

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

of the

**CITY  
OF  
NORFOLK  
NEBRASKA**

for the year ended

**September 30, 2008**

# **CITY OF NORFOLK, NEBRASKA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*for the  
fiscal year  
ended  
September 30, 2008*

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

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127 North 1st Street  
Norfolk, Nebraska 68701

March 26, 2009

**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, 2008 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, 2008.

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, 2008, 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, 2008, 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 over 43% of General Fund revenues. Actual sales tax receipts for the City's original 1% sales tax have been up four out of the last eight 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 \$4,458,369 in the fiscal year ended September 30, 2008, less than an 11% increase over the last eight 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 2008-2009, the half-cent sales tax is expected to lag the 4% growth rate by a cumulative \$1,947,640. Total City sales tax is projected to lag behind the 4% annual growth rate by a cumulative \$8 million between 2001 and 2009.

Sales tax for the fiscal year ending September 30, 2009 is budgeted at \$6,565,728, a 4.5% increase from the 2008 budget. Sales tax is budgeted at the last twelve months receipts adjusted for minor changes in the sales tax base. The City sales tax budget was prepared in July. Receipts for the first nine months of the fiscal year were \$246,584 over the prior year and the sales tax budget was increased accordingly. For the entire 2007-2008 fiscal year, sales tax receipts were up 5.64% or \$237,848. This is the largest increase in sales tax receipts this decade and was, perhaps, driven by a strong agricultural economy. Grain prices



were high, partially due to increased corn demand for ethanol production. Grain prices have fallen dramatically since summer with the corn price currently less than half of the mid-summer price. The price of ethanol has fallen with oil prices as energy demand fell due to the global economic downturn. This, in turn, reduced grain prices.

The economic downturn has flattened the City's sales tax receipts growth, which for the first five months of fiscal 2008-2009 was up only 1.2% from the prior year. Not only are agricultural prices down, but the global economic downturn has also impacted Norfolk businesses with shortened work weeks and layoffs. This is reflected in the Madison County unemployment rate which, in January 2009, was 5.7% compared to 2.7% in January 2008. In general, however, the Nebraska economy has held up better than the national economy. Housing prices in Norfolk have remained relatively stable declining only slightly. There are also some large construction projects underway in the area bringing a significant influx of out of town construction workers to the community. This helped keep sales tax relatively stable.

The largest local construction project currently underway is construction of a \$58 million bed tower at Faith Regional Health Services. This project started in the fall of 2008 and is scheduled to be finished in early 2010. Currently, there about 150 workers on site and this will probably peak at about 200 workers this construction season. This project will allow patient room size to increase from 120 square feet to 320 square feet and will accommodate not only the patient, but also the patient's family and technology needed to care for the patient. A dining room is also being provided along with space for future expansion of up to 39 beds.

Northeast Community College started construction of a \$7.8 million college welcome center on their campus in Norfolk last summer. This 35,000 square foot building is expected to be completed by late summer 2009 and is designed as a one-stop shop for students that will include welcome/reception area, testing and academic advisement area, financial aid offices, student counseling facilities and the business offices for payment of tuition and fees. There will also be conference rooms for the many student groups and organizations.

Construction is nearing completion on a new 47,000 square foot facility to house the Nucor Detailing Center in Norfolk. Detailers make sure products manufactured by Nucor meet the customer's specific needs utilizing a computerized design process. There are various Nucor plants throughout the country and all Nucor detailing work will now be done in Norfolk. Nucor utilized a temporary facility at the former Vishay Manufacturing plant with 65 employees. The new detailing facility will accommodate about 200 employees with the ability to add a second and third phase as the need for more employees grows in the future. Nucor now has four divisions in Norfolk: Nucor Steel, Nucor Cold Finish, Vulcraft and the detailing center making Nucor one of the largest Norfolk employers. 2008 was a good year for Nucor Steel with record steel shipments and near record production. However, with the global economic crisis, the demand for steel has fallen dramatically and Nucor has cut steel production in half. Nucor has not laid off employees but hours have been significantly reduced.

Several large construction projects are expected in the Norfolk area in 2009. A 30-inch diameter oil pipeline from Canada is going through just east of Norfolk. Pipeline

construction is expected to begin in the area this spring. Work has already begun on a nearby pumping station for this pipeline. 600 workers and associated family members are expected to move into the area because of this pipeline during the upcoming construction season. The City has been working with a representative of the pipeline company and other area communities to find temporary housing for these workers. The contractor has indicated the weekly payroll in the Norfolk area will be about \$1 million with 30% of it anticipated to be spent locally. This should have a positive impact on the local economy and City sales tax receipts in fiscal year 2008-2009.

The Board of Governors of Northeast Community College recently awarded a construction contract for a new College of Nursing facility to be constructed at the campus in Norfolk. Northeast Community College is cooperating with the University of Nebraska on the University of Nebraska Medical Center College of Nursing Northern Division in Norfolk in conjunction with Faith Regional Health Services. This Division will serve northeast and north central Nebraska and will help alleviate a shortage of nurses that is expected to worsen with the growing regional demand for health services. The College has been conducting a fundraising campaign for the facility with the goal of raising about \$12 million. The fundraising campaign is nearing its goal and the City has agreed to contribute \$1 million to the project by making quarterly payments of \$50,000 over a 5-year period. These funds will come from revenue currently committed to fund other organizations as these current funding commitments end.

Nebraska Public Power District (NPPD) announced plans to begin construction of an operation center in Norfolk this upcoming construction season at an estimated cost of \$18.7 million. This facility will be located adjacent to NPPD's centralized customer care center at 1100 South Chestnut Street. This facility will bring four of NPPD's Norfolk area operations and customer service activities together in one location including the customer care center at 4<sup>th</sup> Street and Madison Avenue, the distribution service center at 8<sup>th</sup> Street and Madison Avenue, the transmission/substation operations group on East Omaha Avenue, along with NPPD's existing Norfolk pole yard. This should provide greater overall efficiency, save money and enhance customer service. The contract for construction of this call center is expected to be awarded this month with construction beginning this spring and occupancy sometime in 2010.

In February 2006, Norfolk's largest employer, Tyson Foods, which operated a beef processing plant on the edge of Norfolk, closed putting 1,300 Norfolk employees out of work. The effect of this plant closure is just now starting to show up in most recently available population estimates. The Norfolk micropolitan area made up of Pierce, Stanton and Madison Counties, experienced the largest population loss from 2006-2007 of any micropolitan area in the United States. The population of Norfolk itself declined from an estimated 23,865 on July 1, 2006 to 23,146 on July 1, 2007, a decrease of 719 people or 3%. Declining population also brought about declining school enrollment which went from 3,841 in 2006 to 3,803 in 2007. Since many former Tyson employees left Norfolk, the unemployment rate stayed relatively stable with the shrinking labor force.

## **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 May 19, 2008. 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. At the end of fiscal year 2007-2008, Black & Veatch completed development of a Sewer Master Plan and updated the 2002 Water Master Plan. These plans included evaluating the extension of services south of the Elkhorn River. Sewer capital requirements through 2013 are about \$6.6 million including expansion south of the river. Water capital improvements through 2013 total approximately \$14 million including south of the river projects. In order to fund these projects the Council approved water and sewer rate increases on October 6, 2008. Sewer rates increased an average of 15% on November 1, 2008 increasing the average bi-monthly residential bill about \$2.87. The Council approved a water rate increase averaging 4% effective November 1, 2008. Additional increases are planned in subsequent fiscal years.

## **SIGNIFICANT EVENTS**

Nebraska law authorizes cities and counties to conduct Keno lotteries. On February 19, 2008, the City Council formally adopted a resolution placing Keno on the ballot for the May 13, 2008 primary 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 expects to receive annual net Keno proceeds of \$400,000. The City needs new aquatic facilities and upgrades to Memorial Field along with other park and recreation needs. At the May 13 election, voters approved Keno with 2,633 votes for and 1,878 against. Subsequent to the election, the Council authorized a request for proposal for Keno operators. Three firms submitted proposals to operate Keno for the City. At the August 4, 2008 Council meeting, Big Red was approved as the City's Keno operator. Big Red began Keno operations in Norfolk on August 25, 2008 at a temporary main location next to Michael's Cantina. In addition to this location, Big Red has twelve satellite locations. Big Red has committed to constructing a 6,000 square foot restaurant and sports bar in Norfolk to open in the fall of 2009 that will be the permanent location. Big Red currently has ten employees in Norfolk but is expected to have about 55 employees once they open the main location. Upon being selected as Norfolk's Keno operator, Big Red donated \$100,000 to the City for improvements to Memorial Field and also agreed to offer a Memorial Field burger at their permanent main location and contribute a dollar to Memorial Field improvements for every burger sold.

The Vehicle Parking District implemented a major downtown improvement program in fiscal year 2007-2008 including replacing sidewalks and landscaping, street lighting and various sidewalk amenities. The total cost of this project exceeded \$1,750,000 and was funded approximately one-third from special assessments, one-third from Vehicle Parking District revenues, and one-third from the City Highway Allocation Fund. On December 23, 2008, the City issued \$300,000 of Offstreet Parking bonds to pay a portion of the Vehicle Parking District's share of the project, with the District's remaining portion coming from cash in the Vehicle Parking Fund.

Peterbilt of Norfolk opened a new truck dealership in Norfolk at the intersection of Highway 81 and Monroe Avenue in December 2008 relocating from a smaller facility on Monroe Avenue. This area is in the Crafts Redevelopment Plan. Crafts acquired it and demolished the Roman Packing facility at the southeast corner of Highway 81 and Monroe Avenue to construct this new 18,000 square foot facility. This new facility allows the company to expand its operation from parts and light service to retail truck sales and full service doubling their number of full-time employees from 9 to 18. The Community Development Agency will issue tax increment financing bonds to reimburse the developer for site clearance and preparation.

The City recently completed the extension of 16<sup>th</sup> Street from Monroe Avenue north to Affiliated Foods. Construction of a public rail crossing was part of this project. This allows Affiliated Foods to access an adjacent 35 acre parcel the company acquired last year. Affiliated relocated truck parking to this parcel allowing space next to the existing facility for future expansion of the warehouse. This also enables easier truck access from Highway 81. Without this project, Affiliated Foods was landlocked and unable to grow. Affiliated will add 8 employees as a result of this project. Affiliated is one of the larger Norfolk-area employers employing 673 people. On March 9, 2007, the Nebraska Department of Economic Development approved the City's grant application of \$276,600 for the street extension. Other funding sources were City Highway Allocation Funds and program income from previous Community Development Block Grants.

## **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, 2007. This was the twentieth 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.

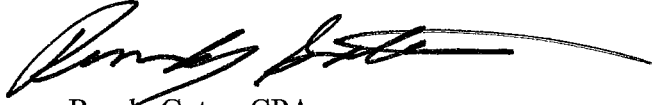
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**DISTINGUISHED BUDGET PRESENTATION AWARD.** In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last fifteen years, the most recent for the 2007-2008 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Sincerely,

CITY OF NORFOLK

A handwritten signature in black ink, appearing to read "Randy Gates", with a long horizontal flourish extending to the right.

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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R. M.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

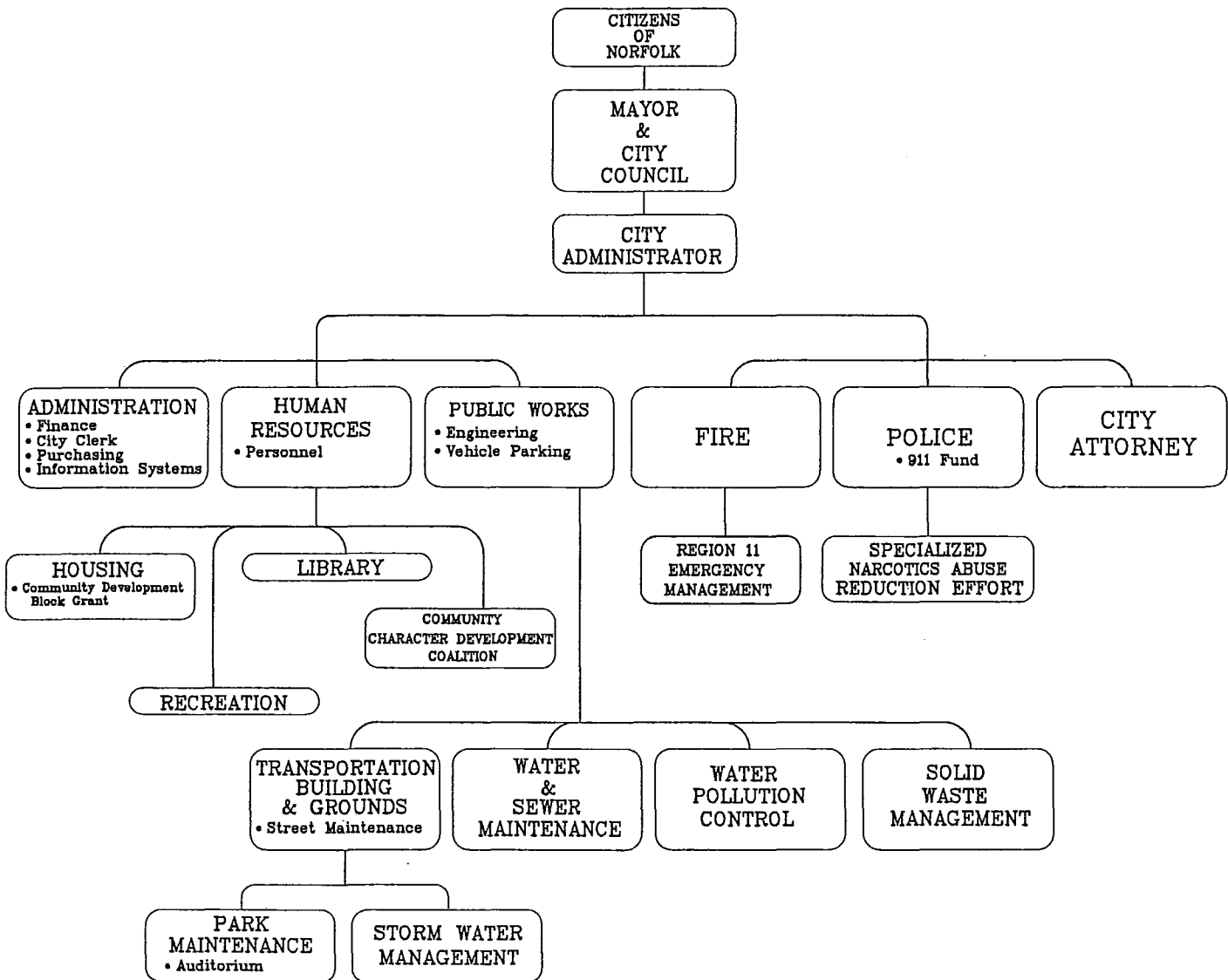
Executive Director

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, 2007.

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

*October 1, 2008*

<b>Title</b>	<b>Name</b>
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	Al Roder
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 1<sup>st</sup> 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, 2008, 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, 2008, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2009 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 important for assessing the results of our audit.

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.

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 26, 2009

## **Management Discussion and Analysis**

**September 30, 2008**

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, 2008. 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, 2008, by \$88,120,126. Of this amount, \$20,386,149 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$2,016,519 during the year. Of this amount, the assets of Governmental Activities increased \$1,536,686 and the assets of Business Activities increased \$479,833.
- Bonds payable decreased \$1,490,484. Outstanding revenue bonds total \$8,546,838, general obligation bonds \$3,895,000, and special assessment bonds \$935,000 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, 2008, net assets were as follows:

City of Norfolk's Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 18,242,635	\$ 17,554,134	\$ 9,607,556	\$ 9,539,800	\$ 27,850,191	\$ 27,093,934
Capital assets	42,942,924	41,899,286	36,767,617	37,119,009	79,710,541	79,018,295
<b>Total assets</b>	<b>61,185,559</b>	<b>59,453,420</b>	<b>46,375,173</b>	<b>46,658,809</b>	<b>107,560,732</b>	<b>106,112,229</b>
Long-Term Liabilities	8,393,059	9,088,943	8,746,229	9,517,553	17,139,288	18,606,496
Other liabilities	1,917,975	1,026,638	383,343	375,488	2,301,318	1,402,126
<b>Total liabilities</b>	<b>10,311,034</b>	<b>10,115,581</b>	<b>9,129,572</b>	<b>9,893,041</b>	<b>19,440,606</b>	<b>20,008,622</b>
Net assets:						
Invested in capital assets, net of related debt	35,777,924	34,084,125	28,220,779	28,660,480	63,998,703	62,744,605
Restricted	1,255,485	1,318,671	2,479,789	1,637,751	3,735,274	2,956,422
Unrestricted	13,841,116	13,935,043	6,545,033	6,467,537	20,386,149	20,402,580
<b>Total net assets</b>	<b>\$ 50,874,525</b>	<b>\$ 49,337,839</b>	<b>\$ 37,245,601</b>	<b>\$ 36,765,768</b>	<b>\$ 88,120,126</b>	<b>\$ 86,103,607</b>

A portion of net assets (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$20,386,149 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 \$1,254,098 increase in net assets invested in capital assets, net of related debt. This increase is due to construction in progress for governmental activities consisting of cost associated with the downtown improvement project, 16<sup>th</sup> Street improvements, 25<sup>th</sup> Street improvements and others. These projects were financed with non-debt sources including grants and program income from the previous grants, City Highway Allocation Fund and Vehicle Parking Fund revenues.

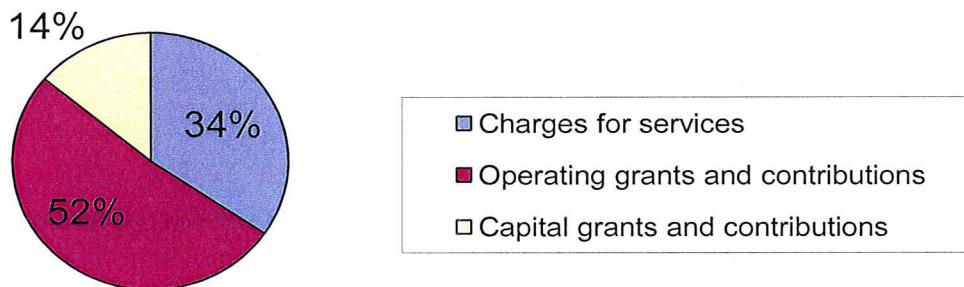
Total revenue reported in Fiscal 2008 was \$25,788,348. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

City of Norfolk's Changes in Net Assets

	General Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 1,879,650	\$ 1,596,419	\$ 6,306,423	\$ 6,828,332	\$ 8,186,073	\$ 8,424,751
Operating grants and contributions	2,805,130	3,031,310	-	-	2,805,130	3,031,310
Capital grants and contributions	757,509	864,556	175,807	403,630	933,316	1,268,186
Total Program Revenues	5,442,289	5,492,285	6,482,230	7,231,962	11,924,519	12,724,247
General Revenues:						
Property taxes	1,694,912	1,625,182	-	-	1,694,912	1,625,182
Sales taxes	6,750,098	6,427,716	-	-	6,750,098	6,427,716
Other taxes	199,225	191,073	-	-	199,225	191,073
Occupation and franchise taxes	883,195	787,763	-	-	883,195	787,763
Interest	430,171	561,205	286,953	398,229	717,124	959,434
General intergovernmental revenues	282,997	248,438	-	-	282,997	248,438
Use of property	3,270,414	3,209,969	-	-	3,270,414	3,209,969
Gain (loss) on sales of assets	8,170	27,532	-	-	8,170	27,532
Revenue from Sale of Uncapitalized Property	9,985	77,072	-	-	9,985	77,072
Miscellaneous	47,709	33,088	-	-	47,709	33,088
Total General Revenues	13,576,876	13,189,038	286,953	398,229	13,863,829	13,587,267
Total Revenues	19,019,165	18,681,323	6,769,183	7,630,191	25,788,348	26,311,514
Expenses:						
General Government	1,984,006	2,062,088	-	-	1,984,006	2,062,088
Public Safety	7,638,269	7,663,541	-	-	7,638,269	7,663,541
Public Works	4,513,410	4,162,060	-	-	4,513,410	4,162,060
Public Library	1,123,880	1,051,044	-	-	1,123,880	1,051,044
Parks, Recreation and Public Property	1,383,166	1,283,585	-	-	1,383,166	1,283,585
Community Improvement and Development	543,549	1,133,491	-	-	543,549	1,133,491
Debt Service	296,199	258,179	-	-	296,199	258,179
Water System	-	-	1,925,737	1,856,242	1,925,737	1,856,242
Sewer System	-	-	2,691,318	2,627,136	2,691,318	2,627,136
Solid Waste	-	-	1,672,295	1,666,120	1,672,295	1,666,120
Total Expenses	17,482,479	17,613,988	6,289,350	6,149,498	23,771,829	23,763,486
Increase in Net Assets	1,536,686	1,067,335	479,833	1,480,693	2,016,519	2,548,028
Net Assets - Beginning	49,337,839	48,270,504	36,765,768	35,285,075	86,103,607	83,555,579
Net Assets - Ending	\$ 50,874,525	\$ 49,337,839	\$ 37,245,601	\$ 36,765,768	\$ 88,120,126	\$ 86,103,607

Program revenues totaled \$11,924,519. \$6,482,230 was program revenues from Business-Type Activities. Charges for services for Business-Type Activities decreased \$521,909 primarily due to last year's net legal settlement related to benzene contamination at the east water plan of over \$300,000. Capital grants and contributions for Business-Type Activities decreased \$227,823 going from \$403,630 to \$175,807. This was due to more water and sewer lines being dedicated by developers to the City in the prior year, including lines in Wyndham Hills, Briarwood Estates Seventh Addition, Blackberry Heights Addition, Medelman's Southwest First Addition, Walter's East Knolls Eighth Addition, and Centre Ridge Village. Program revenues in the General Governmental Activities decreased \$49,996 from the prior year. Charges for services increased \$283,231 going from \$1,596,419 in the prior year to \$1,879,650 in the current year. Over \$100,000 of this increase was building permits due to large construction projects, such as the hospital bed tower. Ambulance charges also increased significantly going from \$354,579 last year to \$469,410 in the current year, an increase of almost \$115,000. This increase is the result of significantly raising ambulance fees in August 2007 to bring Norfolk's ambulance fees more in line with what other Nebraska cities were charging. Operating grants and contributions decrease \$226,180 going from \$3,031,310 in 2007 to \$2,805,130 in the current year due to a housing rehabilitation grant received last year and less money received this year from community revitalization grants to acquire dilapidated housing and clear the sites for construction of new housing. Capital grants and contributions decreased \$107,407 going from \$864,556 last year to \$757,509 in the current year primarily due to a \$512,895 communications equipment grant received for Region 11 last year. Partially offsetting this is \$279,481 of Community Development Block Grants for constructing 16<sup>th</sup> Street to Affiliated Foods and infrastructure for Meadow Ridge. A \$100,000 donation was also received from Big Red Keno for Memorial Field improvements.

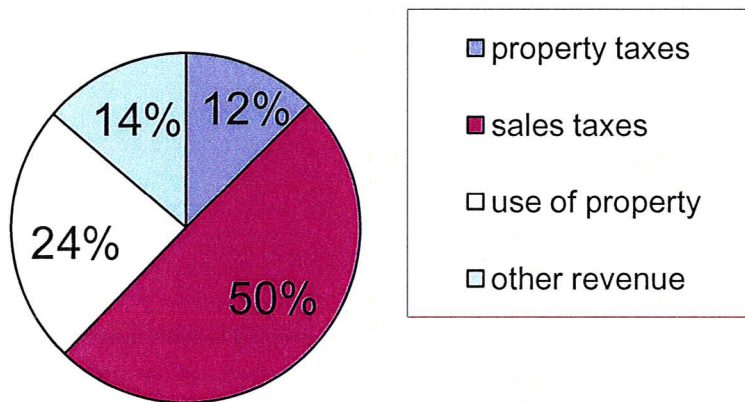
### Program Revenues General Governmental



General revenues for Governmental Activities went from \$13,189,038 in 2007 to \$13,576,876 in 2008, an increase of \$387,838 or 3%. The biggest increase was in sales tax which went from \$6,427,716 last year to \$6,750,098 in the current year, an increase of \$322,382 or 5%. This increase was likely driven by a strong agricultural economy. Ag prices were high throughout most of the year. The largest decrease in general revenues for Governmental Activities was in interest income which went from \$561,205 last year to \$430,171 this year, a decrease of \$131,034 or 23% due to declining interest rates.

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 only \$8,343. Expenses in General Governmental Activities decreased \$131,509 mostly offset by a \$139,852 increase in expenses for Business-Type Activities. The largest decrease in General Government Expenditures was in community improvement and development which went from \$1,133,491 in 2007 to \$543,549 in 2008, a decrease of \$589,942. The Housing Division spent \$122,295 on rehabilitation in 2007 from both program income and grants, but only \$27,274 in 2008. There was also more money spent in 2007 from community revitalization grants to acquire dilapidated housing and clear the sites for construction of new housing. This decrease was offset by small increases in Public Works, Parks and Library expenses. Expenses for business-type activities increased \$139,852 going from \$6,149,498 in 2007 to \$6,289,350 in 2008. This increase was primarily due to a loss on disposal of capital assets in the Sewer Division of \$84,219. This was the book value of the trickling filter media acquired in 1996 that was replaced this year.

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

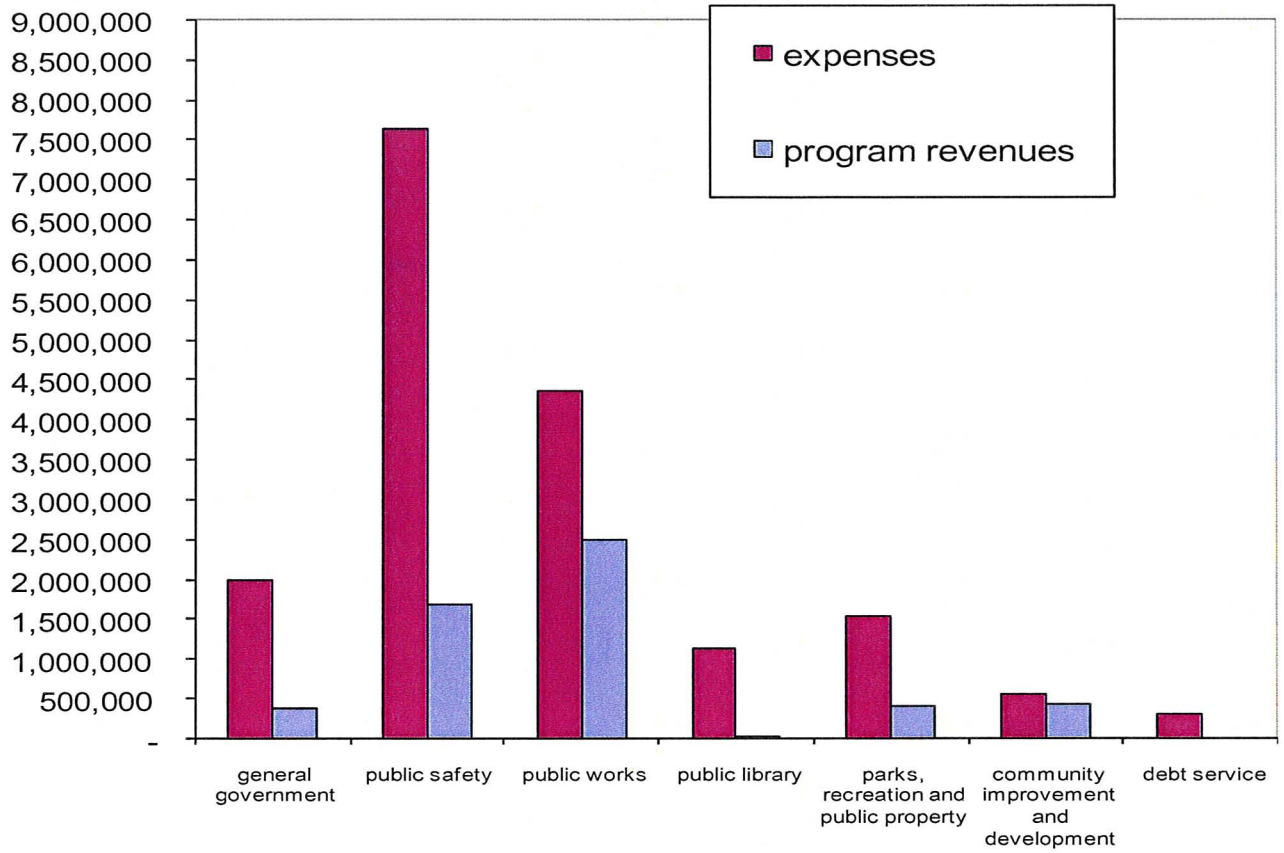
<u>Program Level</u>	<u>Activity</u>
General Government .....	Administration, Support Services
Public Safety .....	Emergency medical services, Police, Fire, Prevention and Codes, Planning and Zoning, Emergency Management
Public Works.....	Engineering, Streets, Drainage
Public Library .....	Operation 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 nongovernmental activities. For example, Public Safety had expenses of \$7,638,269 and total program revenues of only \$1,694,506 comprised of \$1,149,353 of Charges for Services, \$391,328 of Operating Grants and Contributions, and \$153,825 of Capital Grants and Contributions. The net cost of Public Safety was \$5,943,763 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:

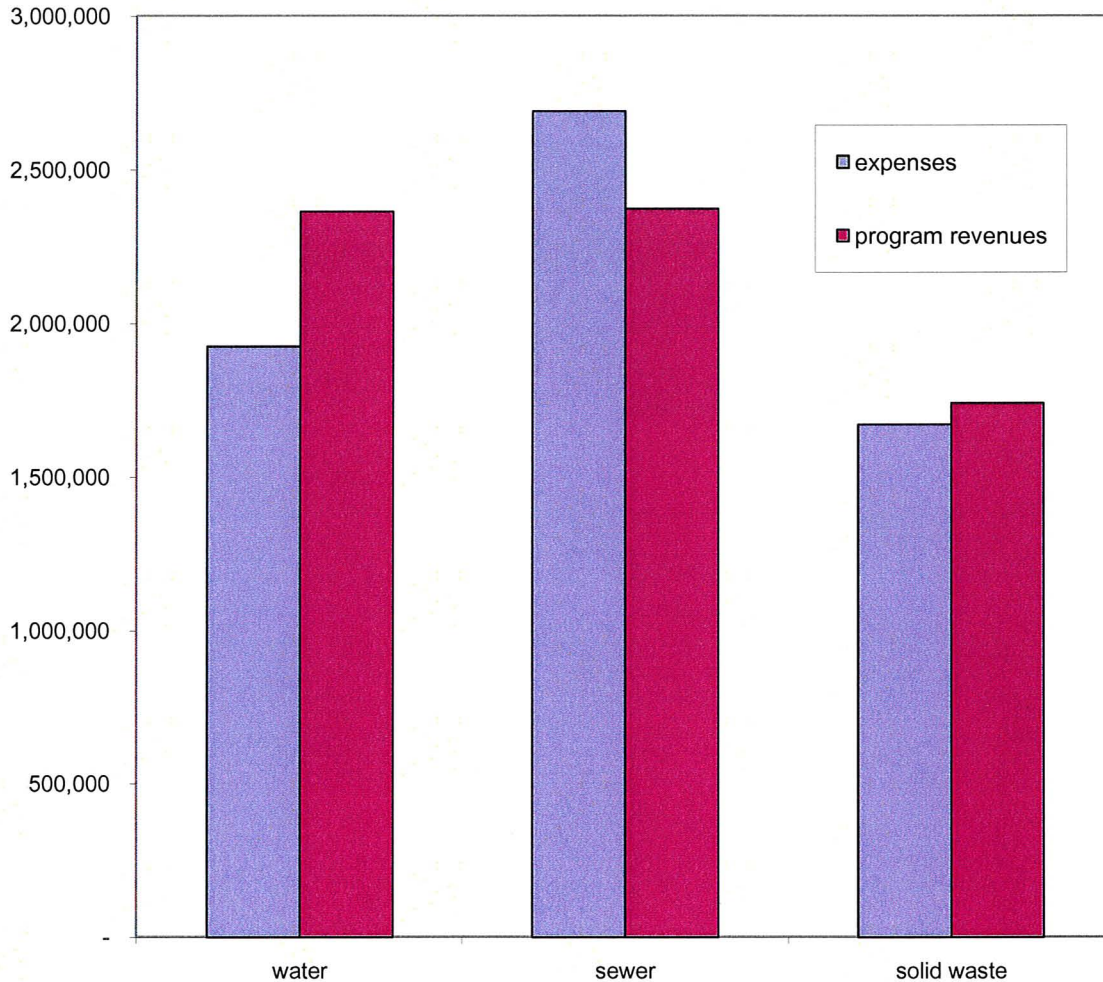
General Government.....	Fees
Public Safety.....	Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions, 911 Surcharges
Public Works.....	Special Assessments, State Revenue, Charges for Services, Federal Grants
Public Library.....	Service Charges,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

## **Business Type Activities**

Business Type Activities increased the City's net assets by \$479,833, accounting for 24% 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 the Water Division and Solid Waste Division. However, expenses exceeded revenues in the Sewer Division. At the end of 2008, Black & Veatch completed development of a Sewer Master Plan. This plan showed an increase was needed in sewer revenues to meet the existing cost of service and also to provide for sewer capital requirements through 2013 of about \$6.6 million including expansion of sewer service south of the river. Based on Black & Veatch's recommendation, the Council approved a sewer rate increase October 6, 2008 averaging 15% effective November 1, 2008. This results in an increase to the average bi-monthly residential bill of about \$2.87. Black & Veatch also completed an update of the 2002 Water Master Plan which shows water capital improvements through 2013 total approximately \$14 million including south of the river projects. Black & Veatch recommended a 4% water rate increase next year which was also approved by the Council on October 6, 2008 effective November 1, 2008. Additional increases are planned in subsequent fiscal years. The Council also increased transfer station tipping fees by \$2 per ton on October 6, 2008 effective November 1, 2008. This was to cover fuel increases that were expected at the time the 2008-2009 budget was prepared.

## 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 \$9,585,518. The combined Governmental Fund balance decreased \$466,753 from the prior year.

The primary decrease in fund balance was in the in the Special Assessment Fund. The Special Assessment Fund balance decreased \$728,680. The fund balance declined as bond anticipation note proceeds were spent on special assessment projects. These projects will be assessed next year and the notes taken out with bonds eliminating this deficit. Partially offsetting this decrease were smaller increases in most other funds the largest of which was the \$247,661 increase in fund balance in the General Fund.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$247,661 increasing fund balance from \$5,300,295 last year to \$5,547,956 in the current year. On February 19, 2008, the City Council adopted a resolution placing Keno on the ballot for the May 13, 2008 primary election. Voters approved Keno and Keno operations began in late August 2008. The City earned \$29,141 of Keno revenue in 2008 and also received a \$100,000 contribution from the Keno operator for Memorial Field improvements. This additional \$129,141 of Keno related revenue was not expected and not budgeted and had a positive impact on fund balance.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund budget was not amended during the year and included approximately \$14.2 million of revenue and \$15.9 million of expenditures resulting in a budgeted decrease in fund balance of \$1.7 million. Fund balance actually increased \$26,087 because revenues exceeded budget by \$.8 million and expenditures were under budget by \$.9 million. This combined with beginning fund balance exceeding budget by \$.4 million, resulted in an ending fund balance of about \$2.2 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by almost \$378,000. This was due to sales tax being \$406,358 over budget. This large increase in sales tax was perhaps driven by a strong agricultural economy. Grain prices were high due to increased corn demand for ethanol production. The largest amount of revenue under budget was in proceeds from debt financing which was budgeted at \$220,000 but no bonds were issued. The \$220,000 bond issue budgeted was for public safety tax anticipation bonds to pay for replacing the roofs on the Police and Fire stations. The actual costs of these roofs came in at half that. Instead of having a small bond issue which would then be paid out of the Debt Service Fund, excess cash accumulated in the Debt Service Fund because of a delay in issuing the Spring Branch Drainage bonds, was transferred to the General Fund to pay for these roofs. This \$110,000 transfer is the primary reason transfers in exceed budget by \$129,291. The other large revenue over budget was in licensing and permits primarily due to building related permits exceeding budget due to a \$58 million bed tower Faith Regional Health Services is constructing.

Expenditures in all categories were under budget resulting in \$919,960 less expenditures than budgeted. The City always budgets conservatively and expenditures are normally under budget. Also contributing to this was with on-going concerns about the local economy resulting in prioritizing capital outlays with 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, 2008, was \$63,998,703 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for the last two years follows:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 188,107	\$ 201,383	\$ 2,860	\$ 80,307	\$ 190,967	\$ 281,690
Buildings and improvements	110,476	-	-	-	110,476	-
Water distribution and sewage system	-	-	1,414,789	1,429,042	1,414,789	1,429,042
Equipment, furniture and fixtures	512,713	614,396	103,916	109,987	616,629	724,383
Infrastructure	142,806	874,089	-	-	142,806	874,089
Construction in progress	2,421,967	820,970	192,996	626,624	2,614,963	1,447,594
Total Gross Additions	\$ 3,376,069	\$ 2,510,838	\$ 1,714,561	\$ 2,245,960	\$ 5,090,630	\$ 4,756,798

Gross additions to capital assets for Governmental Activities were \$3,376,069 increasing \$865,231 from the \$2,510,838 of additions in the prior year. This increase is caused primarily by large additions to construction in progress including costs associated with infrastructure in Meadow Ridge, the downtown improvement project, and 16<sup>th</sup> Street improvements.

Total gross additions to capital assets for Business-Type activities was \$1.7 million compared to \$2.2 million the prior year. Current year additions include \$792,346 for assets related to the influent debris screen project at the Water Pollution Control Plant. Trickling filter media was also replaced at the Water Pollution Control Plant at a cost of \$419,282. Water and sewer lines were added totaling \$175,807 in The Meadows Second Addition and Fox Ridge Addition.

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

## **DEBT ADMINISTRATION**

At year-end the City had \$13,376,838 of bonded debt outstanding, net of original issue discounts and deferrals. This is a decrease of \$1,490,484 from the prior year. The City did not issue any bonds during the year.

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 1.35% in 1999 to .68% currently. Debt per capita was \$349.39 in 1999 compared to \$299.84 currently. The debt coverage ratio for the City's enterprise bonds is 1.68. 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's sales tax collections have remained relatively flat since the fiscal year ended September 30, 2000. However, for fiscal year 2007-2008, sales tax receipts were up 5.64%, the largest increase this decade. This is probably driven by the strong agricultural economy. Grain prices were high due to increased corn demand for ethanol production. Grain prices have fallen dramatically since summer with the corn price less than half of the midsummer price. The price of ethanol has fallen with oil prices as energy demand fell due to the global economic downturn. This, in turn, reduced grain prices.

The economic downturn has flattened the City's sales tax receipts growth, which for the first five months of fiscal year 2008-2009 was only up 1.2% from the prior year. Not only are agricultural prices down, but the global economic downturn has also impacted Norfolk businesses with shortened work weeks and layoffs. This is reflected in the Madison County unemployment rate which in January 2009 was 5.7% compared to 2.7% in 2008. One of Norfolk's largest employers, Nucor Steel, has been particularly hard hit. In general, last year was a good year for Nucor Steel with record steel shipments and near record production. However, with the global economic crises, the demand for steel has fallen dramatically and Nucor Steel has cut steel production in half. Nucor has not laid off employees but hours have been significantly reduced.

In February 2006, Norfolk's largest employer, Tyson Foods, which operated a beef processing plant on the edge of Norfolk, closed putting 1,300 Norfolk employees out of work. The effect of this plant closure is just now starting to show up in the most recently available population estimates. The Norfolk micropolitan area made up of Pierce, Stanton and Madison Counties, experienced the largest population loss from 2006-2007 of any micropolitan area in the United States. The population of Norfolk itself declined from an estimated 23,865 on July 1, 2006 to 23,146 on July 1, 2007. School enrollment

also declined and went from 3,841 in 2006 to 3,803 in 2007. Since many former Tyson employees left Norfolk, the closure had little impact on the unemployment rate which stayed stable with the shrinking labor force.

In general, Nebraska's economy has held up better than the national economy during the current economic downturn. Housing prices in Norfolk have remained relatively stable declining only slightly. There are also some large construction projects underway and planned for the next construction season. The largest local construction project currently underway is construction of a \$58 million bed tower at Faith Regional Health Services. This project started in the fall of 2008 and is scheduled to be finished in early 2010. The Board of Governors of Northeast Community College recently awarded a construction contract for a new College of Nursing facility to be constructed at the campus in Norfolk. This project is expected to cost about \$12 million. A 30-inch diameter oil pipeline from Canada is going through just east of Norfolk with construction expected to begin this spring bringing 600 workers and associated family members to the area. Construction projects and the related influx of out of town construction workers has helped keep sales tax relatively stable.

#### **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, 2008  
With Summarized Financial Information as of September 30, 2007

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2008	2007
<b>ASSETS</b>				
Cash and Equity in Pooled Investment Account	\$ 12,737,322	\$ 5,632,025	\$ 18,369,347	\$ 17,729,810
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	209,817	960,095	1,169,912	1,060,922
Taxes	1,576,660	-	1,576,660	1,409,533
Accrued Interest	50,774	41,575	92,349	10,405
Special Assessments	186,753	4,704	191,457	277,422
Notes Receivable	1,989,205	33,693	2,022,898	2,221,462
Advances to Other Funds	(23,852)	23,852	-	-
Due from Other Governmental Agencies	1,449,031	-	1,449,031	1,403,455
Inventories	19,626	239,419	259,045	306,950
Restricted Assets:				
Cash and Cash Equivalents	-	2,595,092	2,595,092	2,532,398
Bond Issue Costs	47,299	77,101	124,400	141,577
Land	7,616,193	1,953,581	9,569,774	9,378,807
Construction in Progress	2,800,694	40,124	2,840,818	1,312,063
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	32,526,037	34,773,912	67,299,949	68,327,425
<b>Total Assets</b>	<b>61,185,559</b>	<b>46,375,173</b>	<b>107,560,732</b>	<b>106,112,229</b>
<b>LIABILITIES</b>				
Accounts Payable	1,879,639	268,040	2,147,679	1,233,395
Accrued Interest Payable	38,336	-	38,336	46,139
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	115,303	115,303	122,592
Revenue Bonds - Current	-	800,290	800,290	772,055
Noncurrent Liabilities:				
Due within one year:				
Notes Payable	35,714	-	35,714	35,714
General Obligation Bonds	475,000	-	475,000	470,000
Various Purpose Bonds	260,000	-	260,000	250,000
Bond Anticipation Notes	2,335,000	-	2,335,000	510,000
Compensated Absences and Benefits	664,615	94,204	758,819	713,178
Due in more than one year:				
Notes Payable	133,930	-	133,930	169,644
Revenue Bonds Payable	-	7,746,548	7,746,548	8,545,267
General Obligation Bonds	3,420,000	-	3,420,000	3,895,000
Various Purpose Bonds	675,000	-	675,000	935,000
Bond Anticipation Notes	-	-	-	1,810,000
Compensated Absences and Benefits	393,800	105,187	498,987	500,638
<b>Total Liabilities</b>	<b>10,311,034</b>	<b>9,129,572</b>	<b>19,440,606</b>	<b>20,008,622</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	35,777,924	28,220,779	63,998,703	62,744,605
Restricted for:				
Debt Service	1,255,485	1,831,244	3,086,729	2,328,571
Future Capital Assets	-	648,545	648,545	627,851
Unrestricted	13,841,116	6,545,033	20,386,149	20,402,580
<b>Total Net Assets</b>	<b>\$ 50,874,525</b>	<b>\$ 37,245,601</b>	<b>\$ 88,120,126</b>	<b>\$ 86,103,607</b>

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**CITY OF NORFOLK, NEBRASKA**

**STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2008

With Summarized Financial Information for the Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 1,984,006	\$ 366,850	\$ 17,207	\$ -
Public Safety	7,638,269	1,149,353	391,328	153,825
Public Works	4,513,410	125,042	2,021,939	354,378
Public Library	1,123,880	28,091	7,328	-
Parks, Recreation and Public Property	1,383,166	149,314	-	249,306
Community Improvement and Development	543,549	61,000	367,328	-
Debt Service	296,199	-	-	-
Total governmental activities	<u>17,482,479</u>	<u>1,879,650</u>	<u>2,805,130</u>	<u>757,509</u>
Business-Type Activities:				
Water Division	1,925,737	2,243,427	-	122,210
Sewer Division	2,691,318	2,320,624	-	53,597
Solid Waste Division	1,672,295	1,742,372	-	-
Total Business-Type Activities:	<u>6,289,350</u>	<u>6,306,423</u>	<u>-</u>	<u>175,807</u>
Total Primary Government	<u>\$23,771,829</u>	<u>\$ 8,186,073</u>	<u>\$ 2,805,130</u>	<u>\$ 933,316</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

**Net (Expense) Revenue  
and Changes in Net Assets**

Governmental Activities	Business-Type Activities	Totals	
		2008	2007
\$ (1,599,949)		\$ (1,599,949)	\$ (1,692,164)
(5,943,763)		(5,943,763)	(5,668,549)
(2,012,051)		(2,012,051)	(1,984,657)
(1,088,461)		(1,088,461)	(1,014,181)
(984,546)		(984,546)	(1,137,428)
(115,221)		(115,221)	(366,545)
(296,199)		(296,199)	(258,179)
<u>(12,040,190)</u>		<u>(12,040,190)</u>	<u>(12,121,703)</u>
	439,900	439,900	868,621
	(317,097)	(317,097)	68,367
	70,077	70,077	145,476
	<u>192,880</u>	<u>192,880</u>	<u>1,082,464</u>
<u>(12,040,190)</u>	<u>192,880</u>	<u>(11,847,310)</u>	<u>(11,039,239)</u>
1,694,912	-	1,694,912	1,625,182
6,750,098	-	6,750,098	6,427,716
199,225	-	199,225	191,073
883,195	-	883,195	787,763
430,171	286,953	717,124	959,434
282,997	-	282,997	248,438
3,270,414	-	3,270,414	3,209,969
8,170	-	8,170	27,532
9,985	-	9,985	77,072
47,709	-	47,709	33,088
<u>13,576,876</u>	<u>286,953</u>	<u>13,863,829</u>	<u>13,587,267</u>
<u>1,536,686</u>	<u>479,833</u>	<u>2,016,519</u>	<u>2,548,028</u>
<u>49,337,839</u>	<u>36,765,768</u>	<u>86,103,607</u>	<u>83,555,579</u>
<u>\$ 50,874,525</u>	<u>\$ 37,245,601</u>	<u>\$88,120,126</u>	<u>\$ 86,103,607</u>

See Accompanying Notes to Financial Statements



**CITY OF NORFOLK, NEBRASKA**  
**BALANCE SHEET**  
**Governmental Funds**  
**September 30, 2008**

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assesments	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and Equity in Pooled Investment Account	\$ 3,246,831	\$ 4,025,570	\$ 400,242	\$ 1,123,292	\$ 561,268	\$ 920,030	\$ 10,277,233
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	147,819	-	-	-	-	61,998	209,817
Taxes	1,393,551	-	-	165,865	-	17,244	1,576,660
Accrued Interest	13,430	16,748	1,656	4,664	2,331	1,729	40,558
Special Assessments	372	-	-	143,419	42,962	-	186,753
Notes Receivable	5,318	-	1,961,204	-	-	22,683	1,989,205
Due from Other Funds	537	-	-	-	-	-	537
Due from Other Governmental Agencies	1,111,516	276,460	14,474	-	-	46,581	1,449,031
Inventories	19,626	-	-	-	-	-	19,626
<b>Total Assets</b>	<b>5,939,000</b>	<b>4,318,778</b>	<b>2,377,576</b>	<b>1,437,240</b>	<b>606,561</b>	<b>1,070,265</b>	<b>15,749,420</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	361,503	905,775	47,879	-	193,772	104,460	1,613,389
Due to Other Funds	-	-	-	-	-	537	537
Unearned Revenue	5,689	-	1,961,204	143,419	42,962	37,850	2,191,124
Bond Anticipation Notes	-	-	-	-	2,335,000	-	2,335,000
Advances from Other Funds	23,852	-	-	-	-	-	23,852
<b>Total Liabilities</b>	<b>391,044</b>	<b>905,775</b>	<b>2,009,083</b>	<b>143,419</b>	<b>2,571,734</b>	<b>142,847</b>	<b>6,163,902</b>
<b>Fund Balances:</b>							
<b>Reserved for:</b>							
Encumbrances	64,955	695,421	40,149	-	-	78,278	878,803
Hazardous Waste	29,970	-	-	-	-	-	29,970
WW II Memorial	11,359	-	-	-	-	-	11,359
Debt Service	-	-	-	1,293,821	-	-	1,293,821
Memorial Field Contributions	100,000	-	-	-	-	-	100,000
Inventories	19,626	-	-	-	-	-	19,626
<b>Unreserved:</b>							
General fund	5,322,046	-	-	-	-	-	5,322,046
Special revenue funds	-	2,717,582	328,344	-	-	475,231	3,521,157
Capital projects funds	-	-	-	-	(1,965,173)	373,909	(1,591,264)
<b>Total Fund Balances</b>	<b>5,547,956</b>	<b>3,413,003</b>	<b>368,493</b>	<b>1,293,821</b>	<b>(1,965,173)</b>	<b>927,418</b>	<b>9,585,518</b>
<b>Total Liabilities and Equity</b>	<b>\$ 5,939,000</b>	<b>\$ 4,318,778</b>	<b>\$ 2,377,576</b>	<b>\$ 1,437,240</b>	<b>\$ 606,561</b>	<b>\$ 1,070,265</b>	<b>\$ 15,749,420</b>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2008**

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

Total Fund Balance - Governmental Funds (page 33)	\$ 9,585,518
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,942,924
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.	2,204,055
Unearned revenues that provide current financial resources for governmental activities	2,191,124
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(38,336)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	47,299
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(6,058,059)</u>
Total Net Assets - Governmental Activities (page 30)	<u>\$ 50,874,525</u>

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**Year Ended September 30, 2008**

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Other Governmental Funds	Total Governmental Funds
<b>Revenue:</b>							
Taxes	\$ 7,653,977	\$ -	\$ -	\$ 710,468	\$ -	\$ 401,448	\$ 8,765,893
Special Assessments	-	-	-	72,645	9,781	-	82,426
Licenses and Permits	430,258	-	-	-	-	-	430,258
Intergovernmental Revenue	571,844	2,036,460	279,481	25,874	-	829,953	3,743,612
Charges for Services	1,358,621	-	-	-	-	-	1,358,621
Keno Revenue	29,141	-	-	-	-	-	29,141
Occupation and Franchise Taxes	686,840	-	-	-	-	-	686,840
Contributions	100,000	-	-	-	-	5	100,005
Payments in Lieu of Taxes	35,237	-	-	39,460	-	-	74,697
Parking Fees and Rentals	3,260,750	-	-	-	-	11,344	3,272,094
Loan Repayments	20,679	-	262,840	-	-	6,181	289,700
Interest	71,586	112,730	12,374	81,882	29,278	30,882	338,732
Miscellaneous	87,179	-	3	-	-	25,379	112,561
<b>Total Revenue</b>	<b>14,306,112</b>	<b>2,149,190</b>	<b>554,698</b>	<b>930,329</b>	<b>39,059</b>	<b>1,305,192</b>	<b>19,284,580</b>
<b>Current Expenditures:</b>							
Public Safety	7,067,360	-	-	-	-	300,191	7,367,551
Public Works	2,472,778	1,632,215	251,692	-	-	432,828	4,789,513
Public Library	1,097,450	-	-	-	-	-	1,097,450
Parks, Recreation and Public Property	1,392,253	-	-	-	-	-	1,392,253
Community Improvement and Development	358,177	-	77,608	-	-	369,390	805,175
General Government	2,403,126	-	-	-	6,822	-	2,409,948
<b>Debt Service:</b>							
Debt Service	1,747	-	35,714	929,854	92,401	-	1,059,716
<b>Capital Outlays:</b>							
Capital Outlay	-	-	-	-	668,516	161,211	829,727
<b>Total Expenditures</b>	<b>14,792,891</b>	<b>1,632,215</b>	<b>365,014</b>	<b>929,854</b>	<b>767,739</b>	<b>1,263,620</b>	<b>19,751,333</b>
Excess (deficiency) of revenues over expenditures	(486,779)	516,975	189,684	475	(728,680)	41,572	(466,753)
<b>Other financing sources (uses):</b>							
Transfers In	933,291	-	-	143,536	-	160,315	1,237,142
Transfers Out	(198,851)	(415,000)	-	(215,000)	-	(408,291)	(1,237,142)
<b>Total other financing sources (uses)</b>	<b>734,440</b>	<b>(415,000)</b>	<b>-</b>	<b>(71,464)</b>	<b>-</b>	<b>(247,976)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>247,661</b>	<b>101,975</b>	<b>189,684</b>	<b>(70,989)</b>	<b>(728,680)</b>	<b>(206,404)</b>	<b>(466,753)</b>
Fund balances (deficits)-beginning of year	5,300,295	3,311,028	178,809	1,364,810	(1,236,493)	1,133,822	10,052,271
<b>Fund balances (deficits) - end of year</b>	<b>\$ 5,547,956</b>	<b>\$ 3,413,003</b>	<b>\$ 368,493</b>	<b>\$ 1,293,821</b>	<b>\$ (1,965,173)</b>	<b>\$ 927,418</b>	<b>\$ 9,585,518</b>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2008**

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

Net change in fund balances - total governmental funds (page 35) \$ (466,753)

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:

Expenditures for capital assets	\$ 3,085,067	
Depreciation expense	<u>(2,032,597)</u>	1,052,470

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. (8,832)

Revenues reported in the funds that are not available to provide current financial resources (227,630)

Accrued interest expense that does not require current financial resources 7,803

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: (44,830)

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. 476,284

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities (7,540)

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: 755,714

Change in net assets of governmental activities (page 32) \$ 1,536,686

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF NET ASSETS**  
**Proprietary Funds**  
**September 30, 2008**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Combined Utilities</b>	<b>Internal Service</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 5,632,025	\$ 2,460,089
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	960,095	-
Accrued Interest	41,575	10,216
Special Assessments	4,704	-
Restricted Cash		
Cash and Cash Equivalents	915,593	-
Inventories	239,419	-
Total current assets	<u>7,793,411</u>	<u>2,470,305</u>
Noncurrent assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,679,499	-
Notes Receivable	33,693	-
Advances to Other Funds	23,852	-
Bond Acquisition Costs	77,101	-
Capital assets:		
Land	1,953,581	-
Construction in Progress	40,124	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	34,773,912	-
Total noncurrent assets	<u>38,581,762</u>	<u>-</u>
<b>Total Assets</b>	<u>46,375,173</u>	<u>2,470,305</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	268,040	266,250
Accrued Wages and Compensated Absences	94,204	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	115,303	-
Revenue Bonds - Current	800,290	-
Total current liabilities	<u>1,277,837</u>	<u>266,250</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	7,746,548	-
Compensated Absences and Benefits, Long-Term	105,187	-
Total noncurrent liabilities	<u>7,851,735</u>	<u>-</u>
<b>Total Liabilities</b>	<u>9,129,572</u>	<u>266,250</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	28,220,779	-
Restricted for:		
Debt Service	1,831,244	-
Future Capital Assets	648,545	-
Unrestricted	6,545,033	2,204,055
Total Net Assets	<u>\$ 37,245,601</u>	<u>\$ 2,204,055</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, 2008**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Combined Utilities</b>	<b>Internal Service</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 6,243,186	\$ 2,051,588
Miscellaneous Income	63,237	-
<b>Total Operating Revenue</b>	<u>6,306,423</u>	<u>2,051,588</u>
<b>Operating Expenses:</b>		
Payroll and Related Taxes and Benefits	1,826,393	-
Purchased Services	1,069,162	-
General and Administration	759,593	1,668,247
Repairs and Maintenance	590,842	-
Utilities	439,269	-
Depreciation and Amortization	1,183,013	-
<b>Total Operating Expenses</b>	<u>5,868,272</u>	<u>1,668,247</u>
<b>Operating Income</b>	<u>438,151</u>	<u>383,341</u>
<b>Non-Operating Income (Expense):</b>		
Interest Income	246,265	92,943
Market Value Gain	40,688	-
(Loss) on Disposal of Capital Assets	(84,219)	-
Interest Expense	(336,859)	-
<b>Total Non-Operating Income (Expenses)</b>	<u>(134,125)</u>	<u>92,943</u>
<b>Income before contributions and transfers</b>	304,026	476,284
Capital contributions	<u>175,807</u>	<u>-</u>
<b>Change in Net Assets</b>	479,833	476,284
<b>Net Assets - Beginning</b>	36,765,768	1,727,771
<b>Net Assets - Ending</b>	<u>\$ 37,245,601</u>	<u>\$ 2,204,055</u>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	<b>Business Type Activities Combined Utilities</b>	<b>Governmental Activities Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 6,298,134	\$ 2,051,588
Cash Paid to Suppliers for Goods and Services	(2,802,270)	(1,623,855)
Cash Paid to Employees for Services	(1,827,235)	-
Net Cash Provided by Operating Activities	<u>1,668,629</u>	<u>427,733</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(727,670)	-
Change in Advance to Other Funds	11,081	-
Principal Paid on Notes and Bonds	(772,055)	-
Interest Paid on Notes and Bonds	(344,148)	-
Payments on Note Receivable	27,955	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,804,837)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	<u>255,783</u>	<u>82,727</u>
Net Increase in Cash and Cash Equivalents	119,575	510,460
Cash and Cash Equivalents at Beginning of Year	<u>8,107,542</u>	<u>1,949,629</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,227,117</u>	<u>\$ 2,460,089</u>

(Continued)

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	<b>Business Type Activities Combined Utilities</b>	<b>Governmental Activities Internal Service</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 438,151	\$ 383,341
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation and Amortization	1,183,013	-
<b>(Increase) Decrease in Assets:</b>		
Accounts Receivable	(22,067)	-
Special Assessments	3,778	-
Notes Receivable	10,000	-
Inventories	42,605	-
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	13,991	44,392
Accrued Compensated Absences	(842)	-
Total Adjustments	<u>1,230,478</u>	<u>44,392</u>
Net Cash Provided by Operating Activities	<u>\$ 1,668,629</u>	<u>\$ 427,733</u>

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

Developers Contribution of Distribution System	\$ 175,807	-
Accounts Payable Exchanged for Capital Assets	<u>\$ 2,130</u>	<u>-</u>

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

Cash and Equity in Pooled Investment Account	\$ 5,632,025	\$ 2,460,089
Restricted Cash	<u>2,595,092</u>	<u>-</u>
	<u>\$ 8,227,117</u>	<u>\$ 2,460,089</u>



**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Fiduciary Funds**  
**September 30, 2008**

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ -	\$ 615,445
Guaranteed Insurance Contracts Managed by Trustee	10,709,168	-
Open Ended Mutual Funds Managed by Trustee	11,767,788	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Taxes	-	13,518
<b>Total Current Assets</b>	<u>22,476,956</u>	<u>628,963</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Due to Bondholders	-	628,963
<b>Total Current Liabilities</b>	<u>-</u>	<u>628,963</u>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits	<u>\$ 22,476,956</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2008**

	<b>Pension Trust Funds Employee Retirement Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 613,762
Employee	<u>670,576</u>
Total Contributions	<u>1,284,338</u>
Investment Income:	
Interest, Dividends and Market Gain	<u>(2,579,568)</u>
Total Additions	<u>(1,295,230)</u>
<b>DEDUCTIONS</b>	
Pension Benefits	419,660
Contribution Refunds	<u>315,019</u>
Total Deductions	<u>734,679</u>
Net (Decrease)	(2,029,909)
Net Assets -- Beginning of Period	<u>24,506,865</u>
Net Assets -- End of Period	<u><u>\$ 22,476,956</u></u>

See Accompanying Notes to Financial Statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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, 2008, 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.

**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. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2008. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund
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.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

13. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two equal installments. These taxes are due December 31. The first and second half of the taxes becomes delinquent on the following May 1 and September 1, respectively. Real estate taxes collected within 60 days after year-end are recognized as revenues in accordance with the revenue recognition policy described in Note 1.D. Real estate taxes become a lien against the property on the levy date.

Personal property taxes are levied on October 15 of each year and are due November 1 of each year and may be paid in two equal installments. The first and second half of the taxes become delinquent on December 1 and July 1, respectively.

Motor vehicle taxes are due when an application is made for registration of a motor vehicle.

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, 2008, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$15,241,558
Certificates of Deposit (Cost = Market)	5,000,000
Unites States Treasury Note (at market)	<u>722,882</u>
	<u>\$20,964,440</u>

The City maintains a cash and investment pool for all funds, except the Community Development

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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

Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2008 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	\$722,882

**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, 2008, \$10,709,168 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, 2008, amounted to \$11,767,788.

**C. Restricted Assets:**

The following schedule details the restricted assets at September 30, 2008:

	<b><u>Enterprise Fund</u></b>
<b>Pursuant to revenue bond ordinances:</b>	
Bond reserve account	\$ 969,650
Revenue bond account	621,897
Operation and maintenance account	<u>355,000</u>
	1,946,547
<b>Pursuant to grant agreements:</b>	
Improvement and extension account	<u>648,545</u>
	<u>\$2,595,092</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.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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

*Credit Risk:* The City's investments at September 30, 2008 consisted entirely of U.S. Treasury obligations.

*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, 2008, are net of allowance for uncollectibles. The allowance for uncollectibles in the general fund was \$120,000 at September 30, 2008.

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

As of September 30, 2008, 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>\$ 537</u>

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

As of September 30, 2008, long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Proprietary Fund – Water	General	<u>\$ 23,852</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, 2008

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,428,086	\$ 188,107	\$ -	\$ 7,616,193
Construction in Progress	669,729	2,421,967	291,002	2,800,694
Total capital assets not being depreciated	8,097,815	2,610,074	291,002	10,416,887
Capital assets being depreciated:				
Buildings and improvements	9,456,375	110,476	-	9,566,851
Equipment, furniture and fixtures	9,492,368	512,713	343,921	9,661,160
Infrastructure	36,071,145	142,806	-	36,213,951
Total capital assets being depreciated	55,019,888	765,995	343,921	55,441,962
Less: Accumulated Depreciation for:				
Buildings and improvements	4,565,828	200,914	-	4,766,742
Equipment, furniture and fixtures	6,204,095	633,477	335,089	6,502,483
Infrastructure	10,448,494	1,198,206	-	11,646,700
Total accumulated depreciation	21,218,417	2,032,597	335,089	22,915,925
Total capital assets being depreciated, net	33,801,471	(1,266,602)	8,832	32,526,037
Governmental activities capital assets, net	\$ 41,899,286	\$ 1,343,472	\$ 299,834	\$ 42,942,924

Construction in progress at September 30, 2008, for the governmental activities consisted of costs associated with Meadow Ridge, Elkhorn Valley Ethanol Project Plant, downtown sidewalk and street improvements, 25<sup>th</sup> St Improvement, 16<sup>th</sup> St Improvement and NDOR Project N-35.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,950,721	\$ 2,860	\$ -	\$ 1,953,581
Construction in Progress	642,334	192,996	795,206	40,124
Total capital assets not being depreciated	2,593,055	195,856	795,206	1,993,705
Capital assets being depreciated:				
Water and pollution control plant	25,865,716	1,239,063	284,064	26,820,715
Water distribution and sewage system	23,014,051	175,726	-	23,189,777
Equipment	4,224,022	103,916	33,822	4,294,116
Total capital assets being depreciated	53,103,789	1,518,705	317,886	54,304,608
Less: Accumulated Depreciation for:				
Water and pollution control plant	12,996,501	804,334	198,250	13,602,585
Water distribution and sewage system	3,662,619	211,528	-	3,874,147
Equipment, furniture and fixtures	1,918,715	155,942	20,693	2,053,964
Total accumulated depreciation	18,577,835	1,171,804	218,943	19,530,696
Total capital assets being depreciated, net	34,525,954	346,901	98,943	34,773,912
Business-type activities capital assets, net	\$ 37,119,009	\$ 542,757	\$ 894,149	\$ 36,767,617

Construction in progress at September 30, 2008 consisted of costs associated with the Plant Backwash Improvements Project with East Water Treatment Plant.

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

<b>Governmental Activities:</b>	
General Government	\$ 45,174
Public Safety	501,918
Public Works	1,324,285
Parks, Recreation, and Public Property	117,353
Public Library	31,205
Community Improvement and Development	12,662
Total depreciation expense – governmental activities	<u>\$ 2,032,597</u>
<b>Business-Type Activities:</b>	
Solid Waste Management	\$ 72,535
Water	425,962
Sewer	673,307
Total depreciation expense – business-type activities	<u>\$ 1,171,804</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

**Reconciliation of Invested in Capital Assets:**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Land	\$ 7,616,193	\$ 1,953,581
Construction in Progress	2,800,694	40,124
Capital Assets (Net of Accumulated Depreciation)	32,526,037	34,773,912
Less: General Obligation Bonds Payable	3,895,000	-
Various Purpose Bonds Payable	935,000	-
Bond Anticipation Notes	2,335,000	-
Revenue Bonds Payable	-	8,546,838
Invested in Capital Assets, Net of Related Debt	\$ 35,777,924	\$ 28,220,779

**NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS**

Changes in bonds payable and other long-term obligations for the period ended September 30, 2008 were as follows:

	<b>Balance October 01, 2007</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2008</b>	<b>Due Within One Year</b>
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) 2.75% to 5.35%, Various maturities through 2019	\$ 4,365,000	\$ -	\$ 470,000	\$ 3,895,000	\$ 475,000
Special assessment bonds, with City commitment, 3.25% to 5.00%, various maturities through 2015	1,185,000	-	250,000	935,000	260,000
Bond anticipation notes, 2.25% to 3.90%, various maturities through September, 2009	2,320,000	525,000	510,000	2,335,000	2,335,000
Note Payable	205,358	-	35,714	169,644	35,714
Accrued compensated absences	1,013,585	663,276	618,446	1,058,415	664,615
<b>Total Governmental Activities</b>	<b>\$9,088,943</b>	<b>\$1,188,276</b>	<b>\$1,884,160</b>	<b>\$8,393,059</b>	<b>\$3,770,329</b>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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

Business Type Activities:

Revenue Bonds, 3.0% to 5.20%, various maturities through 2024	\$ 8,175,000	\$ -	\$665,000	\$7,510,000	\$690,000
State Revolving Loan Fund Bond, 3.00%	1,158,035	-	107,055	1,050,980	110,290
Accrued Compensated absences	200,231	93,892	94,732	199,391	94,204
<b>Total Business Type Activities</b>	<b>9,533,266</b>	<b>93,892</b>	<b>866,787</b>	<b>8,760,371</b>	<b>894,494</b>
 Grand Total	 <u>\$18,622,209</u>	 <u>\$1,282,168</u>	 <u>\$2,750,947</u>	 <u>\$17,153,430</u>	 <u>\$4,664,823</u>

The revenue bonds are presented on the statement of net assets net of unamortized bond discounts of \$14,142.

Annual debt service requirements as of September 30, 2008 for general obligation and enterprise fund debt, including interest of \$2,803,789 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
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
	<u>\$3,895,000</u>	<u>\$ 733,664</u>	<u>\$ 935,000</u>	<u>\$111,687</u>	<u>\$8,560,980</u>	<u>\$1,958,438</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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**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. The City has pledged future utility customer revenues to repay \$14.3 million in various Water, Sewer and Solid Waste bonds issued December 2000 through September 2003. The bonds are paid solely from utility revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 17% of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,519,418. Principal and interest paid for the current year and total customer net revenues were \$1,108,914 and \$6,552,688, respectively.

The City has pledged a portion of future sales tax revenues to repay \$700,000 in revenue bonds issued in October 2003 to finance the construction of the 2<sup>nd</sup> fire station including equipment and continued staffing. The bonds are paid solely from the half cent sales tax revenues and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 4% of net revenues. The total principal and interest remaining to be paid on the bonds is \$517,240. Principal and interest paid for the current year and total sales tax revenues were \$86,450 and \$2,229,185, respectively.

On August 28, 2008 the City issued \$525,000 special assessment bond anticipation notes with a maturity of September 1, 2009 and an interest rate of 2.25%. This bond was to refund \$510,000 of Series 2006 BANS.

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. The balance of the loan as of September 30, 2008 was \$169,644.

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	\$ -	\$ 143,536	\$ 55,315	\$ 198,851
City Highway Allocation	415,000	-	-	415,000
Nonmajor Governmental	408,291	-	-	408,291
Debt Service	110,000	-	105,000	215,000
Transfer In	<u>\$ 933,291</u>	<u>\$ 143,536</u>	<u>\$ 160,315</u>	<u>\$1,237,142</u>



City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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**NOTE 7 – TRANSFERS (Continued)**

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, 2008 was \$9,608,737 of which \$8,639,150 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 \$308,359, and employee contributions totaled \$430,089.

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	21
Active Employees:	
Non-vested	11
Partially vested	15
Fully vested	125
 Total membership	 <u>151</u>

**NOTE 8 - EMPLOYEE PENSION PLANS (CONTINUED)**

**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.

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:

	<u>Police Retirement System</u>	<u>Firemen's Retirement System</u>	<u>Total</u>
Current covered employees:			
Non-vested	12	0	12
Partially vested	10	0	10
Fully vested	<u>25</u>	<u>35</u>	<u>60</u>
	47	35	82
Retirees and beneficiaries currently			
Receiving benefits from the plan	-	9	9
Terminated employees entitled to, But not yet receiving benefits	<u>12</u>	<u>2</u>	<u>15</u>
Total active and inactive participants	<u><u>59</u></u>	<u><u>46</u></u>	<u><u>105</u></u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

**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)
<b>Fire</b>						
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%
2008	5,404,516	5,404,516	-	100.0%	1,418,670	0.00%
<b>Police</b>						
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%
2008	4,812,827	4,812,827	-	100.0%	1,878,457	0.0%

Schedule of Employer Contributions

Fiscal Year Ended	Fire		Police	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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%
2008	178,605	100%	126,798	100%

**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, 2008. 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, 2008.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$1,119,475. \$711,630 will be paid from the City Highway Allocation Fund, \$247,526 will be paid from the Capital Construction Fund, \$54,987 will be paid from the Vehicle Parking Fund, \$6,000 will be paid from the General Fund and \$99,332 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 \$86,285 and \$82,057 will be paid by the Water Division with \$4,227 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, 2008:

Capital Project Fund:	Special Assessment	(\$1,965,173)
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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, 2008

**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
<b>Assets:</b>				
Current assets	\$ 5,320,368	\$1,160,781	\$ 396,669	\$ 6,877,818
Restricted assets	404,226	1,917,622	273,244	2,595,092
Noncurrent assets	57,545	77,101	-	134,646
Capital assets	21,928,984	13,908,284	930,349	36,767,617
Total assets	<u>27,711,123</u>	<u>17,063,788</u>	<u>1,600,262</u>	<u>46,375,173</u>
<b>Liabilities:</b>				
Current liabilities	378,163	680,333	219,341	1,277,837
Noncurrent liabilities	2,643,196	4,763,898	444,641	7,851,735
Total liabilities	<u>3,021,359</u>	<u>5,444,231</u>	<u>663,982</u>	<u>9,129,572</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	19,143,004	8,665,426	412,349	28,220,779
Restricted	355,250	1,859,956	264,583	2,479,789
Unrestricted	5,191,510	1,094,175	259,348	6,545,033
Total net assets	<u>\$24,689,764</u>	<u>\$11,619,557</u>	<u>\$ 936,280</u>	<u>\$37,245,601</u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$2,243,427	\$2,320,624	\$1,742,372	\$ 6,306,423
Depreciation and amortization	425,962	684,516	72,535	1,183,013
Other operating expenses	1,386,812	1,723,364	1,575,083	4,685,259
Operating income	<u>430,653</u>	<u>(87,256)</u>	<u>94,754</u>	<u>438,151</u>
<b>Nonoperating revenues (expenses):</b>				
Interest on bonds and other debt	(112,963)	(199,219)	(24,677)	(336,859)
Interest income	140,514	93,006	12,745	246,265
Market Value Gain	-	40,688	-	40,688
(Loss) on disposal of capital assets	-	(84,219)	-	(84,219)
Capital Contributions	122,210	53,597	-	175,807
Transfers In (Out)	1,072	(13,631)	12,559	-
Change in net assets	<u>581,486</u>	<u>(197,034)</u>	<u>95,381</u>	<u>479,833</u>
Beginning net assets	24,108,278	11,816,591	840,899	36,765,768
Ending net assets	<u>\$24,698,764</u>	<u>\$11,619,557</u>	<u>\$936,280</u>	<u>\$37,245,601</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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**NOTE 10 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)**

**CONDENSED STATEMENT OF CASH FLOWS**

Net cash provided (used) by:

Operating activities	\$ 878,176	\$ 566,095	\$224,358	\$ 1,668,629
Capital and related financing activities	( 328,907)	(1,300,335)	(175,595)	( 1,804,837)
Investing activities	119,726	125,238	10,819	255,783
Net increase (decrease)	668,995	(609,002)	59,582	119,575
Beginning cash and cash equivalents	4,336,731	3,347,570	423,241	8,107,542
Ending cash and cash equivalents	<u>\$5,005,726</u>	<u>\$2,738,568</u>	<u>\$ 482,823</u>	<u>\$ 8,227,117</u>

**Individual Fund Information for the Employee Retirement Funds follows:**

**COMBINING STATEMENT OF NET ASSETS**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Guaranteed Insurance Contracts	\$2,935,635	\$2,731,562	\$5,041,971	\$10,709,168
Open Ended Mutual Funds	2,468,881	2,081,265	7,217,642	11,767,788
<b>Total Assets</b>	<u>5,404,516</u>	<u>4,812,827</u>	<u>12,259,613</u>	<u>22,476,956</u>
<b>NET ASSETS</b>				
Held in Trust for Pension Benefits	5,404,516	4,812,827	12,259,613	22,476,956
<b>Total Net Assets</b>	<u>\$5,404,516</u>	<u>\$4,812,827</u>	<u>\$12,259,613</u>	<u>\$22,476,956</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

**COMBINING STATEMENT OF CHANGES IN NET ASSETS**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 178,605	\$ 126,798	\$ 308,359	\$ 613,762
Employee	<u>92,214</u>	<u>148,273</u>	<u>430,089</u>	<u>670,576</u>
Total Contributions	<u>270,819</u>	<u>275,071</u>	<u>738,448</u>	<u>1,284,338</u>
Investment Income:				
Interest, Dividends and Market Gains (Losses)	<u>(464,334)</u>	<u>(392,923)</u>	<u>(1,722,311)</u>	<u>(2,579,568)</u>
Total Additions	<u>(193,515)</u>	<u>(117,852)</u>	<u>(983,863)</u>	<u>(1,295,230)</u>
<b>DEDUCTIONS</b>				
Pension Benefits	80,119	40,773	298,768	419,660
Contribution Refunds	<u>158,385</u>	<u>76,637</u>	<u>79,997</u>	<u>315,019</u>
Total Deductions	<u>238,504</u>	<u>117,410</u>	<u>378,765</u>	<u>734,679</u>
Net (Decrease)	(432,019)	(235,262)	(1,362,628)	(2,029,909)
Net Assets -- Beginning of Period	<u>5,836,535</u>	<u>5,048,089</u>	<u>13,622,241</u>	<u>24,506,865</u>
Net Assets -- End of Period	<u><u>\$5,404,516</u></u>	<u><u>\$4,812,827</u></u>	<u><u>\$ 12,259,613</u></u>	<u><u>\$22,476,956</u></u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2008

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**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, 2007 to September 30, 2008. 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, 2008 claims liability of \$233,112 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, 2008 and the year ending September 30, 2007 are:

	<u>Beginning</u>	<u>Claims &amp; Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2007	\$344,593	\$1,148,455	\$1,296,678	\$196,370
2008	\$196,370	\$1,288,212	\$1,251,470	\$233,112

**NOTE 12 – SUBSEQUENT EVENT:**

On November 17, 2008 the City Council adopted an ordinance authorizing the issuance and sale of Off-Street Parking Bonds in the principal amount of \$300,000 for the purpose of providing financing for the costs of the downtown improvement project including sidewalks and landscaping on Norfolk Ave from 1<sup>st</sup> Street to 8<sup>th</sup> Street.



## **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, 2008**

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
<b>Revenue:</b>			
Taxes	\$ 7,166,197	\$ 7,544,003	\$ 377,806
Licenses and Permits	275,005	432,251	157,246
Intergovernmental Revenue	526,407	595,041	68,634
Charges for Services	1,251,625	1,260,270	8,645
Occupation and Franchise Taxes	591,600	685,160	93,560
Payments in Lieu of Taxes	24,000	35,959	11,959
Loan Repayments	-	20,679	20,679
Rental Income	3,202,167	3,313,329	111,162
Interest	95,700	58,156	(37,544)
Keno Revenue		12,904	12,904
Miscellaneous	49,000	160,189	111,189
Total Revenue	<u>13,181,701</u>	<u>14,117,941</u>	<u>936,240</u>
<b>Current Expenditures:</b>			
Public Safety	7,483,118	7,061,518	(421,600)
Public Works	2,723,624	2,506,933	(216,691)
Public Library	1,127,844	1,097,218	(30,626)
Parks, Recreation and Public Property	1,438,773	1,381,427	(57,346)
Community Improvement and Development	376,882	354,490	(22,392)
General Government	2,583,185	2,411,880	(171,305)
Total Expenditures	<u>15,733,426</u>	<u>14,813,466</u>	<u>(919,960)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,551,725)</u>	<u>(695,525)</u>	<u>1,856,200</u>
<b>Other financing sources (uses):</b>			
Proceeds from Debt Financing	220,000	-	(220,000)
Transfers In	804,000	933,291	129,291
Transfers Out	(211,679)	(211,679)	-
Total other financing sources (uses)	<u>812,321</u>	<u>721,612</u>	<u>(90,709)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,739,404)</u>	<u>26,087</u>	<u>\$ 1,765,491</u>
Fund balances-beginning of year		<u>3,221,281</u>	
Fund balances- end of year		<u>\$ 3,247,368</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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,047,500	1,959,606	(87,894)	1,573,466	298,579	(1,274,887)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	56,494	262,842	206,348
-	-	-	-	-	-
83,600	95,982	12,382	8,400	10,718	2,318
-	-	-	-	-	-
<u>2,131,100</u>	<u>2,055,588</u>	<u>(75,512)</u>	<u>1,638,360</u>	<u>572,139</u>	<u>(1,066,221)</u>
-	-	-	-	-	-
3,502,500	901,055	(2,601,445)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,976,085	390,369	(1,585,716)
-	-	-	-	-	-
<u>3,502,500</u>	<u>901,055</u>	<u>(2,601,445)</u>	<u>1,976,085</u>	<u>390,369</u>	<u>(1,585,716)</u>
<u>(1,371,400)</u>	<u>1,154,533</u>	<u>2,525,933</u>	<u>(337,725)</u>	<u>181,770</u>	<u>519,495</u>
-	-	-	-	-	-
-	-	-	-	-	-
(415,000)	(415,000)	-	-	-	-
<u>(415,000)</u>	<u>(415,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,786,400)</u>	739,533	<u>\$ 2,525,933</u>	<u>\$ (337,725)</u>	181,770	<u>\$ 519,495</u>
	<u>3,286,037</u>			<u>218,472</u>	
	<u>\$ 4,025,570</u>			<u>\$ 400,242</u>	

City of Norfolk, NEBRASKA  
Notes to Required Supplementary Information Budgetary Reporting  
September 30, 2008

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**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, 2008

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	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	\$ 26,087	\$ 739,533	\$ 181,770
Basis differences:			
To adjust revenues from recognition on a cash basis	188,171	93,602	(17,441)
To adjust other financial sources from recognition on a cash basis:			
Proceeds of debt	-	-	-
To adjust total expenditures from recognition on a cash basis	20,575	(731,160)	25,355
To adjust operating transfers out	12,828	-	-
Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$ 247,661	\$ 101,975	\$ 189,684

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	\$(20,135,343)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	(865,960)
To adjust operating transfers out	12,828
Expenditures and other financing uses, on a GAAP basis	\$ (20,988,475)

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

	Budget	Actual	Variance Over (Under) Budget
Fund			
Governmental Funds Expenditures	28,296,260	20,135,343	(8,160,917)

## **OTHER SUPPLEMENTARY INFORMATION**

# GOVERNMENTAL NONMAJOR FUNDS

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**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, 2008**

	Special Revenue Funds					
	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11	Storm Water Management
<b>Assets</b>						
Cash and Equity in Pooled Investment Account	\$ 134,526	\$ 100	\$ 55,753	\$ 131,316	\$ 146,691	\$ 66,564
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	450	-	51,639	9,909	-	-
Taxes	17,244	-	-	-	-	-
Accrued Interest	559	-	232	-	614	276
Notes Receivable	22,683	-	-	-	-	-
Due from Other Governmental Agencies	-	37,106	-	-	9,475	-
<b>Total Assets</b>	<b>175,462</b>	<b>37,206</b>	<b>107,624</b>	<b>141,225</b>	<b>156,780</b>	<b>66,840</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts Payable	85,830	16,901	-	1,662	67	-
Due to Other Funds	-	537	-	-	-	-
Unearned Revenue	22,683	-	-	15,167	-	-
<b>Total Liabilities</b>	<b>108,513</b>	<b>17,438</b>	<b>-</b>	<b>16,829</b>	<b>67</b>	<b>-</b>
<b>Fund Balances (Deficit):</b>						
Reserved for:						
Encumbrance	66,949	110	-	-	-	-
Unreserved	-	19,658	107,624	124,396	156,713	66,840
<b>Total Fund Balances (Deficit)</b>	<b>66,949</b>	<b>19,768</b>	<b>107,624</b>	<b>124,396</b>	<b>156,713</b>	<b>66,840</b>
<b>Total Liabilities and Equity</b>	<b>\$ 175,462</b>	<b>\$ 37,206</b>	<b>\$ 107,624</b>	<b>\$ 141,225</b>	<b>\$ 156,780</b>	<b>\$ 66,840</b>

<b>Capital Projects</b>		
<b>Community Development Agency</b>	<b>Capital Construction</b>	<b>Total Governmental Nonmajor Funds</b>
\$ 373,909	\$ 11,171	\$ 920,030
-	-	61,998
-	-	17,244
-	48	1,729
-	-	22,683
-	-	46,581
<u>373,909</u>	<u>11,219</u>	<u>1,070,265</u>
-	-	104,460
-	-	537
-	-	37,850
-	-	142,847
-	11,219	78,278
<u>373,909</u>	<u>-</u>	<u>849,140</u>
<u>373,909</u>	<u>11,219</u>	<u>927,418</u>
<u>\$ 373,909</u>	<u>\$ 11,219</u>	<u>\$ 1,070,265</u>

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended September 30, 2008**

	Special Revenue Funds					
	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11	Storm Water Management
Revenue:						
Taxes	\$ 80,565	\$ -	\$ 320,883	\$ -	\$ -	\$ -
Intergovernmental Revenue	351	367,323	-	98,732	162,868	51,373
Contributions	-	5	-	-	-	-
Rental Income	11,344	-	-	-	-	-
Loan Repayments	6,181	-	-	-	-	-
Interest	9,794	-	4,582	-	4,283	1,939
Miscellaneous	399	2,504	-	22,249	227	-
<b>Total Revenue</b>	<b>108,634</b>	<b>369,832</b>	<b>325,465</b>	<b>120,981</b>	<b>167,378</b>	<b>53,312</b>
Expenditures:						
Public Safety	-	-	-	108,119	192,072	-
Public Works	396,298	-	-	-	-	36,530
Community Improvement and Development	-	365,778	-	-	-	-
Capital Outlay	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>396,298</b>	<b>365,778</b>	<b>-</b>	<b>108,119</b>	<b>192,072</b>	<b>36,530</b>
Excess (deficiency) of revenues over expenditures	(287,664)	4,054	325,465	12,862	(24,694)	16,782
Other financing sources (uses):						
Transfers In	-	-	-	-	34,765	20,550
Transfers Out	-	-	(388,291)	-	-	(20,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(388,291)</b>	<b>-</b>	<b>34,765</b>	<b>550</b>
<b>Net Change in Fund Balance</b>	<b>(287,664)</b>	<b>4,054</b>	<b>(62,826)</b>	<b>12,862</b>	<b>10,071</b>	<b>17,332</b>
Fund balances (deficits) -beginning of year	354,613	15,714	170,450	111,534	146,642	49,508
Fund balances (deficits) - end of year	\$ 66,949	\$ 19,768	\$ 107,624	\$ 124,396	\$ 156,713	\$ 66,840

<b>Capital Projects</b>		
<b>Community Development Agency</b>	<b>Capital Construction</b>	<b>Total Governmental Nonmajor Funds</b>
\$ -	\$ -	\$ 401,448
-	149,306	829,953
-	-	5
-	-	11,344
-	-	6,181
10,222	62	30,882
-	-	25,379
<b>10,222</b>	<b>149,368</b>	<b>1,305,192</b>
-	-	300,191
-	-	432,828
10	3,602	369,390
-	161,211	161,211
<b>10</b>	<b>164,813</b>	<b>1,263,620</b>
<b>10,212</b>	<b>(15,445)</b>	<b>41,572</b>
-	105,000	160,315
-	-	(408,291)
-	105,000	(247,976)
<b>10,212</b>	<b>89,555</b>	<b>(206,404)</b>
<b>363,697</b>	<b>(78,336)</b>	<b>1,133,822</b>
<b>\$ 373,909</b>	<b>\$ 11,219</b>	<b>\$ 927,418</b>

**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, 2008**

	Vehicle Parking			Community Character Development Coalition		
	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)	Budgeted Original & Final	Actual	Variance with Final Budget Over (Under)
Revenue:						
Taxes	\$ 77,394	\$ 80,203	\$ 2,809	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-	438,198	363,340	(74,858)
Contributions	-	-	-	-	2,505	2,505
Loan Repayments	10,000	6,181	(3,819)	-	-	-
Rental Income	12,400	12,537	137	-	-	-
Interest	10,000	9,235	(765)	-	-	-
Miscellaneous	-	-	-	-	5	5
Total Revenue	<u>109,794</u>	<u>108,156</u>	<u>(1,638)</u>	<u>438,198</u>	<u>365,850</u>	<u>(72,348)</u>
Current Expenditures:						
Public Safety	-	-	-	-	-	-
Public Works	698,873	311,612	(387,261)	-	-	-
Community Improvement and Development	-	-	-	438,037	352,297	(85,740)
Total Expenditures	<u>698,873</u>	<u>311,612</u>	<u>(387,261)</u>	<u>438,037</u>	<u>352,297</u>	<u>(85,740)</u>
Excess (deficiency) of revenues over expenditures	<u>(589,079)</u>	<u>(203,456)</u>	<u>385,623</u>	<u>161</u>	<u>13,553</u>	<u>13,392</u>
Other financing sources (uses):						
Proceeds from Debt Financing	300,000	-	(300,000)	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (289,079)</u>	<u>(203,456)</u>	<u>\$ 85,623</u>	<u>\$ 161</u>	<u>13,553</u>	<u>\$ 13,392</u>
Fund balances-beginning of year		<u>337,982</u>			<u>(13,990)</u>	
Fund balances- end of year		<u>\$ 134,526</u>			<u>\$ (437)</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)
\$ 276,400	\$ 312,902	\$ 36,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	98,473	115,213	16,740	529,748	157,859	(371,889)	51,373	51,373	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
3,112	4,351	1,239	-	-	-	6,200	3,668	(2,532)	1,000	1,663	663
-	-	-	15,000	22,249	7,249	-	-	-	-	-	-
279,512	317,253	37,741	113,473	137,462	23,989	535,948	161,527	(374,421)	52,373	53,036	663
4,000	-	(4,000)	147,595	108,029	(39,566)	573,973	192,231	(381,742)	-	-	-
-	-	-	-	-	-	-	-	-	120,758	36,635	84,123
-	-	-	-	-	-	-	-	-	-	-	-
4,000	-	(4,000)	147,595	108,029	(39,566)	573,973	192,231	(381,742)	120,758	36,635	84,123
275,512	317,253	41,741	(34,122)	29,433	63,555	(38,025)	(30,704)	7,321	(68,385)	16,401	84,786
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	34,765	34,765	-	20,550	20,550	-
(389,000)	(388,291)	(709)	-	-	-	-	-	-	-	(20,000)	(20,000)
(389,000)	(388,291)	(709)	-	-	-	34,765	34,765	-	20,550	550	(20,000)
<u>\$(113,488)</u>	<u>(71,038)</u>	<u>\$ 42,450</u>	<u>\$(34,122)</u>	<u>29,433</u>	<u>\$ 63,555</u>	<u>\$(3,260)</u>	<u>4,061</u>	<u>\$ 7,321</u>	<u>\$(47,835)</u>	<u>16,951</u>	<u>\$ 64,786</u>
	<u>126,791</u>			<u>101,883</u>			<u>142,630</u>			<u>49,613</u>	
	<u>\$ 55,753</u>			<u>\$ 131,316</u>			<u>\$ 146,691</u>			<u>\$ 66,564</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, 2008**

	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	\$ -	\$ -	\$ -	\$ 5,983	\$ 11,284	\$ 5,301
Intergovernmental Revenue	13,838	149,306	135,468	-	-	-
Interest	-	14	14	16,788	25,443	8,655
Total Revenue	<u>13,838</u>	<u>149,320</u>	<u>135,482</u>	<u>22,771</u>	<u>36,727</u>	<u>13,956</u>
Expenditures:						
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	1,882,000	575,522	(1,306,478)
Parks, Recreation and Public Property	920,450	165,080	(755,370)	-	-	-
General Government	-	-	-	10,000	6,822	(3,178)
Debt Service	-	-	-	94,400	92,401	(1,999)
Total Expenditures	<u>920,450</u>	<u>165,080</u>	<u>(755,370)</u>	<u>1,986,400</u>	<u>674,745</u>	<u>(1,311,655)</u>
Excess (deficiency) of revenues over expenditures	<u>(906,612)</u>	<u>(15,760)</u>	<u>890,852</u>	<u>(1,963,629)</u>	<u>(638,018)</u>	<u>1,325,611</u>
Other financing sources (uses):						
Proceeds from Debt Financing	1,000,000	-	(1,000,000)	1,000,000	15,000	(985,000)
Transfers In	-	105,000	105,000	-	-	-
Transfers Out	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>105,000</u>	<u>(895,000)</u>	<u>1,000,000</u>	<u>15,000</u>	<u>(985,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 93,388</u>	<u>89,240</u>	<u>\$ (4,148)</u>	<u>\$ (963,629)</u>	<u>(623,018)</u>	<u>\$ 340,611</u>
Fund balances-beginning of year		<u>(78,069)</u>			<u>1,184,286</u>	
Fund balances- end of year		<u>\$ 11,171</u>			<u>\$ 561,268</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, 2008**

	<b>Debt service</b>		
	<b>Budgeted Original &amp; Final</b>	<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
Revenue:			
Taxes	\$ 730,676	\$ 691,304	\$ (39,372)
Special Assessments	42,155	72,645	30,490
Intergovernmental Revenue	-	29,016	29,016
Interest	65,003	77,219	12,216
Total Revenue	<u>837,834</u>	<u>870,184</u>	<u>32,350</u>
Current Expenditures:			
Debt Service	1,044,053	939,854	(104,199)
Total Expenditures	<u>1,044,053</u>	<u>939,854</u>	<u>(104,199)</u>
Excess (deficiency) of revenues over expenditures	<u>(206,219)</u>	<u>(69,670)</u>	<u>136,549</u>
Other financing sources (uses):			
Transfers In	277,967	143,536	(134,431)
Transfers Out	(134,431)	(215,000)	(80,569)
Total other financing sources (uses)	<u>143,536</u>	<u>(71,464)</u>	<u>(215,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (62,683)</u>	<u>(141,134)</u>	<u>\$ (78,451)</u>
Fund balances-beginning of year		<u>1,264,426</u>	
Fund balances- end of year		<u>\$ 1,123,292</u>	



## **BUSINESS TYPE ACTIVITIES**

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**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.

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**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, 2008**

<b>ASSETS</b>	<b>Water Division</b>	<b>Sewer Division</b>	<b>Solid Waste Management Division</b>	<b>Totals</b>
Current assets:				
Cash and equity in pooled investment account	\$4,601,500	\$820,946	\$209,579	\$5,632,025
Receivables:				
Accounts	457,085	317,846	185,164	960,095
Special assessments	1,576	3,128	-	4,704
Interest	20,788	18,861	1,926	41,575
Restricted Cash				
Cash & Cash Equivalents	239,266	570,666	105,661	915,593
Inventories:				
Fiber optic system held for resale	239,419	-	-	239,419
<b>Total current assets</b>	<b>5,559,634</b>	<b>1,731,447</b>	<b>502,330</b>	<b>7,793,411</b>
Noncurrent assets:				
Restricted assets:				
Restricted cash	164,960	1,346,956	167,583	1,679,499
Notes Receivable	33,693	-	-	33,693
Advance to other funds	23,852	-	-	23,852
Bond Acquisition Costs	-	77,101	-	77,101
Property, plant and equipment:				
Land	1,308,647	592,650	52,284	1,953,581
Water and pollution control plant	9,569,140	16,417,717	833,858	26,820,715
Water distribution and sewage system	15,222,866	7,966,911	-	23,189,777
Equipment	1,991,622	1,479,856	822,638	4,294,116
Construction in progress	40,124	-	-	40,124
	28,132,399	26,457,134	1,708,780	56,298,313
Less accumulated depreciation	6,203,415	12,548,850	778,431	19,530,696
<b>Total property, plant and equipment (net of accumulated depreciation)</b>	<b>21,928,984</b>	<b>13,908,284</b>	<b>930,349</b>	<b>36,767,617</b>
<b>Total noncurrent assets</b>	<b>22,151,489</b>	<b>15,332,341</b>	<b>1,097,932</b>	<b>38,581,762</b>
<b>Total assets</b>	<b>\$27,711,123</b>	<b>\$17,063,788</b>	<b>\$1,600,262</b>	<b>\$46,375,173</b>

<b>LIABILITIES AND EQUITY</b>	<b>Water Division</b>	<b>Sewer Division</b>	<b>Solid Waste Management Division</b>	<b>Totals</b>
<b>Current liabilities:</b>				
Accounts and contracts payable	\$100,835	\$71,107	\$96,098	\$268,040
Accrued compensated absences	38,062	38,560	17,582	94,204
<b>Payables from restricted assets:</b>				
Accrued interest payable	48,976	57,666	8,661	115,303
Revenue bonds - current	190,290	513,000	97,000	800,290
<b>Total current liabilities</b>	<b>378,163</b>	<b>680,333</b>	<b>219,341</b>	<b>1,277,837</b>
<b>Noncurrent liabilities:</b>				
Revenue bonds (Sewer division net of deferred bond discount of \$14,142 in 2008)	2,595,690	4,729,858	421,000	7,746,548
Accrued compensated absences	47,506	34,040	23,641	105,187
<b>Total noncurrent liabilities</b>	<b>2,643,196</b>	<b>4,763,898</b>	<b>444,641</b>	<b>7,851,735</b>
<b>Total liabilities</b>	<b>3,021,359</b>	<b>5,444,231</b>	<b>663,982</b>	<b>9,129,572</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	19,143,004	8,665,426	412,349	28,220,779
<b>Restricted for:</b>				
Debt Service	355,250	1,211,411	264,583	1,831,244
Future Capital Assets	-	648,545	-	648,545
Unrestricted	5,191,510	1,094,175	259,348	6,545,033
<b>Total Net Assets</b>	<b>\$ 24,689,764</b>	<b>\$ 11,619,557</b>	<b>\$ 936,280</b>	<b>\$ 37,245,601</b>

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**COMBINED UTILITIES**  
**Year Ended September 30, 2008**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues:				
User charges	\$2,187,480	\$2,315,262	\$1,740,444	\$6,243,186
Miscellaneous Income	55,947	5,362	1,928	63,237
Total operating revenues	<u>2,243,427</u>	<u>2,320,624</u>	<u>1,742,372</u>	<u>6,306,423</u>
Operating expenses:				
Payroll and related taxes and benefits	677,991	795,027	353,375	1,826,393
Utilities	156,989	260,242	22,038	439,269
Repairs and maintenance	146,299	371,803	72,740	590,842
Purchased services	-	-	1,069,162	1,069,162
General and administration	405,533	296,292	57,768	759,593
Depreciation and amortization	425,962	684,516	72,535	1,183,013
Total operating expenses	<u>1,812,774</u>	<u>2,407,880</u>	<u>1,647,618</u>	<u>5,868,272</u>
Operating income	<u>430,653</u>	<u>(87,256)</u>	<u>94,754</u>	<u>438,151</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(112,963)	(199,219)	(24,677)	(336,859)
Interest income	140,514	93,006	12,745	246,265
Market Value Gain	-	40,688	-	40,688
Gain (Loss) on disposal of Capital Assets	-	(84,219)	-	(84,219)
Total nonoperating revenues (expenses)	<u>27,551</u>	<u>(149,744)</u>	<u>(11,932)</u>	<u>(134,125)</u>
Income before contributions	458,204	(237,000)	82,822	304,026
Capital contributions	122,210	53,597	-	175,807
Transfers In (Out)	1,072	(13,631)	12,559	-
Change in Net Assets	<u>581,486</u>	<u>(197,034)</u>	<u>95,381</u>	<u>479,833</u>
Net Assets - Beginning of Period	<u>24,108,278</u>	<u>11,816,591</u>	<u>840,899</u>	<u>36,765,768</u>
Net Assets - End of Period	<u>\$24,689,764</u>	<u>\$11,619,557</u>	<u>\$936,280</u>	<u>\$37,245,601</u>

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS**  
**Combined Utilities**  
**Year Ended September 30, 2008**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 2,169,109	\$ 2,343,322	\$ 1,785,703	\$ 6,298,134
Cash Paid to Suppliers for Goods and Services	(629,467)	(961,261)	(1,211,542)	(2,802,270)
Cash Paid to Employees for Services	(661,466)	(815,966)	(349,803)	(1,827,235)
Net Cash Provided by Operating Activities	878,176	566,095	224,358	1,668,629
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(70,980)	(593,975)	(62,715)	(727,670)
Change in Advance to Other Funds	11,081	-	-	11,081
Principal Paid on Notes and Bonds	(182,055)	(503,000)	(87,000)	(772,055)
Interest Paid on Notes and Bonds	(114,908)	(203,360)	(25,880)	(344,148)
Payments on Note Receivable	27,955	-	-	27,955
Net Cash (Used) for Capital and Related Financing Activities	(328,907)	(1,300,335)	(175,595)	(1,804,837)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	119,726	125,238	10,819	255,783
Net Cash Provided for Investing Activities	119,726	125,238	10,819	255,783
Net Increase (Decrease) in Cash and Cash Equivalents	668,995	(609,002)	59,582	119,575
Cash and Cash Equivalents at Beginning of Year	4,336,731	3,347,570	423,241	8,107,542
Cash and Cash Equivalents at End of Year	\$ 5,005,726	\$ 2,738,568	\$ 482,823	\$ 8,227,117

(Continued)

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)**  
**Combined Utilities**  
**Year Ended September 30, 2008**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating Income	\$ 430,653	\$ (87,256)	\$ 94,754	\$ 438,151
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>				
Depreciation and Amortization	425,962	684,516	72,535	1,183,013
<b>(Increase) decrease in Assets:</b>				
Accounts Receivable	(87,552)	22,154	43,331	(22,067)
Special Assessments	3,234	544	-	3,778
Notes Receivable	10,000	-	-	10,000
Inventories	42,605	-	-	42,605
<b>Increase (decrease) in Liabilities:</b>				
Accounts and Contracts Payable	36,749	(32,924)	10,166	13,991
Accrued Compensated Absences	16,525	(20,939)	3,572	(842)
Total Adjustments	<u>447,523</u>	<u>653,351</u>	<u>129,604</u>	<u>1,230,478</u>
Net Cash Provided by Operating Activities	<u>\$ 878,176</u>	<u>\$ 566,095</u>	<u>\$ 224,358</u>	<u>\$ 1,668,629</u>
<b>Supplemental Schedule of Noncash Capital and Related Financing Activities:</b>				
Developers Contribution of Distribution System	\$ 122,210	\$ 53,597	\$ -	\$ 175,807
Accounts Payable Exchanged for Capital Assets	\$ -	\$ 2,130	\$ -	\$ 2,130
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>				
Cash and Equity in Pooled Investment Account	\$ 4,601,500	\$ 820,946	\$ 209,579	\$ 5,632,025
Restricted Cash	404,226	1,917,622	273,244	2,595,092
	<u>\$ 5,005,726</u>	<u>\$ 2,738,568</u>	<u>\$ 482,823</u>	<u>\$ 8,227,117</u>

# FIDUCIARY FUNDS

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**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.

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## **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, 2008**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Guaranteed Insurance Contracts	\$ 2,935,635	\$ 2,731,562	\$ 5,041,971	\$10,709,168
Open Ended Mutual Funds	2,468,881	2,081,265	7,217,642	11,767,788
<b>Total Assets</b>	<u>5,404,516</u>	<u>4,812,827</u>	<u>12,259,613</u>	<u>22,476,956</u>
<b>NET ASSETS</b>				
Held in Trust for Pension Benefits	5,404,516	4,812,827	12,259,613	22,476,956
<b>Total Net Assets</b>	<u>\$ 5,404,516</u>	<u>\$ 4,812,827</u>	<u>\$ 12,259,613</u>	<u>\$ 22,476,956</u>

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**Employee Retirement Funds**  
**For the Year Ended September 30, 2008**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 178,605	\$ 126,798	\$ 308,359	\$ 613,762
Employee	92,214	148,273	430,089	670,576
<b>Total Contributions</b>	<u>270,819</u>	<u>275,071</u>	<u>738,448</u>	<u>1,284,338</u>
Investment Income:				
Interest, Dividends and Market Gains (Losses)	(464,334)	(392,923)	(1,722,311)	(2,579,568)
<b>Total Additions</b>	<u>(193,515)</u>	<u>(117,852)</u>	<u>(983,863)</u>	<u>(1,295,230)</u>
<b>DEDUCTIONS</b>				
Pension Benefits	80,119	40,773	298,768	419,660
Contribution Refunds	158,385	76,637	79,997	315,019
<b>Total Deductions</b>	<u>238,504</u>	<u>117,410</u>	<u>378,765</u>	<u>734,679</u>
<b>Net (Decrease)</b>	<u>(432,019)</u>	<u>(235,262)</u>	<u>(1,362,628)</u>	<u>(2,029,909)</u>
<b>Net Assets -- Beginning of Period</b>	<u>5,836,535</u>	<u>5,048,089</u>	<u>13,622,241</u>	<u>24,506,865</u>
<b>Net Assets -- End of Period</b>	<u>\$ 5,404,516</u>	<u>\$ 4,812,827</u>	<u>\$ 12,259,613</u>	<u>\$22,476,956</u>

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2008**

	Balance September 30, 2007	Additions	Deductions	Balance September 30, 2008
<b><u>COMMUNITY DEVELOPMENT AGENCY</u></b>				
<u>Assets</u>				
Cash	\$ 561,604	\$ 168,032	\$ 114,191	\$ 615,445
Taxes Receivable	4,938	13,518	4,938	13,518
Total Assets	566,542	181,550	119,129	628,963
<u>Liabilities</u>				
Due to Bondholders	566,542	181,550	119,129	628,963
Total Liabilities	\$ 566,542	\$ 181,550	\$ 119,129	\$ 628,963

# **STATISTICAL SECTION**

**CITY OF NORFOLK NEBRASKA**  
**STATISTICAL SECTION**  
(Unaudited)

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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>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Economic &amp; Demographic Information</b> 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
<b>Operating Information</b> 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 six years.

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

TABLE 1

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Governemental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 35,777,924	\$ 34,084,125	\$ 35,743,248	\$ 16,357,346	\$ 13,724,889	\$ 9,617,883
Restricted	1,255,485	1,318,671	1,283,781	1,273,539	1,459,976	2,055,140
Unrestricted	13,841,116	13,935,043	11,243,475	9,872,675	8,982,873	9,932,272
<b>Total Governemental Activities Net Assets</b>	<b><u>50,874,525</u></b>	<b><u>49,337,839</u></b>	<b><u>48,270,504</u></b>	<b><u>27,503,560</u></b>	<b><u>24,167,738</u></b>	<b><u>21,605,295</u></b>
<b>Business-Type Activities</b>						
Invested in Capital Assets, Net of Related Debt	28,220,779	28,660,480	27,771,725	24,975,734	24,456,367	23,065,838
Restricted	2,479,789	1,637,751	1,639,618	1,690,576	1,517,324	920,048
Unrestricted	6,545,033	6,467,537	5,873,732	6,762,586	6,090,984	6,508,540
<b>Total Business-Type Activities Net Assets</b>	<b><u>37,245,601</u></b>	<b><u>36,765,768</u></b>	<b><u>35,285,075</u></b>	<b><u>33,428,896</u></b>	<b><u>32,064,675</u></b>	<b><u>30,494,426</u></b>
<b>Primary Government:</b>						
Invested in Capital Assets, Net of Related Debt	63,998,703	62,744,605	63,514,973	41,333,080	38,181,256	32,683,721
Restricted	3,735,274	2,956,422	2,923,399	2,964,115	2,977,300	2,975,188
Unrestricted	20,386,149	20,402,580	17,117,207	16,635,261	15,073,857	16,440,812
<b>Total Primary Government Net Assets</b>	<b><u>\$ 88,120,126</u></b>	<b><u>\$ 86,103,607</u></b>	<b><u>\$ 83,555,579</u></b>	<b><u>\$ 60,932,456</u></b>	<b><u>\$ 56,232,413</u></b>	<b><u>\$ 52,099,721</u></b>

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



TABLE 2

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Expenses</b>						
<b>Governmental Activities</b>						
General Government	\$ 1,984,006	\$ 2,062,088	\$ 3,263,794	\$ 1,635,190	\$ 1,432,865	\$ 2,689,308
Public Safety	7,638,269	7,663,541	7,408,066	7,113,536	6,916,478	4,915,213
Public Works	4,513,410	4,162,060	3,202,666	2,535,262	3,116,384	2,726,421
Public Library	1,123,880	1,051,044	1,043,951	1,047,321	970,290	893,569
Parks, Recreation and Public Property	1,383,166	1,283,585	1,233,518	1,246,438	1,148,436	647,235
Community Improvement & Development	543,549	1,133,491	1,213,623	779,952	928,781	789,323
Debt Service	296,199	258,179	265,219	258,982	275,672	426,984
<b>Total Governmental Activities Expenses</b>	<b>17,482,479</b>	<b>17,613,988</b>	<b>17,630,837</b>	<b>14,616,661</b>	<b>14,788,906</b>	<b>13,088,053</b>
<b>Business-Type Activities</b>						
Water Division	1,925,737	1,856,242	1,870,805	1,730,215	1,650,534	1,591,668
Sewer Division	2,691,318	2,627,136	2,443,955	2,524,819	2,591,885	2,584,926
Solid Waste Division	1,672,295	1,666,120	1,717,494	1,733,917	1,757,442	1,776,126
<b>Total Business-Type Activities</b>	<b>6,289,350</b>	<b>6,149,498</b>	<b>6,032,254</b>	<b>5,988,951</b>	<b>5,999,861</b>	<b>5,952,720</b>
<b>Total Primary Government Expenses</b>	<b>\$ 23,771,829</b>	<b>\$ 23,763,486</b>	<b>\$ 23,663,091</b>	<b>\$ 20,605,632</b>	<b>\$ 20,788,767</b>	<b>\$ 19,040,773</b>
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
<b>Charges for Services</b>						
General Government	\$ 366,850	\$ 368,626	391,281	\$ 377,825	\$ 328,275	\$ 1,655,517
Public Safety	1,149,353	906,560	944,002	964,306	826,082	586,988
Public Works	125,042	80,856	93,846	77,702	82,029	114,294
Public Library	28,091	28,220	29,686	32,046	31,571	-
Parks, Recreation and Public Property	149,314	146,157	158,053	138,722	114,954	126,755
Community Improvement and Development	61,000	66,000	66,000	66,000	-	-
Operating Grants & Contributions	2,805,130	3,031,310	3,496,950	2,821,686	2,474,845	2,527,492
Capital Grants & Contributions	757,509	864,556	378,175	1,832,950	1,863,073	448,150
<b>Total Governmental Activities Program Revenues</b>	<b>5,442,289</b>	<b>5,492,285</b>	<b>5,557,993</b>	<b>6,311,237</b>	<b>5,720,829</b>	<b>5,459,196</b>
<b>Business-Type Activities:</b>						
<b>Charges for Services:</b>						
Water Division	2,243,427	2,559,572	2,495,101	2,426,990	2,678,424	2,667,740
Sewer Division	2,320,624	2,457,164	2,523,573	2,486,428	2,493,485	2,468,167
Solid Waste	1,742,372	1,811,596	1,737,503	1,750,821	1,857,459	1,890,923
Capital Grants & Contributions	175,807	403,630	791,145	493,256	438,990	-
<b>Total Business-Type Activities Program Revenues</b>	<b>6,482,230</b>	<b>7,231,962</b>	<b>7,547,322</b>	<b>7,157,495</b>	<b>7,468,358</b>	<b>7,026,830</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 11,924,519</b>	<b>\$ 12,724,247</b>	<b>\$ 13,105,315</b>	<b>\$ 13,468,732</b>	<b>\$ 13,189,187</b>	<b>\$ 12,486,026</b>
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (12,040,190)	\$ (12,121,703)	\$ (12,072,843)	\$ (8,305,444)	\$ (9,068,077)	\$ (7,628,857)
Business-Type Activities	192,880	1,082,464	1,515,068	1,168,544	1,468,497	1,074,110
<b>Total Primary Government Net Expense</b>	<b>\$ (11,847,310)</b>	<b>\$ (11,039,239)</b>	<b>\$ (10,557,775)</b>	<b>\$ (7,136,900)</b>	<b>\$ (7,599,580)</b>	<b>\$ (6,554,747)</b>

(Continued)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>General Revenues and Other Changes In Net Assets</b>						
<b>Governmental Activities:</b>						
Taxes:						
Property Tax	1,694,912	\$ 1,625,182	\$ 1,392,282	\$ 893,417	\$ 899,918	\$ 1,913,198
Sales Tax	6,750,098	6,427,716	6,548,082	6,593,166	6,445,480	-
Other Taxes	199,225	191,073	209,536	184,404	175,420	5,799,684
Occupation and Franchise Taxes	883,195	787,763	618,984	589,118	606,176	564,514
Interest	430,171	561,205	461,182	325,101	212,803	301,965
General Intergovernmental Revenues Unrestricted	282,997	248,438	242,041	224,482	503,560	955,569
Use of Property	3,270,414	3,209,969	3,170,236	2,723,425	2,622,930	2,618,532
Revenue from Sale of Uncapitalized Property	9,985	77,072	83,761	-	-	-
Gain on Sale of Assets	8,170	27,532.00	-	43,800	133,757	99,611
Miscellaneous	47,709	33,088	68,035	64,353	30,476	109,628
<b>Total Governmental Activities</b>	<b>13,576,876</b>	<b>\$ 13,189,038</b>	<b>\$ 12,794,139</b>	<b>\$ 11,641,266</b>	<b>\$ 11,630,520</b>	<b>\$ 12,362,701</b>
<b>Business Type of Activities:</b>						
Interest	286,953	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
<b>Total Business-Type Activities</b>	<b>286,953</b>	<b>398,229</b>	<b>341,111</b>	<b>195,677</b>	<b>101,752</b>	<b>202,663</b>
<b>Total Primary Government</b>	<b>\$ 13,863,829</b>	<b>\$13,587,267</b>	<b>\$13,135,250</b>	<b>\$ 11,836,943</b>	<b>\$ 11,732,272</b>	<b>\$ 12,565,364</b>
<b>Change in Net Assets</b>						
Governmental Activities	\$ 1,536,686	\$ 1,067,335	\$ 721,295	\$ 3,335,822	\$ 2,562,443	\$ 4,733,844
Business-Type Activities	479,833	1,480,693	1,856,179	1,364,221	1,570,249	1,276,773
<b>Total Primary Government</b>	<b>\$ 2,016,519</b>	<b>\$ 2,548,028</b>	<b>\$ 2,577,474</b>	<b>\$ 4,700,043</b>	<b>\$ 4,132,692</b>	<b>\$ 6,010,617</b>

(1) The City Implemented GASB Statement No. 34 in fiscal year 2003, therefore, six 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				
	2008	2007	2006	2005	2004
General Fund					
Reserved	\$ 225,910	\$ 177,324	\$ 95,529	\$ 118,407	\$ 176,929
Unreserved	<u>5,322,046</u>	<u>5,122,971</u>	<u>4,725,445</u>	<u>4,506,250</u>	<u>4,364,021</u>
Total General Fund	<u><u>5,547,956</u></u>	<u><u>5,300,295</u></u>	<u><u>4,820,974</u></u>	<u><u>4,624,657</u></u>	<u><u>4,540,950</u></u>
All Other Governmental Funds					
Reserved	2,107,669	1,451,727	1,541,024	2,376,709	3,200,208
Unreserved, Reported in:					
Special Revenue Funds	3,521,157	4,251,381	3,222,836	1,838,962	730,183
Capital Project Funds	<u>(1,591,264)</u>	<u>(951,132)</u>	<u>(480,858)</u>	<u>(237,724)</u>	<u>(411,948)</u>
Total All Other Governmental Funds	<u><u>\$ 4,037,562</u></u>	<u><u>\$ 4,751,976</u></u>	<u><u>\$ 4,283,002</u></u>	<u><u>\$ 3,977,947</u></u>	<u><u>3,518,443</u></u>

Fiscal Year				
2003	2002	2001	2000	1999
\$ 208,963	\$ 242,598	\$ 138,568	\$ 51,194	\$ 72,885
4,813,484	4,394,939	4,318,369	4,350,625	3,833,148
<u>5,022,447</u>	<u>4,637,537</u>	<u>4,456,937</u>	<u>4,401,819</u>	<u>3,906,033</u>
1,772,362	2,130,580	3,078,441	2,714,316	2,306,903
2,340,454	1,751,170	2,003,607	3,494,434	3,109,326
266,917	(171,012)	277,371	(846,865)	(30,993)
<u>\$ 4,379,733</u>	<u>\$ 3,710,738</u>	<u>\$ 5,359,419</u>	<u>\$ 5,361,885</u>	<u>\$ 5,385,236</u>

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

TABLE 4

	Fiscal Year				
	2008	2007	2006	2005	2004
<b>Revenues</b>					
Taxes	\$ 8,765,893	\$ 8,299,868	\$ 8,089,424	\$ 7,640,946	\$ 7,487,814
Special Assessments	82,426	238,417	170,769	539,200	268,341
Licenses & Permits	430,258	305,364	347,386	369,424	313,124
Intergovernmental Revenue	3,743,612	4,036,117	3,878,013	4,439,050	4,760,706
Keno Revenue	29,141				
Charges for Services	1,358,621	1,195,069	1,236,475	1,184,021	1,033,465
Occupation & Franchise Taxes	686,840	666,704	618,984	589,118	606,176
Contributions	100,005	-	-	3,154	5,451
Payments in Lieu of Taxes	74,697	65,162	60,477	30,851	33,004
Parking Fees and Rentals	3,272,094	3,211,734	3,173,556	2,728,535	2,627,681
Loan Repayments	289,700	103,469	131,383	24,778	28,124
Interest	338,732	432,788	364,385	272,344	189,878
Miscellaneous	112,561	177,839	227,609	163,005	238,154
<b>Total Revenue</b>	<b>19,284,580</b>	<b>18,732,531</b>	<b>18,298,461</b>	<b>17,984,426</b>	<b>17,591,918</b>
<b>Expenditures</b>					
General Government	2,409,948	2,434,218	2,348,104	1,761,517	1,644,901
Public Safety	7,367,551	7,659,058	7,263,047	6,948,410	7,124,232
Public Works	4,789,513	3,127,771	3,209,134	4,250,718	4,832,602
Public Library	1,097,450	1,039,277	1,014,735	1,006,569	922,952
Parks, Recreation & Public Property	1,392,253	1,193,539	1,126,493	1,237,366	1,333,068
Other	-	-	-	-	-
Community Improvement & Developer	805,175	1,156,157	1,430,551	874,048	969,638
Debt Service	1,059,716	966,738	1,109,354	1,038,360	1,350,956
Capital Outlay	829,727	587,478	295,671	954,227	1,901,354
<b>Total Expenditure</b>	<b>19,751,333</b>	<b>18,164,236</b>	<b>17,797,089</b>	<b>18,071,215</b>	<b>20,079,703</b>
Excess (Deficiency) of Revenues over expenditures	(466,753)	568,295	501,372	(86,789)	(2,487,785)
<b>Other Financing Sources (Uses)</b>					
Proceeds from Debt Financing	-	380,000	-	630,000	1,145,000
Transfers In	1,237,142	980,558	900,999	1,569,494	1,413,988
Transfers Out	(1,237,142)	(980,558)	(900,999)	(1,569,494)	(1,413,988)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>380,000</b>	<b>-</b>	<b>630,000</b>	<b>1,145,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ (466,753)</b>	<b>\$ 948,295</b>	<b>\$ 501,372</b>	<b>\$ 543,211</b>	<b>\$ (1,342,785)</b>
Debt Service as a Percentage of Noncapital Expenditures	6.36%	5.90%	6.34%	6.07%	7.43%

Note: 1) GASB 34 partially implemented.

Fiscal Year				
2003 (1)	2002	2001	2000	1999
\$ 7,589,570	\$ 6,033,614	\$ 5,802,075	\$ 5,815,235	\$ 5,061,930
746,591	392,419	335,094	333,570	793,882
216,378	203,729	170,654	204,687	232,472
3,046,905	2,788,094	2,618,408	2,449,533	2,045,857
1,141,526	1,016,392	997,934	782,132	772,526
564,514	559,751	698,436	554,938	535,850
725	-	-	-	-
102,337	92,733	96,133	90,895	78,326
2,621,812	2,568,571	2,369,580	2,214,380	2,031,909
57,830	-	-	-	-
276,096	438,990	608,137	473,380	568,286
448,681	456,502	689,630	335,883	361,445
<u>16,812,965</u>	<u>14,550,795</u>	<u>14,386,081</u>	<u>13,254,633</u>	<u>12,482,483</u>
1,502,019	1,443,918	1,419,730	1,335,189	1,169,692
5,605,110	4,955,052	4,774,034	4,458,705	4,234,703
2,017,880	1,876,188	1,836,078	1,713,323	1,575,034
878,571	828,165	842,029	794,565	750,538
923,151	984,522	786,120	732,790	727,119
-	25,091	34,852	36,970	27,572
781,823	523,769	728,780	526,936	348,216
4,391,192	2,288,729	2,736,784	1,195,362	1,227,578
3,034,314	3,938,442	3,240,022	2,238,358	2,281,907
<u>19,134,060</u>	<u>16,863,876</u>	<u>16,398,429</u>	<u>13,032,198</u>	<u>12,342,359</u>
<u>(2,321,095)</u>	<u>(2,313,081)</u>	<u>(2,012,348)</u>	<u>222,435</u>	<u>140,124</u>
3,375,000	845,000	2,065,000	250,000	1,845,000
905,702	-	-	-	-
(905,702)	-	-	-	-
<u>3,375,000</u>	<u>845,000</u>	<u>2,065,000</u>	<u>250,000</u>	<u>1,845,000</u>
<u>\$ 1,053,905</u>	<u>\$ (1,468,081)</u>	<u>\$ 52,652</u>	<u>\$ 472,435</u>	<u>\$ 1,985,124</u>
27.27%	17.71%	20.80%	11.07%	12.20%

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

TABLE 5

Fiscal Year Ended September 30,	Total City Taxable Sales	Total Direct Tax Rate
2008	\$445,836,912	1.50%
2007	422,052,129	1.50%
2006	433,872,362	1.50%
2005	438,658,575	1.50%
2004	426,759,409	1.50%
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%

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	
2008	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%
2005	1.50%	5.50%	7.00%
2004	1.50%	5.50%	7.00%
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%

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	2007		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 259,919,610	1	54.31%
Utilities	46,566,338	2	9.73
Accommodation & Food Services	42,514,157	3	8.89
Other	129,585,072	-	27.07
Total	<u>478,585,177</u>		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. 2008 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
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	1,011,187,900	41,021,639	1,052,209,539	0.4628
2008	1,053,427,738	42,317,597	1,095,745,335	0.4830

(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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
CITY OF NORFOLK										
GENERAL FUND	0.0689	0.0460	0.0433	0.0251	0.0286	0.0900	0.0958	0.1033	0.1142	0.1227
DEBT SERVICE	0.0641	0.06682	0.0696	0.0726	0.0191	0.0818	0.087	0.0939	0.0914	0.0595
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3476	0.3442	0.3183	0.3213	0.3068	0.3099	0.1915	0.1886
TOTAL CITY OF NORFOLK	<u>0.4830</u>	<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>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3872	0.4250	0.40485	0.4083	0.3905	0.3496	0.3097	0.3200	0.3830	0.4095
SCHOOL DISTRICT NO 2	1.2230	1.2336	1.2112	1.2176	1.1377	1.1026	1.1293	1.1606	1.1607	1.1687
NORTHEAST COMMUNITY COLLEGE	0.0900	0.0823	0.0904	0.0896	0.0811	0.0700	0.0685	0.0351	0.0423	0.0795
NORFOLK AIRPORT AUTHORITY	0.0236	0.0236	0.0236	0.0447	0.0487	0.0554	0.0393	0.0404	0.0390	0.0525
LOWER ELKHORN NRD	0.0339	0.0356	0.0354	0.0369	0.0348	0.0370	0.0382	0.0392	0.0280	0.0258
AGRICULTURAL SOCIETY MADISON COUNTY	0.0147	0.0155	0.0158	0.0168	0.0185	0.0186	0.0190	0.0188	0.0195	0.0205
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0150	0.0149	0.0149	0.015	0.0150	0.0150	0.0159	0.0164	0.0161
NORFOLK SANITARY DISTRICT	0.0066	0.0067	0.0067	0.0068	0.007	0.0072	0.0071	0.0075	0.0074	0.0076
RAILROAD TRANSPORTATION SAFETY DIST.	0.0040	0.0041	0.0046	0.0046	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
TOTAL OVERLAPPING RATES	<u>1.7980</u>	<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>
TOTAL PROPERTY TAXES	2.2810	2.3042	2.2680	2.2821	2.0993	2.1485	2.1157	2.1446	2.0934	2.1510

(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	2008			1999		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
DIAL - SUNSET MALL LLC	SHOPPING MALL	\$ 13,551,829	1	1.29%	\$ 9,659,000	2	1.49%
WAL-MART STORES INC	RETAIL STORE	10,180,058	2	0.97%	8,817,998	3	1.36%
HEARTLAND PANTRY INC (HY-VEE)	RETAIL STORE	9,579,200	3	0.91%	-	-	-
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,276,547	4	0.88%	-	-	0.00%
HERITAGE OF NORFOLK INC	NURSING HOME	6,298,274	5	0.60%	-	-	-
WIS-PAK	BOTTLINGS DISTRIBUTION	6,156,802	6	0.59%	3,029,400	9	0.47%
MENARD INC.	RETAIL STORE	5,990,081	7	0.57%	4,286,918	5	0.66%
PERKINS DELAWARE	MANUFACTURING	5,266,340	8	0.50%	-	-	-
THE MEADOWS INC	APARTMENTS	5,057,762	9	0.48%	3,632,959	8	0.56%
QWEST CORPORATION	PHONE COMPANY	4,810,252	10	0.46%	10,044,155	1	1.55%
DAYTON HUDSON CORP	RETAIL STORE	-	-	-	3,997,802	6	0.62%
DOUGLAS W & TWYLIA SPEIDEL	RETAIL STORE	-	-	-	2,937,229	10	0.45%
M. TIMM INC	APARTMENTS	-	-	-	4,585,000	4	0.71%
PEOPLES NATURAL GAS CO.	GAS COMPANY	-	-	-	3,988,143	7	0.61%
<b>TOTAL</b>		<u>\$ 76,167,145</u>		<u>7.24%</u>	<u>\$54,978,604</u>		<u>6.07%</u>

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
2008	\$ 1,452,600	\$ 1,393,985	95.96%	\$ 23,525	\$ 1,417,510	97.58%
2007	1,209,703	1,157,720	95.70%	46,640	1,204,360	99.56%
2006	1,191,035	1,157,199	97.16%	33,326	1,190,525	99.96%
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%

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			
	GENERAL	SPECIAL	BOND	NOTES PAYABLE
	OBLIGATION BONDS	ASSESSMENT BONDS	ANTICIPATION NOTES	
2008	\$ 3,895,000	\$ 935,000	\$ 2,335,000	\$ 169,644
2007	4,365,000	1,185,000	2,320,000	205,358
2006	4,410,000	1,430,000	755,000	244,048
2005	4,805,000	1,870,000	495,000	-
2004	5,200,000	1,615,000	385,000	-
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	-

Notes:(1)See Table 16 for income and population data. 2008 population and 2008, and 2007 personal income numbers are unavailable.

TABLE 12

BUSINESS-TYPE ACTIVITIES					
REVENUE	STATE	CAPITAL	TOTAL	DEBT PER	PERCENTAGE
BONDS	REVOLVING	LEASES	PRIMARY	CAPITA (1)	OF PERSONAL
	LOAN		GOVERNMENT		INCOME (1)
\$ 7,510,000	\$ 1,050,980	-	15,895,624	-	N/A
8,175,000	1,158,035	-	17,408,393	752.11	N/A
8,825,000	1,261,949	-	16,925,997	709.24	1.63
9,455,000	1,362,814	-	17,987,814	750.49	1.78
10,075,000	1,460,720	-	18,735,720	780.43	1.91
10,610,000	1,555,754	-	19,640,754	812.17	2.04
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



**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
2008	\$ 3,895,000	\$ 935,000	\$ 2,335,000	\$ 7,165,000	299.84	0.68%
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%

**CITY OF NORFOLK, NEBRASKA**  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF SEPTEMBER 30, 2008

TABLE 14

<u>GOVERNMENTAL UNITS</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>DIRECT AND OVERLAPPING DEB TO THE CITY</u>
DIRECT:			
CITY	\$ 3,207,398	100.00%	\$ 3,207,398
OVERLAPPING:			
Norfolk School District #2	\$ 27,058,018	49.95%	\$ 13,515,265

SOURCE: NORFOLK PUBLIC SCHOOLS

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

TABLE 15

	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2008	\$ 6,552,688	\$ 4,685,259	\$ 1,867,429	\$ 772,055	\$ 336,859	\$ 1,108,914	1.68
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

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>
2008	N/A	N/A	N/A	3,821	3.0%
2007	23,146	N/A	N/A	3,803	2.7%
2006	23,865	1,035,807	29,407	3,941	3.5%
2005	23,968	1,011,100	28,238	3,902	3.6%
2004	24,007	980,744	28,472	3,997	3.2%
2003	24,183	961,406	26,420	4,121	3.7%
2002	23,857	911,406	24,614	4,166	3.3%
2001	23,516	883,961	24,725	4,221	3.1%
2000	24,550	831,896	24,419	4,138	3.0%
1999	24,285	793,345	24,030	4,297	3.1%

- Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2008 numbers are unavailable  
(2) State of Nebraska, NE Dept of Economic Development. 2008 and 2007 numbers are unavailable for Personal Income and for Per Capita Personal Income. Numbers are 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	2008			1999		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1185	1	5.74%	1000	2	4.20%
Affiliated Foods Midwest	654	2	3.17%	501	7	2.11%
Norfolk Public Schools	626	3	3.03%	561	5	2.36%
COVIDIEN	500	4	2.42%			
Wal-Mart	416	5	2.01%			
Nucor Steel Div. of Nucor Corp	430	6	2.08%	492	8	2.07%
Vulcraft Division of Nucor Corp	413	7	2.00%	355	10	1.49%
Veyance Technologies	399	8	1.93%			
Norfolk Iron & Metal Co	320	9	1.55%			
Wis-Pak	110	10	0.53%			
Beef America				1239	1	5.21%
Dale Electronics				777	3	3.26%
IBP				645	4	2.71%
Sherwood Medical Industries				520	6	2.18%
Goodyear Tire & Rubber				385	9	1.62%
Total	5,053		24.47%	6,475		27.21%

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										
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government	24.60	24.80	25.00	25.00	25.00	25.00	25.00	25.00	25.00	24.75
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	60.50	65.50	65.50	64.50	59.23	58.23	57.63	56.13	56.13
Fire	37.00	37.00	38.00	38.00	38.00	32.00	32.00	32.25	32.25	32.25
Region 11	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SNARE	0.50	0.50	0.63	0.50	0.50	0.00	0.00	0.00	0.00	0.00
Streets	21.00	21.00	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	18.00	17.00	17.00	17.00	17.00	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	2.43	1.68	1.68	1.68	1.68	1.00	1.00	0.00	0.00	0.00
Library	14.96	15.69	16.69	15.80	15.80	15.80	15.80	16.30	16.30	15.93
Housing	5.63	5.73	5.73	5.73	5.73	5.73	5.73	5.73	5.38	5.00
Vehicle Parking Monitor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63	0.63	0.62
Community Character Development Coalition	4.88	4.88	0.00	4.50	3.03	2.15	0.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00
Sewer Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Water Pollution Control	13.50	13.50	13.50	13.50	13.50	13.25	13.25	13.25	13.50	13.50
Solid Waste Management	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50	5.50
<b>Total</b>	<b>232.75</b>	<b>233.01</b>	<b>236.46</b>	<b>238.95</b>	<b>235.48</b>	<b>221.90</b>	<b>218.75</b>	<b>218.53</b>	<b>214.68</b>	<b>213.68</b>

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government										
Purchase Ordered Processed	1,887	2,025	2,100	2,537	2,845	2,893	2,830	4,471	4,719	4,896
Water/Sewer Customers Billed	9,118	9,049	9,000	8,850	8,910	8,750	8,545	8,705	8,550	8,475
Engineering										
Miles of Paving Districts	0.20	1.20	1.10	0.80	0.90	0.90	0.90	1.30	0.60	1.10
Miles of Street Reconstruction	0.50	1.20	1.00	1.50	0.80	0.80	1.00	1.00	0.50	0.70
Public Safety										
Police:										
Criminal Arrests	1,679	1,858	2,500	2,738	2,303	2,150	2,395	1,908	1,966	1,925
Traffic Arrests	2,514	2,480	3,550	3,718	3,688	3,474	3,558	3,111	3,163	2,854
Drug/Alcohol Arrests	782	817	1,200	1,065	1,376	869	862	685	595	526
Fire:										
Rescue Calls	1,744	1,682	1,715	1,925	1,657	1,432	1,857	1,685	1,694	1,363
Building and Safety										
Building Permits	392	412	549	575	497	478	471	447	518	548
Culture and Recreation										
Library										
Total Circulation	314,489	318,284	334,736	333,602	339,374	329,462	336,562	266,787	246,905	258,513
Water:										
Water Inspections	40	39	62	47	45	49	40	37	50	62
Locates	2,589	2,928	2,708	2,502	2,583	2,257	2,474	2,325	2,850	2,603
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.105	1.127	1.000	1.265	1.254	1.278	1.368	1.380	1.160	1.171
Sewer Maintenance										
Sewer Inspections	37	22	46	39	38	23	23	31	47	36
Solid Waste Management										
Average Daily Tonnage	116	117	117	121	128	129	130	122	120	118

Sources: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>General Government</b>										
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
<b>Public Safety</b>										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Streets</b>										
Streets (Miles)	142.30	142.30	137.26	135.90	135.90	135.84	134.50	134.30	133.19	132.31
Streetlights	2,237	2,266	2,246	2,204	2,192	2,162	2,153	2,137	2,125	2,012
<b>Parks</b>										
Parks Acreage	378.00	364.00	364.00	364.00	364.00	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	5.00	7.00	7.00
<b>Library</b>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Water</b>										
Water mains (miles)	120.00	120.00	145.00	142.00	141.00	140.00	139.00	149.00	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
<b>Sewer</b>										
Sanitary sewer (miles)	125.00	125.00	155.00	153.00	152.00	150.00	149.00	127.00	116.00	116.00
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