
Taxes	\$ 7,118,781	\$ 7,156,961	\$ 38,180
Licenses and Permits	296,200	302,846	6,646
Intergovernmental Revenue	496,027	725,542	229,515
Charges for Services	1,198,703	1,177,142	(21,561)
Occupation and Franchise Taxes	536,400	656,505	120,105
Payments in Lieu of Taxes	18,000	24,397	6,397
Loan Repayments	-	-	-
Rental Income	3,224,913	3,175,055	(49,858)
Interest	84,400	110,107	25,707
Miscellaneous	59,000	147,166	88,166
Total Revenue	<u>13,032,424</u>	<u>13,475,721</u>	<u>443,297</u>
Current Expenditures:			
Public Safety	7,403,825	6,978,149	(425,676)
Public Works	2,650,516	2,231,820	(418,696)
Public Library	1,104,399	1,050,110	(54,289)
Parks, Recreation and Public Property	1,342,511	1,219,544	(122,967)
Community Improvement and Development	378,259	331,083	(47,176)
General Government	2,588,627	2,235,308	(353,319)
Total Expenditures	<u>15,468,137</u>	<u>14,046,014</u>	<u>(1,422,123)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,435,713)</u>	<u>(570,293)</u>	<u>1,865,420</u>
Other financing sources (uses):			
Proceeds from Debt Financing	565,000	380,000	(185,000)
Transfers In	796,947	800,700	3,753
Transfers Out	(192,686)	(192,686)	-
Total other financing sources (uses)	<u>1,169,261</u>	<u>988,014</u>	<u>(181,247)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,266,452)</u>	<u>417,721</u>	<u>\$ 1,684,173</u>
Fund balances-beginning of year		<u>2,803,560</u>	
Fund balances- end of year		<u>\$ 3,221,281</u>	

City Highway Allocation Fund			Community Development Block Grant Fund		
Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,040,000	1,840,004	(199,996)	661,200	310,323	(350,877)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	82,064	96,376	14,312
-	-	-	-	-	-
50,500	154,920	104,420	6,654	12,231	5,577
-	-	-	-	-	-
<u>2,090,500</u>	<u>1,994,924</u>	<u>(95,576)</u>	<u>749,918</u>	<u>418,930</u>	<u>(330,988)</u>
-	-	-	-	-	-
2,685,500	757,065	(1,928,435)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	979,104	457,180	(521,924)
-	-	-	-	-	-
<u>2,685,500</u>	<u>757,065</u>	<u>(1,928,435)</u>	<u>979,104</u>	<u>457,180</u>	<u>(521,924)</u>
<u>(595,000)</u>	<u>1,237,859</u>	<u>1,832,859</u>	<u>(229,186)</u>	<u>(38,250)</u>	<u>190,936</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(465,000)</u>	<u>(465,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(465,000)</u>	<u>(465,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,060,000)</u>	<u>772,859</u>	<u>\$ 1,832,859</u>	<u>\$ (229,186)</u>	<u>(38,250)</u>	<u>\$ 190,936</u>
	<u>2,513,178</u>			<u>256,722</u>	
	<u>\$ 3,286,037</u>			<u>\$ 218,472</u>	

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2007

Budgets

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

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

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

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

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

BUDGETARY CONTROL

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

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2007

	General	City Highway Allocation	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ 417,721	\$ 772,859	\$ (38,250)
Basis differences:			
To adjust revenues from recognition on a cash basis	152,367	24,784	30,070
To adjust other financial sources from recognition on a cash basis:			
Proceeds of debt	-	-	-
To adjust total expenditures from recognition on a cash basis	(103,595)	(91,434)	(57,880)
To adjust operating transfers out	12,828	-	-
Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$ 479,321	\$ 706,209	\$ (66,060)

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	\$(19,796,526)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	502,404
To adjust operating transfers out	149,328
Expenditures and other financing uses, on a GAAP basis	\$ (19,144,794)

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

	Budget	Actual	Variance Over (Under) Budget
Fund			
Governmental Funds Expenditures	26,122,530	19,796,526	(6,326,004)

OTHER SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

COMMUNITY CHARACTER DEVELOPMENT COALITION FUND - This fund is used to account for federal grants from the department of Health and Human Services. The use of these funds is restricted to community character development as defined in the grant agreements.

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

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

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

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

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. The Agency is currently involved with the drainage project in southwest Norfolk and the Meadow Ridge Housing Development in northeast Norfolk.

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

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2007

	Special Revenue Funds					
	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11	Storm Water Management
Assets						
Cash and Equity in Pooled Investment Account	\$ 337,982	\$ 100	\$ 126,791	\$ 101,883	\$ 142,630	\$ 49,613
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	1,193	-	43,659	11,221	-	-
Taxes	16,531	-	-	-	-	-
Notes Receivable	28,864	-	-	-	-	-
Due from Other Governmental Agencies	-	33,123	-	-	4,238	-
Total Assets	384,570	33,223	170,450	113,104	146,868	49,613
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	1,093	3,419	-	1,570	226	105
Due to Other Funds	-	14,090	-	-	-	-
Unearned Revenue	28,864	-	-	-	-	-
Total Liabilities	29,957	17,509	-	1,570	226	105
Fund Balances (Deficit):						
Reserved for:						
Encumbrance	414	-	-	-	-	-
Unreserved	354,199	15,714	170,450	111,534	146,642	49,508
Total Fund Balances (Deficit)	354,613	15,714	170,450	111,534	146,642	49,508
Total Liabilities and Equity	\$ 384,570	\$ 33,223	\$ 170,450	\$ 113,104	\$ 146,868	\$ 49,613

Capital Projects		
Community Development Agency	Capital Construction	Total Governmental Nonmajor Funds
\$ 363,697	\$ -	\$ 1,122,696
-	-	56,073
-	-	16,531
-	-	28,864
-	-	37,361
<u>363,697</u>	<u>-</u>	<u>1,261,525</u>
-	267	6,680
-	78,069	92,159
-	-	28,864
<u>-</u>	<u>78,336</u>	<u>127,703</u>
-	-	414
<u>363,697</u>	<u>(78,336)</u>	<u>1,133,408</u>
<u>363,697</u>	<u>(78,336)</u>	<u>1,133,822</u>
<u>\$ 363,697</u>	<u>\$ -</u>	<u>\$ 1,261,525</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2007

	Special Revenue Funds					
	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11	Storm Water Management
Revenue:						
Taxes	\$ 78,713	\$ -	\$ 246,970	\$ -	\$ -	\$ -
Intergovernmental Revenue	365	360,552	-	103,331	582,832	51,373
Rental Income	12,237	-	-	-	-	-
Loan Repayments	7,093	-	-	-	-	-
Interest	16,520	-	6,550	-	8,178	1,896
Miscellaneous	8	3,019	-	27,962	-	-
Total Revenue	114,936	363,571	253,520	131,293	591,010	53,269
Expenditures:						
Public Safety	-	-	329	116,190	592,724	-
Public Works	53,673	-	-	-	-	3,761
Community and Economic Development	-	348,404	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	53,673	348,404	329	116,190	592,724	3,761
Excess (deficiency) of revenues over expenditures	61,263	15,167	253,191	15,103	(1,714)	49,508
Other financing sources (uses):						
Transfers In	-	-	-	-	34,642	-
Transfers Out	-	-	(225,000)	-	-	-
Total other financing sources (uses)	-	-	(225,000)	-	34,642	-
Net Change in Fund Balance	61,263	15,167	28,191	15,103	32,928	49,508
Fund balances -beginning of year	293,350	547	142,259	96,431	113,714	-
Fund balances (deficits) - end of year	\$ 354,613	\$ 15,714	\$ 170,450	\$ 111,534	\$ 146,642	\$ 49,508

Capital Projects		
Community Development Agency	Capital Construction	Total Governmental Nonmajor Funds
\$ -	\$ -	\$ 325,683
-	-	1,098,453
-	-	12,237
-	-	7,093
18,597	-	51,741
-	-	30,989
18,597	-	1,526,196
-	-	709,243
-	-	57,434
-	550	348,954
-	43,655	43,655
-	44,205	1,159,286
18,597	(44,205)	366,910
-	-	34,642
-	-	(225,000)
-	-	(190,358)
18,597	(44,205)	176,552
345,100	(34,131)	957,270
\$ 363,697	\$ (78,336)	\$ 1,133,822

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
Year Ended September 30, 2007

	Vehicle Parking			Community Character Development Coalition		
	Budgeted	Actual	Variance with	Budgeted	Actual	Variance with
	Original & Final		Final Budget Over (Under)	Original & Final		Final Budget Over (Under)
Revenue:						
Taxes	\$ 78,010	\$ 79,404	\$ 1,394	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-	438,198	390,625	(47,573)
Contributions	-	-	-	-	-	-
Loan Repayments	10,000	7,093	(2,907)	-	-	-
Rental Income	13,900	12,606	(1,294)	-	-	-
Interest	9,400	16,520	7,120	-	-	-
Miscellaneous	-	-	-	-	3,019	3,019
Total Revenue	111,310	115,623	4,313	438,198	393,644	(44,554)
Current Expenditures:						
Public Safety	-	-	-	-	-	-
Public Works	673,693	69,629	(604,064)	-	-	-
Community Improvement and Development	-	-	-	438,090	360,230	(77,860)
Total Expenditures	673,693	69,629	(604,064)	438,090	360,230	(77,860)
Excess (deficiency) of revenues over expenditures	(562,383)	45,994	608,377	108	33,414	33,306
Other financing sources (uses):						
Proceeds from Debt Financing	300,000	-	(300,000)	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total other financing sources (uses)	300,000	-	(300,000)	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (262,383)	45,994	\$ 308,377	\$ 108	33,414	\$ 33,306
Fund balances-beginning of year		291,988			(47,404)	
Fund balances- end of year		<u>\$ 337,982</u>			<u>\$ (13,990)</u>	

911			SNARE			REGION 11			Storm Water Management		
Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
\$ 150,000	\$ 231,431	\$ 81,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	98,473	107,220	8,747	916,465	578,594	(337,871)	-	51,373	51,373
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
2,930	6,550	3,620	-	-	-	4,200	8,178	3,978	-	1,896	1,896
-	-	-	15,000	27,962	12,962	-	-	-	-	-	-
152,930	237,981	85,051	113,473	135,182	21,709	920,665	686,772	(333,893)	-	53,269	53,269
38,000	329	(37,671)	106,515	116,371	9,856	961,108	592,639	(368,469)	-	3,656	3,656
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
38,000	329	(37,671)	106,515	116,371	9,856	961,108	592,639	(368,469)	-	3,656	3,656
114,930	237,652	122,722	6,958	18,811	11,853	(40,443)	(5,867)	34,576	-	49,613	49,613
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	34,642	34,642	-	-	-	-
(225,000)	(225,000)	-	-	-	-	-	-	-	-	-	-
(225,000)	(225,000)	-	-	-	-	34,642	34,642	-	-	-	-
<u>\$(110,070)</u>	<u>12,652</u>	<u>\$ 122,722</u>	<u>\$ 6,958</u>	<u>18,811</u>	<u>\$ 11,853</u>	<u>\$ (5,801)</u>	<u>28,775</u>	<u>\$ 34,576</u>	<u>\$ -</u>	<u>49,613</u>	<u>\$ 49,613</u>
	<u>114,139</u>			<u>83,072</u>			<u>113,855</u>			<u>-</u>	
	<u>\$ 126,791</u>			<u>\$ 101,883</u>			<u>\$ 142,630</u>			<u>\$ 49,613</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, CAPITAL PROJECT FUNDS - BUDGETARY BASIS
Year Ended September 30, 2007

	Capital Construction			Special Assessments		
	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
Revenue:						
Special Assessments	\$ -	\$ -	\$ -	\$ 2,923	\$ 134,619	\$ 131,696
Intergovernmental Revenue	130,950	-	(130,950)	-	-	-
Interest	161	-	(161)	7,374	26,000	18,626
Total Revenue	<u>131,111</u>	<u>-</u>	<u>(131,111)</u>	<u>10,297</u>	<u>160,619</u>	<u>150,322</u>
Expenditures:						
Public Safety	-	-	-	-	518,338	518,338
Public Works	-	-	-	1,446,000	-	(1,446,000)
Parks, Recreation and Public Property	1,081,950	51,986	(1,029,964)	-	-	-
General Government	-	-	-	10,000	22,429	12,429
Debt Service	-	-	-	62,922	794,277	731,355
Total Expenditures	<u>1,081,950</u>	<u>51,986</u>	<u>(1,029,964)</u>	<u>1,518,922</u>	<u>1,335,044</u>	<u>(183,878)</u>
Excess (deficiency) of revenues over expenditures	<u>(950,839)</u>	<u>(51,986)</u>	<u>898,853</u>	<u>(1,508,625)</u>	<u>(1,174,425)</u>	<u>334,200</u>
Other financing sources (uses):						
Proceeds from Debt Financing	1,000,000	-	(1,000,000)	1,000,000	2,320,000	1,320,000
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>2,320,000</u>	<u>1,320,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 49,161</u>	<u>(51,986)</u>	<u>\$ (101,147)</u>	<u>\$ (508,625)</u>	<u>1,145,575</u>	<u>\$ 1,654,200</u>
Fund balances-beginning of year		<u>(26,083)</u>			<u>38,711</u>	
Fund balances- end of year		<u>\$ (78,069)</u>			<u>\$1,184,286</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, DEBT SERVICE FUND - BUDGETARY BASIS
Year Ended September 30, 2007

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
Revenue:			
Taxes	\$ 730,676	\$ 781,778	\$ 51,102
Special Assessments	58,615	104,518	45,903
Intergovernmental Revenue	-	26,692	26,692
Interest	64,200	77,047	12,847
Total Revenue	<u>853,491</u>	<u>990,035</u>	<u>136,544</u>
Current Expenditures:			
Debt Service	1,045,378	876,497	(168,881)
Total Expenditures	<u>1,045,378</u>	<u>876,497</u>	<u>(168,881)</u>
Excess (deficiency) of revenues over expenditures	<u>(191,887)</u>	113,538	305,425
Other financing sources (uses):			
Transfers In	281,715	281,715	-
Transfers Out	(243,446)	(247,200)	(3,754)
Total other financing sources (uses)	<u>38,269</u>	<u>34,515</u>	<u>(3,754)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (153,618)</u>	148,053	<u>\$ 301,671</u>
Fund balances-beginning of year		<u>1,116,373</u>	
Fund balances- end of year		<u>\$ 1,264,426</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.

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CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET ASSETS
COMBINED UTILITIES
September 30, 2007

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current assets:				
Cash and equity in pooled investment account	\$3,968,293	\$1,454,637	\$152,214	\$5,575,144
Receivables:				
Accounts	369,533	340,000	228,495	938,028
Special assessments	4,810	3,672	-	8,482
Interest	-	10,405	-	10,405
Restricted Cash				
Cash & Cash Equivalents	232,976	564,807	96,864	894,647
Inventories:				
Fiber optic system held for resale	282,024	-	-	282,024
Total current assets	4,857,636	2,373,521	477,573	7,708,730
Noncurrent assets:				
Restricted assets:				
Restricted cash	135,462	1,328,126	174,163	1,637,751
Notes Receivable	71,648	-	-	71,648
Advance to other funds	34,933	-	-	34,933
Bond Acquisition Costs	-	86,738	-	86,738
Property, plant and equipment:				
Land	1,308,647	589,790	52,284	1,950,721
Water and pollution control plant	9,566,800	15,490,153	808,763	25,865,716
Water distribution and sewage system	15,100,656	7,913,315	-	23,013,971
Equipment	1,960,686	1,490,702	772,634	4,224,022
Construction in progress	-	642,334	-	642,334
	27,936,789	26,126,294	1,633,681	55,696,764
Less accumulated depreciation	5,776,105	12,095,579	706,071	18,577,755
Total property, plant and equipment (net of accumulated depreciation)	22,160,684	14,030,715	927,610	37,119,009
Total noncurrent assets	22,402,727	15,445,579	1,101,773	38,950,079
Total assets	\$27,260,363	\$17,819,100	\$1,579,346	\$46,658,809

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current liabilities:				
Accounts and contracts payable	\$64,086	\$102,876	\$85,932	\$252,894
Accrued compensated absences	29,707	46,675	18,352	94,734
Payables from restricted assets:				
Accrued interest payable	50,921	61,807	9,864	122,592
Revenue bonds - current	182,055	503,000	87,000	772,055
Total current liabilities	326,769	714,358	201,148	1,242,275
Noncurrent liabilities:				
Revenue bonds (Sewer division net of deferred bond discount of \$15,713 in 2007)	2,785,980	5,241,287	518,000	8,545,267
Accrued compensated absences	39,336	46,864	19,299	105,499
Total noncurrent liabilities	2,825,316	5,288,151	537,299	8,650,766
Total liabilities	3,152,085	6,002,509	738,447	9,893,041
Net Assets				
Invested in Capital Assets, Net of Related Debt	19,374,704	8,876,166	409,610	28,660,480
Restricted for:				
Debt Service	135,462	700,275	174,163	1,009,900
Future Capital Assets	-	627,851	-	627,851
Unrestricted	4,598,112	1,612,299	257,126	6,467,537
Total Net Assets	\$ 24,108,278	\$ 11,816,591	\$ 840,899	\$ 36,765,768

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMBINED UTILITIES
Year Ended September 30, 2007

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues:				
User charges	\$2,199,347	\$2,450,649	\$1,749,530	\$6,399,526
Miscellaneous Income	360,225	6,515	62,066	428,806
Total operating revenues	<u>2,559,572</u>	<u>2,457,164</u>	<u>1,811,596</u>	<u>6,828,332</u>
Operating expenses:				
Payroll and related taxes and benefits	631,676	786,248	345,320	1,763,244
Utilities	158,963	287,998	20,156	467,117
Repairs and maintenance	159,059	353,381	61,392	573,832
Purchased services	-	-	1,092,971	1,092,971
General and administration	361,781	315,404	53,008	730,193
Depreciation and amortization	422,266	670,380	65,386	1,158,032
Total operating expenses	<u>1,733,745</u>	<u>2,413,411</u>	<u>1,638,233</u>	<u>5,785,389</u>
Operating income	<u>825,827</u>	<u>43,753</u>	<u>173,363</u>	<u>1,042,943</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(118,156)	(212,605)	(27,887)	(358,648)
Interest income	197,928	163,058	21,378	382,364
Market Value Gain	-	15,865	-	15,865
(Loss) on disposal of Capital Assets	(4,341)	(1,120)	-	(5,461)
Total nonoperating revenues (expenses)	<u>75,431</u>	<u>(34,802)</u>	<u>(6,509)</u>	<u>34,120</u>
Income before contributions	901,258	8,951	166,854	1,077,063
Capital contributions	<u>165,291</u>	<u>238,339</u>	<u>-</u>	<u>403,630</u>
Change in Net Assets	1,066,549	247,290	166,854	1,480,693
Net Assets - Beginning of Period	<u>23,041,729</u>	<u>11,569,301</u>	<u>674,045</u>	<u>35,285,075</u>
Net Assets - End of Period	<u>\$24,108,278</u>	<u>\$11,816,591</u>	<u>\$840,899</u>	<u>\$36,765,768</u>

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
Year Ended September 30, 2007

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,599,041	\$ 2,494,524	\$ 1,813,385	\$ 6,906,950
Cash Paid to Suppliers for Goods and Services	(698,981)	(923,000)	(1,238,382)	(2,860,363)
Cash Paid to Employees for Services	(631,269)	(793,769)	(346,577)	(1,771,615)
Net Cash Provided by Operating Activities	<u>1,268,791</u>	<u>777,755</u>	<u>228,426</u>	<u>2,274,972</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(208,918)	(702,751)	(81,720)	(993,389)
Change in Advance to Other Funds	10,553	-	-	10,553
Principal Paid on Notes and Bonds	(178,914)	(488,000)	(87,000)	(753,914)
Interest Paid on Notes and Bonds	(119,888)	(216,195)	(29,012)	(365,095)
Payments on Note Receivable	27,292	-	-	27,292
Net Cash (Used) for Capital and Related Financing Activities	<u>(469,875)</u>	<u>(1,406,946)</u>	<u>(197,732)</u>	<u>(2,074,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	197,928	178,923	21,378	398,229
Net Cash Provided for Investing Activities	<u>197,928</u>	<u>178,923</u>	<u>21,378</u>	<u>398,229</u>
Net Increase (Decrease) in Cash and Cash Equivalents	996,844	(450,268)	52,072	598,648
Cash and Cash Equivalents at Beginning of Year	<u>3,339,887</u>	<u>3,797,838</u>	<u>371,169</u>	<u>7,508,894</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,336,731</u>	<u>\$ 3,347,570</u>	<u>\$ 423,241</u>	<u>\$ 8,107,542</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
Year Ended September 30, 2007

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 825,827	\$ 43,753	\$ 173,363	\$ 1,042,943
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	422,266	670,380	65,386	1,158,032
(Increase) decrease in Assets:				
Accounts Receivable	23,145	36,646	1,789	61,580
Special Assessments	6,324	714	-	7,038
Notes Receivable	10,000	-	-	10,000
Increase (decrease) in Liabilities:				
Accounts and Contracts Payable	(19,178)	33,783	(10,855)	3,750
Accrued Compensated Absences	407	(7,521)	(1,257)	(8,371)
Total Adjustments	442,964	734,002	55,063	1,232,029
Net Cash Provided by Operating Activities	\$ 1,268,791	\$ 777,755	\$ 228,426	\$ 2,274,972
Supplemental Schedule of Noncash Capital and Related Financing Activities:				
Developers Contribution of Distribution System	\$ 165,291	\$ 238,339	\$ -	\$ 403,630
Accounts Payable Exchanged for Capital Assets	\$ -	\$ 975	\$ -	\$ 975
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:				
Cash and Equity in Pooled Investment Account	\$ 3,968,293	\$ 1,454,637	\$ 152,214	\$ 5,575,144
Restricted Cash	368,438	1,892,933	271,027	2,532,398
	\$ 4,336,731	\$ 3,347,570	\$ 423,241	\$ 8,107,542

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.

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CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
Employee Retirement Funds
September 30, 2007

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$ -	\$ -	\$ 13,622,241	\$ 13,622,241
Open Ended Mutual Funds	5,836,535	5,048,089	-	10,884,624
Total Assets	<u>5,836,535</u>	<u>5,048,089</u>	<u>13,622,241</u>	<u>24,506,865</u>
NET ASSETS				
Held in Trust for Pension Benefits	<u>5,836,535</u>	<u>5,048,089</u>	<u>13,622,241</u>	<u>24,506,865</u>
Total Net Assets	<u>\$ 5,836,535</u>	<u>\$ 5,048,089</u>	<u>\$ 13,622,241</u>	<u>\$ 24,506,865</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Employee Retirement Funds
For the Year Ended September 30, 2007

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 179,655	\$ 108,094	\$ 302,043	\$ 589,792
Employee	89,828	108,094	418,697	616,619
Total Contributions	269,483	216,188	720,740	1,206,411
Investment Income:				
Interest, Dividends and Market Gains	508,468	489,857	1,517,762	2,516,087
Total Additions	777,951	706,045	2,238,502	3,722,498
DEDUCTIONS				
Pension Benefits	80,119	48,900	313,844	442,863
Contribution Refunds	67,048	181,229	979,528	1,227,805
Total Deductions	147,167	230,129	1,293,372	1,670,668
Net Increase	630,784	475,916	945,130	2,051,830
Net Assets -- Beginning of Period	5,205,751	4,572,173	12,677,111	22,455,035
Net Assets -- End of Period	\$ 5,836,535	\$ 5,048,089	\$ 13,622,241	\$ 24,506,865

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2007

	Balance September 30, 2006	Additions	Deductions	Balance September 30, 2007
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 478,497	\$ 190,895	\$ 107,788	\$ 561,604
Taxes Receivable	9,985	4,938	9,985	4,938
Total Assets	488,482	195,833	117,773	566,542
<u>Liabilities</u>				
Due to Bondholders	488,482	195,833	117,773	566,542
Total Liabilities	\$ 488,482	\$ 195,833	\$ 117,773	\$ 566,542

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

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

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

Source:

Unless otherwise noted the information in these tables is derived from the annual financial report for the revelant year. The City implemented GASB No. 34 in fiscal year 2003, therefore tables presenting government-wide information includes only five years.

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CITY OF NORFOLK, NEBRASKA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS(1)
 (accrual basis of accounting)

TABLE 1

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 34,084,125	\$ 35,743,248	\$16,357,346	\$13,724,889	\$ 9,617,883
Restricted	1,318,671	1,283,781	1,273,539	1,459,976	2,055,140
Unrestricted	13,935,043	11,243,475	9,872,675	8,982,873	9,932,272
Total Governmental Activities Net Assets	<u><u>49,337,839</u></u>	<u><u>48,270,504</u></u>	<u><u>27,503,560</u></u>	<u><u>24,167,738</u></u>	<u><u>21,605,295</u></u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	28,660,480	27,771,725	24,975,734	24,456,367	23,065,838
Restricted	1,637,751	1,639,618	1,690,576	1,517,324	920,048
Unrestricted	6,467,537	5,873,732	6,762,586	6,090,984	6,508,540
Total Business-Type Activities Net Assets	<u><u>36,765,768</u></u>	<u><u>35,285,075</u></u>	<u><u>33,428,896</u></u>	<u><u>32,064,675</u></u>	<u><u>30,494,426</u></u>
Primary Government:					
Invested in Capital Assets, Net of Related Debt	62,744,605	63,514,973	41,333,080	38,181,256	32,683,721
Restricted	2,956,422	2,923,399	2,964,115	2,977,300	2,975,188
Unrestricted	20,402,580	17,117,207	16,635,261	15,073,857	16,440,812
Total Primary Government Net Assets	<u><u>\$ 86,103,607</u></u>	<u><u>\$ 83,555,579</u></u>	<u><u>\$60,932,456</u></u>	<u><u>\$56,232,413</u></u>	<u><u>\$ 52,099,721</u></u>

(1) The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, five years of government-wide data is presented.

TABLE 2

CITY OF NORFOLK, NEBRASKA
CHANGE IN NET ASSETS
LAST FIVE FISCAL YEARS (1)
(accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental Activities					
General Government	\$ 2,062,088	\$ 3,263,794	\$ 1,635,190	\$ 1,432,865	\$ 2,689,308
Public Safety	7,663,541	7,408,066	7,113,536	6,916,478	4,915,213
Public Works	4,162,060	3,202,666	2,535,262	3,116,384	2,726,421
Public Library	1,051,044	1,043,951	1,047,321	970,290	893,569
Parks, Recreation and Public Property	1,283,585	1,233,518	1,246,438	1,148,436	647,235
Community Improvement & Development	1,133,491	1,213,623	779,952	928,781	789,323
Debt Service	258,179	265,219	258,982	275,672	426,984
Total Governmental Activities Expenses	17,613,988	17,630,837	14,616,681	14,788,906	13,088,053
Business-Type Activities					
Water Division	1,856,242	1,870,805	1,730,215	1,650,534	1,591,668
Sewer Division	2,627,136	2,443,955	2,524,819	2,591,885	2,584,926
Solid Waste Division	1,666,120	1,717,494	1,733,917	1,757,442	1,776,126
Total Business-Type Activities	6,149,498	6,032,254	5,988,951	5,999,861	5,952,720
Total Primary Government Expenses	\$ 23,763,486	\$ 23,663,091	\$ 20,605,632	\$ 20,788,767	\$ 19,040,773
Program Revenues					
Governmental Activities:					
Charges for Services					
General Government	\$ 368,626	391,281	\$ 377,825	\$ 328,275	\$ 1,655,517
Public Safety	906,560	944,002	964,306	826,082	586,988
Public Works	80,856	93,846	77,702	82,029	114,294
Public Library	28,220	29,686	32,046	31,571	-
Parks, Recreation and Public Property	146,157	158,053	138,722	114,954	126,755
Community Improvement and Development	66,000	66,000	66,000	-	-
Operating Grants & Contributions	3,031,310	3,496,950	2,821,686	2,474,845	2,527,492
Capital Grants & Contributions	864,556	378,175	1,832,950	1,863,073	448,150
Total Governmental Activities Program Revenues	5,492,285	5,557,993	6,311,237	5,720,829	5,459,196
Business-Type Activities:					
Charges for Services:					
Water Division	2,559,572	2,495,101	2,426,990	2,678,424	2,667,740
Sewer Division	2,457,164	2,523,573	2,486,428	2,493,485	2,468,167
Solid Waste	1,811,596	1,737,503	1,750,821	1,857,459	1,890,923
Capital Grants & Contributions	403,630	791,145	493,256	438,990	-
Total Business-Type Activities Program Revenues	7,231,962	7,547,322	7,157,495	7,468,358	7,026,830
Total Primary Government Program Revenues	\$ 12,724,247	\$ 13,105,315	\$ 13,468,732	\$ 13,189,187	\$ 12,486,026
Net (Expense)/Revenue					
Governmental Activities	\$(12,121,703)	\$(12,072,843)	\$ (8,305,444)	\$ (9,068,077)	\$ (7,628,857)
Business-Type Activities	1,082,464	1,515,068	1,168,544	1,468,497	1,074,110
Total Primary Government Net Expense	\$(11,039,239)	\$(10,557,775)	\$(7,136,900)	\$(7,599,580)	\$(6,554,747)

(Continued)

	Fiscal Year				
	2007	2006	2005	2004	2003
General Revenues and Other Changes In Net Assets					
Governmental Activities:					
Taxes:					
Property Tax	\$ 1,625,182	\$ 1,392,282	\$ 893,417	\$ 899,918	\$ 1,913,198
Sales Tax	6,427,716	6,548,082	6,593,166	6,445,480	-
Other Taxes	191,073	209,536	184,404	175,420	5,799,684
Occupation and Franchise Taxes	787,763	618,984	589,118	606,176	564,514
Interest	561,205	461,182	325,101	212,803	301,965
General Intergovernmental Revenues Unrestricted	248,438	242,041	224,482	503,560	955,569
Use of Property	3,209,969	3,170,236	2,723,425	2,622,930	2,618,532
Revenue from Sale of Uncapitalized Property	77,072	83,761	-	-	-
Gain on Sale of Assets	27,532.00	-	43,800	133,757	99,611
Miscellaneous	33,088	68,035	64,353	30,476	109,628
Total Governmental Activities	\$ 13,189,038	\$ 12,794,139	\$ 11,641,266	\$ 11,630,520	\$ 12,362,701
Business Type of Activities:					
Interest	398,229	332,022	190,177	101,752	135,670
Gain on Sale of Assets	-	9,089	5,500	-	(7,051)
Contributed Capital Revenue	-	-	-	-	74,044
Total Business-Type Activities	398,229	341,111	195,677	101,752	202,663
Total Primary Government	\$ 13,587,267	\$ 13,135,250	\$ 11,836,943	\$ 11,732,272	\$ 12,565,364
Change in Net Assets					
Governmental Activities	\$ 1,067,335	\$ 721,295	\$ 3,335,822	\$ 2,562,443	\$ 4,733,844
Business-Type Activities	1,480,693	1,856,179	1,364,221	1,570,249	1,276,773
Total Primary Government	\$ 2,548,028	\$ 2,577,474	\$ 4,700,043	\$ 4,132,692	\$ 6,010,617

(1) The City Implemented GASB Statement No. 34 in fiscal year 2003, therefore, five years of government-wide data is presented.

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

TABLE 3

	Fiscal Year				
	2007	2006	2005	2004	2003
General Fund					
Reserved	\$ 177,324	\$ 95,529	\$ 118,407	\$ 176,929	\$ 208,963
Unreserved	5,122,971	4,725,445	4,506,250	4,364,021	4,813,484
Total General Fund	<u>\$5,300,295</u>	<u>\$ 4,820,974</u>	<u>4,624,657</u>	<u>4,540,950</u>	<u>5,022,447</u>
All Other Governmental Funds					
Reserved	\$1,451,727	\$ 1,541,024	2,376,709	3,200,208	1,772,362
Unreserved, Reported in:					
Special Revenue Funds	4,251,381	3,222,836	1,838,962	730,183	2,340,454
Capital Project Funds	(951,132)	(480,858)	(237,724)	(411,948)	266,917
Total All Other Governmental Funds	<u>\$4,751,976</u>	<u>\$ 4,283,002</u>	<u>\$ 3,977,947</u>	<u>3,518,443</u>	<u>\$4,379,733</u>

Fiscal Year				
2002	2001	2000	1999	1998
\$ 242,598	\$ 138,568	\$ 51,194	\$ 72,885	\$ 146,470
4,394,939	4,318,369	4,350,625	3,833,148	3,174,581
<u>4,637,537</u>	<u>4,456,937</u>	<u>4,401,819</u>	<u>3,906,033</u>	<u>3,321,051</u>
2,130,580	3,078,441	2,714,316	2,306,903	2,908,645
1,751,170	2,003,607	3,494,434	3,109,326	1,514,913
(171,012)	277,371	(846,865)	(30,993)	(775,380)
<u>\$3,710,738</u>	<u>\$5,359,419</u>	<u>\$5,361,885</u>	<u>\$5,385,236</u>	<u>\$3,648,178</u>

City of Norfolk, Nebraska TABLE 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2007	2006	2005	2004	2003 (1)
Revenues					
Taxes	\$ 8,299,868	\$ 8,089,424	\$ 7,640,946	\$ 7,487,814	\$ 7,589,570
Special Assessments	238,417	170,769	539,200	268,341	746,591
Licenses & Permits	305,364	347,386	369,424	313,124	216,378
Intergovernmental Revenue	4,036,117	3,878,013	4,439,050	4,760,706	3,046,905
Charges for Services	1,195,069	1,236,475	1,184,021	1,033,465	1,141,526
Occupation & Franchise Taxes	666,704	618,984	589,118	606,176	564,514
Contributions	-	-	3,154	5,451	725
Payments in Lieu of Taxes	65,162	60,477	30,851	33,004	102,337
Parking Fees and Rentals	3,211,734	3,173,556	2,728,535	2,627,681	2,621,812
Loan Repayments	103,469	131,383	24,778	28,124	57,830
Interest	432,788	364,385	272,344	189,878	276,096
Miscellaneous	177,839	227,609	163,005	238,154	448,681
Total Revenue	18,732,531	18,298,461	17,984,426	17,591,918	16,812,965
Expenditures					
General Government	2,434,218	2,348,104	1,761,517	1,644,901	1,502,019
Public Safety	7,659,058	7,263,047	6,948,410	7,124,232	5,605,110
Public Works	3,127,771	3,209,134	4,250,718	4,832,602	2,017,880
Public Library	1,039,277	1,014,735	1,006,569	922,952	878,571
Parks, Recreation & Public Property	1,193,539	1,126,493	1,237,366	1,333,068	923,151
Other	-	-	-	-	-
Community Improvement & Development	1,156,157	1,430,551	874,048	969,638	781,823
Debt Service	966,738	1,109,354	1,038,360	1,350,956	4,391,192
Capital Outlay	587,478	295,671	954,227	1,901,354	3,034,314
Total Expenditure	18,164,236	17,797,089	18,071,215	20,079,703	19,134,060
Excess (Deficiency) of Revenues over expenditures	568,295	501,372	(86,789)	(2,487,785)	(2,321,095)
Other Financing Sources (Uses)					
Proceeds from Debt Financing	380,000	-	630,000	1,145,000	3,375,000
Transfers In	980,558	900,999	1,569,494	1,413,988	905,702
Transfers Out	(980,558)	(900,999)	(1,569,494)	(1,413,988)	(905,702)
Total Other Financing Sources (Uses)	380,000	-	630,000	1,145,000	3,375,000
Net Change in Fund Balances	\$ 948,295	\$ 501,372	\$ 543,211	\$(1,342,785)	\$ 1,053,905
Debt Service as a Percentage of Noncapital Expenditures	5.50%	6.34%	6.07%	7.43%	27.27%

Note: 1) GASB 34 partially implemented.

Fiscal Year				
2002	2001	2000	1999	1998
\$ 6,033,614	\$ 5,802,075	\$ 5,815,235	\$ 5,061,930	\$ 4,322,824
392,419	335,094	333,570	793,882	749,246
203,729	170,654	204,687	232,472	172,248
2,788,094	2,618,408	2,449,533	2,045,857	2,625,644
1,016,392	997,934	782,132	772,526	798,938
559,751	698,436	554,938	535,850	499,156
-	-	-	-	-
92,733	96,133	90,895	78,326	58,622
2,568,571	2,369,580	2,214,380	2,031,909	2,135,258
-	-	-	-	-
438,990	608,137	473,380	568,286	680,054
456,502	689,630	335,883	361,445	394,777
<u>14,550,795</u>	<u>14,386,081</u>	<u>13,254,633</u>	<u>12,482,483</u>	<u>12,436,767</u>
1,443,918	1,419,730	1,335,189	1,169,692	1,174,808
4,955,052	4,774,034	4,458,705	4,234,703	4,153,155
1,876,188	1,836,078	1,713,323	1,575,034	1,567,772
828,165	842,029	794,565	750,538	730,337
984,522	786,120	732,790	727,119	674,146
25,091	34,852	36,970	27,572	17,749
523,769	728,780	526,936	348,216	914,236
2,288,729	2,736,784	1,195,362	1,227,578	1,068,446
3,938,442	3,240,022	2,238,358	2,281,907	5,511,088
<u>16,863,876</u>	<u>16,398,429</u>	<u>13,032,198</u>	<u>12,342,359</u>	<u>15,811,737</u>
<u>(2,313,081)</u>	<u>(2,012,348)</u>	<u>222,435</u>	<u>140,124</u>	<u>(3,374,970)</u>
845,000	2,065,000	250,000	1,845,000	145,000
-	-	-	-	-
-	-	-	-	-
<u>845,000</u>	<u>2,065,000</u>	<u>250,000</u>	<u>1,845,000</u>	<u>145,000</u>
<u>\$(1,468,081)</u>	<u>\$ 52,652</u>	<u>\$ 472,435</u>	<u>\$ 1,985,124</u>	<u>\$(3,229,970)</u>
17.71%	20.80%	11.07%	12.20%	10.37%

CITY OF NORFOLK, NEBRASKA
TOTAL CITY TAXABLE SALES
LAST TEN FISCAL YEARS

TABLE 5

<u>Fiscal Year Ended September 30,</u>	<u>Total City Taxable Sales</u>	<u>Total Direct Tax Rate</u>
2007	\$422,052,129	1.50%
2006	433,872,362	1.50%
2005	438,658,575	1.50%
2004	426,759,409	1.50%
2003	403,345,119	1.50%
2002	417,833,011	1.00%
2001	395,366,811	1.00%
2000	402,247,968	1.00%
1999	362,385,748	1.00%
1998	325,546,600	1.00%

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	
2007	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%
2005	1.50%	5.50%	7.00%
2004	1.50%	5.50%	7.00%
2003 (2)	1.50%	5.50%	7.00%
2002	1.00%	5.00%	6.00%
2001	1.00%	5.00%	6.00%
2000	1.00%	5.00%	6.00%
1999	1.00%	4.50%	5.50%
1998	1.00%	4.50%	5.50%

Note: (1) Overlapping rates are those of other governments that apply to consumers within the City of Norfolk.
(2) January 1, 2003 tax rate in the City of Norfolk changed from 1% to 1.5%.

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

TABLE 7

Business Classifications	2006		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 251,290,601	1	54.31%
Utilities	45,020,393	2	9.73
Accommodation & Food Services	41,102,740	3	8.89
Other	125,283,008	-	25.58
Total	462,696,742		100.00%

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis. 2007 amounts are not yet available. Numbers are not available for nine years ago.

Source: Nebraska Dept of Revenue

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

TABLE 8

FISCAL YEAR (2)	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
1998	601,583,712	48,226,684	649,810,396	0.3193
1999	630,101,572	40,911,013	671,012,585	0.3708
2000	676,803,529	44,095,465	720,898,994	0.3971
2001	704,155,892	47,608,774	751,764,666	0.5071
2002	761,879,454	49,135,191	811,014,645	0.4896
2003	814,745,494	48,227,531	862,973,025	0.4931
2004	839,734,268	46,447,770	886,182,038	0.3660
2005	887,188,956	38,193,403	925,382,359	0.4419
2006	978,737,063	30,215,824	1,008,952,887	0.4605
2007	1,006,962,152	41,021,639	1,052,209,539	0.4628

(1) TAXABLE PROPERTY IS ASSESSED AT 100% OF ITS ESTIMATED ACTUAL VALUE.

(2) THE ASSESSED VALUATIONS ARE EFFECTIVE ON SEPTEMBER 1 OF EACH YEAR.

SOURCE: MADISON COUNTY ASSESSOR'S OFFICE

City of Norfolk, Nebraska
Property Tax Rates-Direct and Overlapping Governments (1)
Last Ten Fiscal Years

TABLE 9

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
CITY OF NORFOLK										
GENERAL FUND	0.0460	0.0433	0.0251	0.029	0.0900	0.096	0.103	0.114	0.123	0.086
DEBT SERVICE	0.0668	0.0696	0.0726	0.019	0.0818	0.087	0.094	0.091	0.06	0.062
VEHICLE PARKING FUND(3)	0.3500	0.3476	0.3442	0.318	0.3213	0.307	0.31	0.192	0.189	0.172
TOTAL CITY OF NORFOLK	<u>0.4628</u>	<u>0.4605</u>	<u>0.4419</u>	<u>0.3660</u>	<u>0.4931</u>	<u>0.4896</u>	<u>0.5071</u>	<u>0.3971</u>	<u>0.3708</u>	<u>0.3193</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.4250	0.4049	0.4083	0.391	0.3496	0.3097	0.3200	0.3830	0.41	0.4796
SCHOOL DISTRICT NO 2	1.2336	1.2112	1.2176	1.138	1.1026	1.1293	1.1606	1.1607	1.169	1.2641
NORTHEAST COMMUNITY COLLEGE	0.0823	0.0904	0.0896	0.081	0.0700	0.0685	0.0351	0.0423	0.08	0.0769
NORFOLK AIRPORT AUTHORITY	0.0236	0.0236	0.0447	0.049	0.0554	0.0393	0.0404	0.0390	0.053	0.0349
LOWER ELKHORN NRD	0.0356	0.0354	0.0369	0.035	0.0370	0.0382	0.0392	0.0280	0.026	0.0332
AGRICULTURAL SOCIETY MADISON COUNTY	0.0155	0.0158	0.0168	0.019	0.0186	0.0190	0.0188	0.0195	0.021	0.0137
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0149	0.0149	0.015	0.0150	0.0150	0.0159	0.0164	0.016	0.0400
NORFOLK SANITARY DISTRICT	0.0067	0.0067	0.0068	0.007	0.0072	0.0071	0.0075	0.0074	0.008	0.0078
RAILROAD TRANSPORTATION SAFETY DIST.	0.0041	0.0046	0.0046	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
TOTAL OVERLAPPING RATES	<u>1.8414</u>	<u>1.8075</u>	<u>1.8402</u>	<u>1.7333</u>	<u>1.6554</u>	<u>1.6261</u>	<u>1.6375</u>	<u>1.6963</u>	<u>1.7802</u>	<u>1.9502</u>
TOTAL PROPERTY TAXES	2.3042	2.2680	2.2821	2.0993	2.1485	2.1157	2.1446	2.0934	2.1510	2.2695

(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 THE CITY OF NORFOLK NE.

(3) TAX APPLIES TO PROPERTY IN VEHICLE PAVING DISTRICT IN DOWNTOWN NORFOLK NEBRASKA. DISTRICT ASSESSED VALUATIONS ABOUT 2%.

City of Norfolk, Nebraska
PRINCIPAL PROPERTY TAXPAPERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2007			1998		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
VULCRAFT - DIVISION OF NUCOR	MANUFACTURING	\$ 21,569,048	1	2.05%	-	-	-
SHERWOOD MEDICAL INDUSTRIES	MANUFACTURING	18,358,769	2	1.74%	-	-	-
AFFILIATED FOODS COOPERATIVE	GROCERY	16,275,564	3	1.55%	-	-	-
DIAL - SUNSET MALL LLC	SHOPPING MALL	13,551,829	4	1.29%	9,400,000	2	1.45%
MADISON FOODS INC	MANUFACTURING	13,434,560	5	1.28%	-	-	-
WAL-MART STORES INC	RETAIL STORE	9,883,552	7	0.94%	9,247,303	3	1.42%
NORFOLK IRON & METAL CO	MANUFACTURING	11,726,440	7	1.11%	-	-	-
HEARTLAND PANTRY INC (HY-VEE)	RETAIL STORE	9,300,195	8	0.88%	-	-	-
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	7,703,616	9	0.73%	-	-	0.00%
HERITAGE OF NORFOLK INC	NURSING HOME	6,136,335	10	0.58%	-	-	-
U S WEST INC	PHONE COMPANY	-	-	-	10,693,838	1	1.65%
DAYTON HUDSON CORP	RETAIL STORE	-	-	-	4,136,586	4	0.64%
MENARD INC.	RETAIL STORE	-	-	-	3,992,421	5	0.61%
THE MEADOWS INC	APARTMENTS	-	-	-	3,489,000	6	0.54%
PEOPLES NATURAL GAS CO.	GAS COMPANY	-	-	-	2,828,236	7	0.44%
M. TIMM INC	APARTMENTS	-	-	-	2,825,000	8	0.43%
FIRST BANK, N.A.	BANK	-	-	-	2,617,050	9	0.40%
DOUGLAS W & TWYLIA SPEIDEL	RETAIL STORE	-	-	-	2,500,000	10	0.38%
TOTAL		\$127,939,908		12.16%	\$51,729,434		2.87%

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
2007	\$1,209,703	\$ 1,157,720	95.70%	\$ 7,618	\$1,165,338	96.33%
2006	1,191,035	1,157,199	97.16%	32,151	1,189,350	99.86%
2005	887,921	858,870	96.73%	28,918	887,788	99.99%
2004	469,305	449,282	95.73%	20,034	469,316	100.00%
2003	1,508,392	1,447,125	95.94%	61,093	1,508,218	99.99%
2002	1,501,784	1,424,153	94.83%	77,274	1,501,427	99.98%
2001	1,475,143	1,399,480	94.87%	75,414	1,474,894	99.98%
2000	1,494,870	1,427,285	95.48%	67,117	1,494,402	99.97%
1999	1,237,913	1,182,205	95.50%	55,467	1,237,672	99.98%
1998	954,571	891,173	93.36%	63,326	954,499	99.99%

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	BOND ANTICIPATION NOTES	NOTES PAYABLE
2007	4,365,000	1,185,000	2,320,000	205,358
2006	4,410,000	1,430,000	755,000	244,048
2005	4,805,000	1,870,000	495,000	-
2004	5,200,000	1,615,000	385,000	-
2003	4,415,000	2,395,000	665,000	-
2002	4,615,000	2,795,000	-	-
2001	5,065,000	3,380,000	-	-
2000	5,465,000	3,165,000	-	-
1999	5,335,000	2,650,000	500,000	-
1998	5,405,000	2,650,000	-	-

Notes:(1)See Table 16 for income and population data. 2007, 2006 and 2005 personal income numbers are unavailable.

TABLE 12

BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT	DEBT PER CAPITA (1)	PERCENTAGE OF PERSONAL INCOME (1)
REVENUE BONDS	STATE REVOLVING LOAN	CAPITAL LEASES			
8,175,000	1,158,035	-	17,408,393	728.51	N/A
8,825,000	1,261,949	-	16,925,997	704.99	N/A
9,455,000	1,362,814	-	17,987,814	747.25	N/A
10,075,000	1,460,720	-	18,735,720	778.68	1.87
10,610,000	1,555,754	-	19,640,754	812.17	2.08
1,230,000	9,101,839	-	17,741,839	743.67	1.98
1,300,000	9,558,958	-	19,303,958	820.89	2.18
1,370,000	9,864,579	-	19,864,579	809.15	2.39
1,495,000	8,869,658	-	18,849,658	776.19	2.38
1,610,000	8,837,176	-	18,502,176	769.48	2.31

CITY OF NORFOLK, NEBRASKA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

FISCAL YEAR	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	BOND ANTICIPATION BONDS	GENERAL BONDED DEBT	BONDED DEBT PER CAPITA	VALUATION OF TAXABLE REAL PROPERTY
2007	\$ 4,365,000	\$ 1,185,000	\$ 2,320,000	\$ 7,870,000	329.34	0.78%
2006	4,410,000	1,430,000	755,000	6,595,000	274.69	0.67%
2005	4,805,000	1,870,000	495,000	7,170,000	297.86	0.81%
2004	5,200,000	1,615,000	385,000	7,200,000	299.24	0.86%
2003	4,415,000	2,395,000	665,000	7,475,000	309.10	0.92%
2002	4,615,000	2,795,000	-	7,410,000	310.60	0.97%
2001	5,065,000	3,380,000	-	8,445,000	359.12	1.20%
2000	5,465,000	3,165,000	-	8,630,000	351.53	1.28%
1999	5,335,000	2,650,000	500,000	8,485,000	349.39	1.35%
1998	5,405,000	2,650,000	-	8,055,000	335.00	1.34%

CITY OF NORFOLK, NEBRASKA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2007

TABLE 14

<u>GOVERNMENTAL UNITS</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>DIRECT AND OVERLAPPING DEBT TO THE CITY</u>
DIRECT:			
CITY	\$ 3,633,936	100.00%	\$ 3,633,936
OVERLAPPING:			
Norfolk School District #2	\$ 24,301,348	54.30%	\$ 13,195,097

SOURCE: NORFOLK PUBLIC SCHOOLS

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

TABLE 15

	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2007	\$ 7,210,696	\$ 4,627,357	\$2,583,339	\$ 753,914	\$358,648	\$1,112,562	2.32
2006	7,098,657	4,483,310	2,615,347	730,863	377,722	1,108,585	2.36
2005	6,867,780	4,406,612	2,461,168	717,906	399,002	1,116,908	2.20
2004	7,131,120	4,277,024	2,854,096	630,034	371,009	1,001,043	2.85
2003	7,162,500	4,351,795	2,810,705	356,818	243,136	599,954	4.68
2002	6,914,608	4,453,548	2,461,060	527,120	435,422	962,542	2.56
2001	6,360,839	4,250,164	2,110,675	511,826	462,238	974,064	2.17
2000	6,180,357	3,946,387	2,233,970	463,392	431,251	894,643	2.50
1999	5,887,013	3,781,098	2,105,915	439,679	450,258	889,937	2.37
1998	6,219,090	3,870,258	2,348,832	421,521	468,567	890,088	2.64

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

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income (2) (000's)</u>	<u>Per Capita Personal Income(2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2007	23,896	N/A	N/A	3,944	2.7%
2006	23,946	N/A	N/A	3,987	3.5%
2005	24,072	N/A	28,238	3,902	3.6%
2004	24,061	1,003,047	28,472	3,997	3.2%
2003	24,183	946,158	26,948	4,121	3.7%
2002	23,857	897,545	25,366	4,166	3.3%
2001	23,516	883,961	24,805	4,221	3.1%
2000	24,550	831,896	23,657	4,138	3.0%
1999	24,285	793,345	23,137	4,297	3.1%
1998	24,045	801,055	22,839	4,418	3.4%

Sources: (1) Norfolk Chamber of Commerce
(2) State of Nebraska, NE Dept of Labor. 2007, 2006 and 2005 numbers are unavailable for Personal Income and 2007 and 2006 numbers are unavailable for per capita personal income shown for Madison County.
(3) Norfolk Public Schools K-12
(4) State of Nebraska, NE Dept of Labor

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

TABLE 17

EMPLOYER	2007			1998		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1167	1	5.65%	625	3	2.63%
Norfolk Public Schools	824	2	3.99%	561	5	2.36%
Affiliated Foods Cooperative	689	3	3.34%	460	6	1.93%
COVIDIEN	502	4	2.43%			
Vulcraft, A Division of Nucor	463	5	2.24%	346	8	1.45%
Nucor Steel Div. of Nucor Corp	416	6	2.01%	567	4	2.38%
Wal-Mart	416	7	2.01%			
Goodyear Tire & Rubber	411	8	1.99%	249	10	0.10%
Norfolk Iron & Metal Co	335	9	1.62%			
Northeast Community College	248	10	1.20%			
State of Nebraska				799	1	3.36%
Dale Electronics				723	2	3.04%
Sherwood Medical Inc				450	7	1.89%
Norfolk Regional Center				333	9	1.40%
Total	5,471		26.49%	5,113		20.54%

Source: Norfolk Area Chamber of Commerce

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

TABLE 18

	Full-Time Equivalent City Government Employees by Function as of September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government	24.80	25.00	25.00	25.00	25.00	25.00	25.00	25.00	24.75	23.75
Engineering	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	60.50	65.50	65.50	64.50	59.23	58.23	57.63	56.13	56.13	56.13
Fire	37.00	38.00	38.00	38.00	32.00	32.00	32.25	32.25	32.25	32.00
Region 11	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SNARE	0.50	0.63	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.00
Streets	21.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Culture & Recreation										
Parks	18.00	18.00	18.00	17.00	17.00	17.00	17.00	15.00	15.00	15.00
Recreation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Auditorium	1.68	1.68	1.68	1.68	1.00	1.00	0.00	0.00	0.00	0.00
Library	15.69	16.69	15.80	15.80	15.80	15.80	16.30	16.30	15.93	15.93
Housing	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.38	5.00	5.00
Vehicle Parking Monitor	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.63	0.62	0.00
Community Character Development Coalition	4.88	0.00	4.50	3.03	2.15	0.00	0.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00
Sewer Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	5.00
Water Pollution Control	13.50	13.50	13.50	13.50	13.25	13.25	13.25	13.50	13.50	13.50
Solid Waste Management	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50	5.50
Total	233.01	236.46	238.95	235.48	221.90	218.75	218.53	214.68	213.68	210.81

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Purchase Ordered Processed	2,025	2,100	2,537	2,845	2,893	2,830	4,471	4,719	4,896	5,736
Water/Sewer Customers Billed	9,049	9,000	8,850	8,910	8,750	8,545	8,705	8,550	8,475	8,370
Engineering										
Miles of Paving Districts	1.20	1.10	0.80	0.90	0.90	0.90	1.30	0.60	1.10	0.74
Miles of Street Reconstruction	1.20	1.00	1.50	0.80	0.80	1.00	1.00	0.50	0.70	0.90
Public Safety										
Police:										
Criminal Arrests	1,858	2,500	2,738	2,303	2,150	2,395	1,908	1,966	1,925	1,400
Traffic Arrests	2,480	3,550	3,718	3,688	3,474	3,558	3,111	3,163	2,854	2,400
Drug/Alcohol Arrests	817	1,200	1,065	1,376	869	862	685	595	526	480
Fire:										
Rescue Calls	1,682	1,715	1,925	1,657	1,432	1,857	1,685	1,694	1,363	1,500
Building and Safety										
Building Permits	426	549	575	497	478	471	447	518	548	560
Culture and Recreation										
Library										
Total Circulation	318,284	334,736	333,602	339,374	329,462	336,562	266,787	246,905	258,513	262,534
Water:										
Water Inspections	39	62	47	45	49	40	37	50	62	46
Locates	2,298	2,708	2,502	2,583	2,257	2,474	2,325	2,850	2,603	2,765
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.127	1.000	1.265	1.254	1.278	1.368	1.380	1.160	1.171	1.171
Sewer Maintenance										
Sewer Inspections	22	46	39	38	23	23	31	47	36	32
Solid Waste Management										
Average Daily Tonnage	117	117	121	128	129	130	122	120	118	116

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
City Auditorium (1)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Council Chambers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Streets										
Streets (Miles)	142.30	137.26	135.90	135.90	135.84	134.50	134.30	133.19	132.31	131.52
Streetlights	2,266	2,246	2,204	2,192	2,162	2,153	2,137	2,125	2,012	1,974
Parks										
Parks Acreage	364.00	364.00	364.00	364.00	335.00	335.00	335.00	335.00	335.00	335.00
Parks #	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Swimming Pools	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tennis Courts	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7.00	7.00
Library										
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water mains (miles)	120.00	145.00	142.00	141.00	140.00	139.00	149.00	134.50	134.50	134.50
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)	125.00	155.00	153.00	152.00	150.00	149.00	127.00	116.00	116.00	115.00
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

Sources: Various City Departments