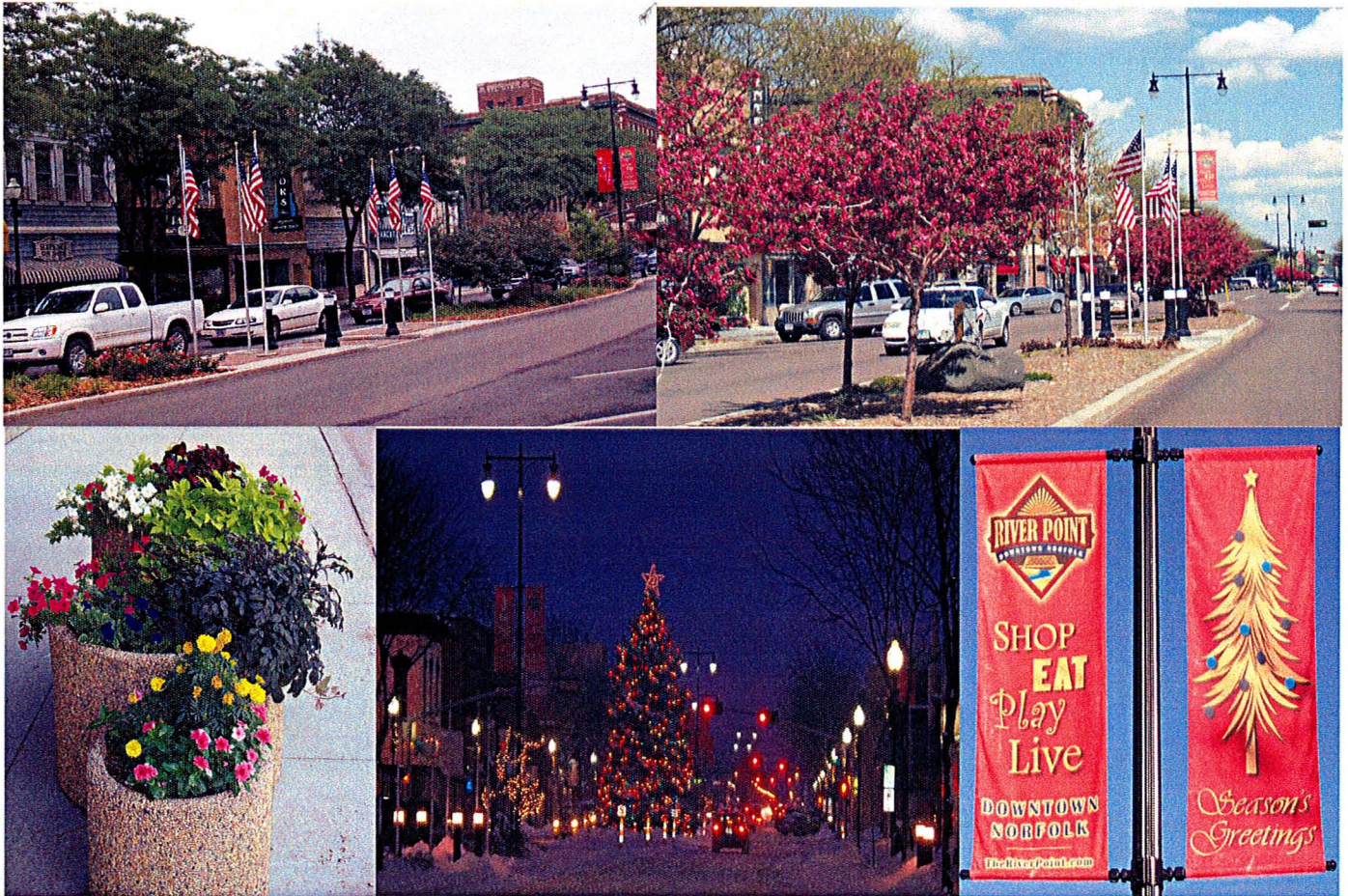


COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2010

CITY OF NORFOLK, NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2010*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

City of Norfolk

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

127 North 1st Street
Norfolk, Nebraska 68701

March 28, 2011

**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, 2010 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, 2010.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by 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, 2010, 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, 2010, 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 three service levels. The first level assumes the same amount of funding authorized in the prior year which is a reduced service level since budgets must absorb inflation and growth to maintain service. The second level is a 4% increase over the prior year and is the maintenance level. This increase should approximately match growth and inflation over the long-term. The third level contains no expenditure constraints and is the level 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 about half of all General Fund revenues. Actual sales tax receipts for the City's original 1% sales tax have been up six out of the last ten 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 \$4,596,988 in the fiscal year ended September 30, 2010, a 14% increase over the last ten 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 2009-2010, receipts for the half-cent sales tax lagged the 4% growth rate by a cumulative \$2.4 million. Total City sales tax lagged behind the 4% annual growth rate by a cumulative \$9.8 million between 2001 and 2010.

Sales tax receipts continue their slow growth pattern. The sales tax receipts for the fiscal year ending September 30, 2010 are up 2.5% from the fiscal year ending September 30, 2009. Sales tax in fiscal year 2009-2010 likely would've had a smaller increase from fiscal year 2008-2009 except for construction of a 30-inch oil pipeline from Canada which ran just east of Norfolk. 750 workers, along with associated family members, moved into the area in August 2009 to work on this pipeline. Their weekly payroll in the Norfolk area was about \$1 million with 30% of it estimated to be spent locally. This had a positive impact on the local economy and City sales tax receipts. These workers remained in the area for about

three months and moved out of the area in November 2009. The Nebraska Department of revenue collects local sales tax for Nebraska cities and cities receive sales tax from the State the second month after the sales are made. Because of this, August sales are reflected in the City's sales tax receipts for October. Sales tax receipts for the first three months of fiscal year 2009-2010 were all up from the same months in fiscal year 2008-2009. Receipts for these three months were up \$68,239 from the prior year or over 4%. Total increase in receipts for fiscal year 2009-2010 was \$167,197 and \$68,239 occurred in the first three months of the fiscal year. The pipeline was the third largest employer in the Norfolk area during the time they were here.

Sales tax receipts the first five months of fiscal year 2010-2011 are up 1.9% from the same period in fiscal year 2009-2010. Although it is a small growth, it is important to note it is an increase from the time the pipeline workers were in the area. This indicates the local economy is recovering.

The \$58 million bed tower at Faith Regional Health Services was completed in June 2010. After starting the project in the fall of 2008, patients began moving into the new addition on June 20, 2010. This project allows 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 finished construction of a \$7.8 million college welcome center on their campus in Norfolk. This 35,000 square foot building opened October 15, 2009 and is a one-stop shop for students that includes 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 are also conference rooms for the many student groups and organizations.

Construction of a new College of Nursing facility at the Northeast Community College campus in Norfolk was completed and began operation the fall 2010 semester. 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 serves northeast and north central Nebraska and helps alleviate a shortage of nurses that is expected to worsen with the growing regional demand for health services. The College completed a successful fundraising campaign for the facility raising about \$11.9 million. The City agreed to contribute \$1 million to the project by making quarterly payments of \$50,000 over a 5-year period. These funds come from revenue previously committed to fund other organizations as these funding commitments have ended.

Nebraska Public Power District (NPPD) completed construction of an 87,000 square-foot operation center in Norfolk in the fall of 2010 with a cost of \$18.7 million. This facility is located adjacent to NPPD's centralized customer care center at 1100 South Chestnut Street and also adjacent to the new Nucor detailing center. This facility brings four of NPPD's Norfolk area operations and customer service activities together in one location including the customer care center at 4th Street and Madison Avenue, the distribution service center at 8th Street and Madison Avenue, the transmission/substation operations group on East

Omaha Avenue, along with NPPD's existing Norfolk pole yard. This provides greater overall efficiency, saves money and enhances customer service. The center is a Leadership in Energy and Environmental Design (LEED) gold-certified building. Three small wind turbines and a photovoltaic array produce electricity for the center.

In addition to the construction in Norfolk, a number of businesses opened in the last year. Examples of the new businesses include restaurants, retail stores, insurance agency, law office, physical therapy office, bakery, chiropractic clinic, veterinary clinic, and fitness center.

Other economic indicators appear mainly positive. Norfolk's population increased from an estimated 23,272 in 2009 to 24,210 in the 2010 census. This is a 4% increase and an increase of 3% from the 23,516 population in 2000. Madison County's unemployment rate decreased .1% from 3.8% in December 2009 to 3.7% in December 2010 and area plants have been increasing production as the economy recovers. School enrollment increased from 3,891 in 2009 to 4,023 in 2010. The most recent assessed valuation which was released August 18, 2010, shows taxable property in Norfolk valued at \$1,183,801,480, an increase of .3% from the prior year. Bank deposits increased 16.9% from the prior year and per capita income increased 7.8%.

LONG-TERM FINANCIAL PLANNING

The City's long-term financial planning process starts with the Council selecting the City's top priorities at a Council/Staff Retreat. These priorities are incorporated into the capital improvement program (CIP), budget, and long-term financial plan (LTFP). The LTFP monitors the effect of large capital projects out ten years and revenue and expenditure trends out six years along with expected levy rates. The City annually prepares a ten-year CIP. This program outlines capital needs for the next ten years and identifies potential funding sources. These projects are prioritized in the categories of urgent, necessary, desirable or deferrable. The most recent CIP was approved at the August 16, 2010 council meeting.

In 2008 the City hired Black and Veatch to update the 2002 Water Master Plan and develop a Sewer Master Plan. The Council reviewed these plans and related rate studies at a Council Work Session on September 15, 2008. These rate studies projected sewer and water rate increases needed through fiscal year 2013. At the October 6, 2008 Council meeting, the Council increased water rates 4% and sewer rates 15% effective November 1, 2008 as indicated by the rate studies. At the September 14, 2009 Council meeting, water and sewer rates were increased 10% effective October 1, 2009. Sewer rates were increased 7.5% at the August 16, 2010 Council meeting effective October 1, 2010.

SIGNIFICANT EVENTS

Milk Specialties Company began operations at the former Protient plant in late 2009. Milk Specialties Company hired more than 30 employees that had previously been laid off when Protient closed. The City received a \$500,000 Community Development Block Grant through the Nebraska Department of Economic Development to loan to Milk Specialties Company as part of the purchase price of the facility. The plant is a large City utility

customer. Water and sewer revenues increased in fiscal year 2009-2010 in part because the plant resumed operations in late 2009.

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 allowed 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. In March 2010 the Community Development Agency issued a \$141,500 tax increment financing bond to reimburse the developer for site clearance and preparation.

In June 2010 flooding along the Elkhorn River caused damage to the south side of the City. A railroad bridge that provides transportation for Nucor Steel, Norfolk Iron & Metal and Louis Dreyfus Commodities ethanol plant collapsed. Trucks were used instead of rail resulting in an additional 450 trucks per day traveling in the city. Reconstruction of the bridge began right after the flood and the rail line to Norfolk resumed operations in August 2010. Ta-Ha-Zouka Park and areas along the Cowboy Trail as well as some businesses and homes had damage from the flood. In Nebraska the damage is estimated to exceed \$16 million and has affected 53 counties.

In May 2010 voters approved an LB 840 economic development program. LB 840 was the legislative bill approved by the Nebraska Legislature in 1991 adopting the Local Option Municipal Economic Development Act. This Act authorizes cities to spend local sales or property tax revenue for economic development including offering incentives to attract business. This program authorizes collecting \$400,000 from property tax for each of the next ten years to be used for economic development starting in 2010-2011. The City has been working with local economic development partners to implement this program which will enhance the City's economic development efforts going forward.

At the November 2010 general election voters approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council enacted a 2% occupation tax on prepared food and beverages, which includes all alcoholic beverages, and a 4% occupation tax on lodging effective February 1, 2011.

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, 2009. This was the twenty-second 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 seventeen years, the most recent for the 2009-2010 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, sweeping horizontal line extending to the right.

Randy Gates, CPA
Finance Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk, Nebraska for its comprehensive annual financial report for the fiscal year ended September 30, 2009.

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.

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, 2009

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.



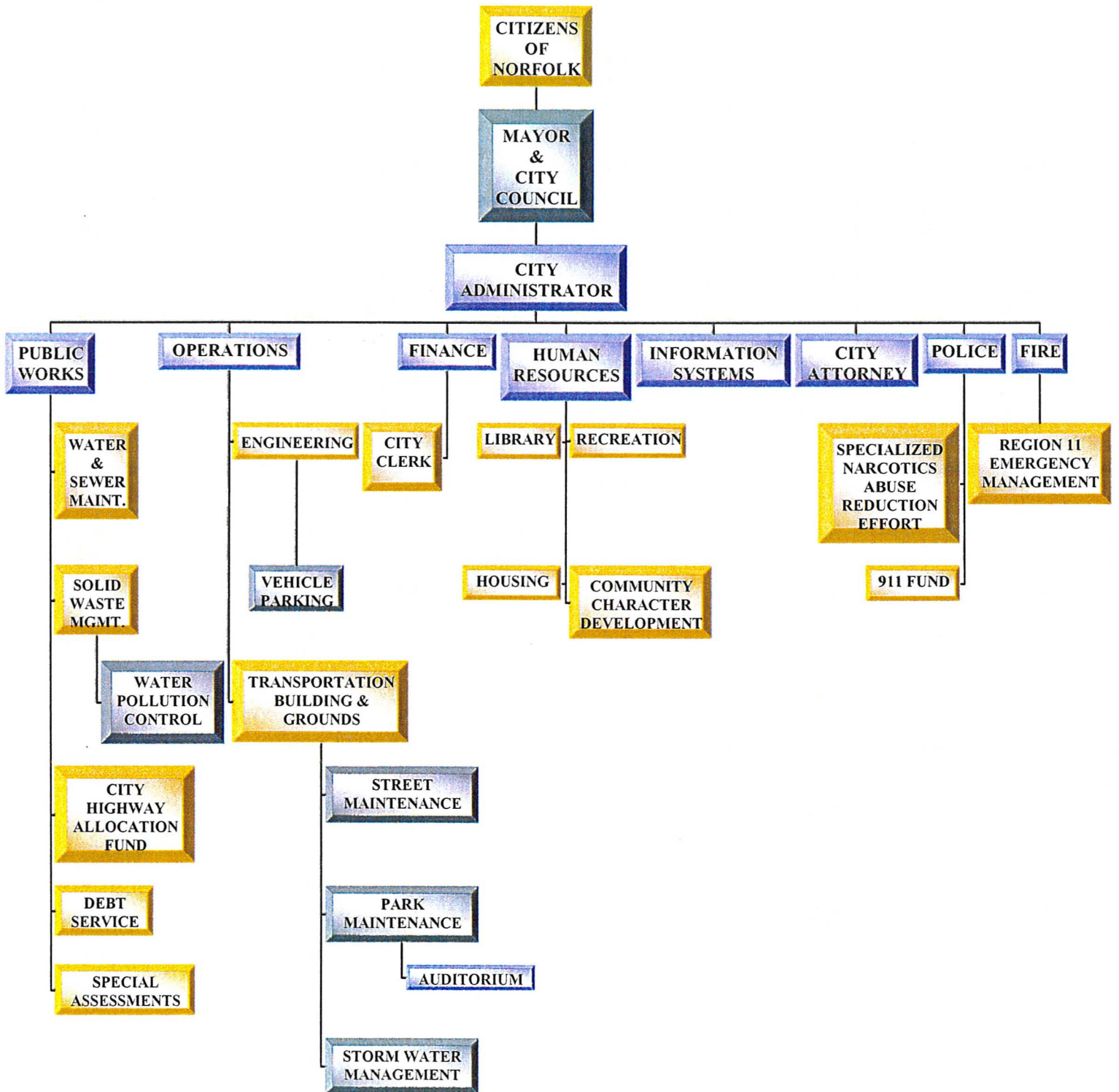
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

City of Norfolk, Nebraska
Organizational Chart



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2010

Title	Name
Mayor	Sue Fuchtman
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	Michael Caldararo
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

FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norfolk, Nebraska, (the City) as of and for the year ended September 30, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, 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 28, 2011 on our consideration of the City of Norfolk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information on pages 14 through 28 and 63 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 do not express an opinion or provide any assurance on it.

The accompanying other supplementary information schedules are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The other supplementary information schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 28, 2011

Management Discussion and Analysis

September 30, 2010

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, 2010. 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, 2010, by \$90,958,148. Of this amount, \$20,621,811 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1,034,977 during the year. Of this amount, the assets of Governmental Activities decreased \$40,080 and the assets of Business Activities increased \$1,075,057.
- Bonds payable decreased \$1,407,053. Outstanding revenue bonds total \$6,926,067, general obligation bonds \$3,480,000, and special assessment bonds \$2,060,000 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, 2010, net assets were as follows:

City of Norfolk's Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 19,431,471	\$ 18,385,799	\$ 9,995,844	\$ 9,918,840	\$ 29,427,315	\$ 28,304,639
Capital assets	42,839,090	43,115,941	36,723,862	36,252,554	79,562,952	79,368,495
Total assets	62,270,561	61,501,740	46,719,706	46,171,394	108,990,267	107,673,134
Long-Term Liabilities	7,906,112	7,986,177	7,188,450	7,962,965	15,094,562	15,949,142
Other liabilities	2,330,379	1,441,413	607,178	359,408	2,937,557	1,800,821
Total liabilities	10,236,491	9,427,590	7,795,628	8,322,373	18,032,119	17,749,963
Net assets:						
Invested in capital assets, net of related debt	36,774,090	36,650,941	29,797,795	28,504,434	66,571,885	65,155,375
Restricted	1,193,594	1,218,131	2,570,858	2,513,381	3,764,452	3,731,512
Unrestricted	14,066,386	14,205,078	6,555,425	6,831,206	20,621,811	21,036,284
Total net assets	\$ 52,034,070	\$ 52,074,150	\$ 38,924,078	\$ 37,849,021	\$ 90,958,148	\$ 89,923,171

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 \$20,621,811 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 net assets is the \$1,416,510 increase in net assets invested in capital assets, net of related debt. The increase in this net asset category is primarily in the business-type activities which increased \$1,293,361. The increase in business-type activities is primarily due to a reduction in debt as principal is paid on outstanding bonds combined with large construction projects in the Water Fund.

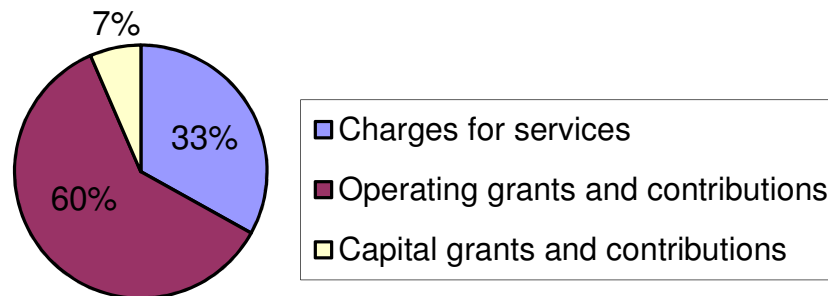
Total revenue reported in Fiscal 2010 was \$28,201,543. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

City of Norfolk's Changes in Net Assets

	General Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 1,709,809	\$ 1,811,222	\$ 7,086,116	\$ 6,253,056	\$ 8,795,925	\$ 8,064,278
Operating grants and contributions	3,124,585	2,849,515	-	-	3,124,585	2,849,515
Capital grants and contributions	337,404	1,942,912	263,880	144,210	601,284	2,087,122
Total Program Revenues	5,171,798	6,603,649	7,349,996	6,397,266	12,521,794	13,000,915
General Revenues:						
Property taxes	2,694,271	1,944,230	-	-	2,694,271	1,944,230
Sales taxes	6,919,663	6,760,144	-	-	6,919,663	6,760,144
Other taxes	240,021	199,591	-	-	240,021	199,591
Occupation and franchise taxes	971,022	873,472	-	-	971,022	873,472
Interest	106,069	251,126	66,938	165,386	173,007	416,512
General intergovernmental revenues	289,270	260,190	-	-	289,270	260,190
Keno Revenues	359,060	428,302	-	-	359,060	428,302
Use of property	3,822,961	3,418,900	-	-	3,822,961	3,418,900
Revenue from Sale of Uncapitalized Property	57,129	44,059	-	-	57,129	44,059
Miscellaneous	153,345	363,181	-	-	153,345	363,181
Total General Revenues	15,612,811	14,543,195	66,938	165,386	15,679,749	14,708,581
Total Revenues	20,784,609	21,146,844	7,416,934	6,562,652	28,201,543	27,709,496
Expenses:						
General Government	2,940,797	2,363,397	-	-	2,940,797	2,363,397
Public Safety	8,137,286	7,841,533	-	-	8,137,286	7,841,533
Public Works	5,477,606	5,664,242	-	-	5,477,606	5,664,242
Public Library	1,163,623	1,173,863	-	-	1,163,623	1,173,863
Parks, Recreation and Public Property	1,599,713	1,604,612	-	-	1,599,713	1,604,612
Community Improvement and Development	1,287,249	999,898	-	-	1,287,249	999,898
Debt Service	218,415	272,480	-	-	218,415	272,480
Water System	-	-	1,977,520	1,877,440	1,977,520	1,877,440
Sewer System	-	-	2,696,190	2,529,041	2,696,190	2,529,041
Solid Waste	-	-	1,668,167	1,579,945	1,668,167	1,579,945
Total Expenses	20,824,689	19,920,025	6,341,877	5,986,426	27,166,566	25,906,451
Excess (deficiency) of revenues over expenditures before transfers						
	(40,080)	1,226,819	1,075,057	576,226	1,034,977	1,803,045
Transfers	-	(27,194)	-	27,194	-	-
Increase (Decrease) in Net Assets	(40,080)	1,199,625	1,075,057	603,420	1,034,977	1,803,045
Net Assets - Beginning	52,074,150	50,874,525	37,849,021	37,245,601	89,923,171	88,120,126
Net Assets - Ending	\$ 52,034,070	\$ 52,074,150	\$ 38,924,078	\$ 37,849,021	\$ 90,958,148	\$ 89,923,171

Program revenues totaled \$12,521,794. \$7,349,996 was program revenues from Business-Type Activities which is an increase of \$952,730 or 15% from the prior year. The increase is due to rate increases of 10% in the Water Fund and Sewer Fund effective October 1, 2009 along with increased usage when Milk Specialties began operations at the former Protient plant in December 2009. Program revenues in the General Governmental activities decreased \$1,431,851 from the prior year primarily due to a \$1,605,508 decrease in capital grants and contributions due to levying almost \$1.4 million of special assessments in the prior year. Partially offsetting the decrease is an increase of \$275,070 in operating grants and contributions due to an increase in Community Revitalization Grant funds.

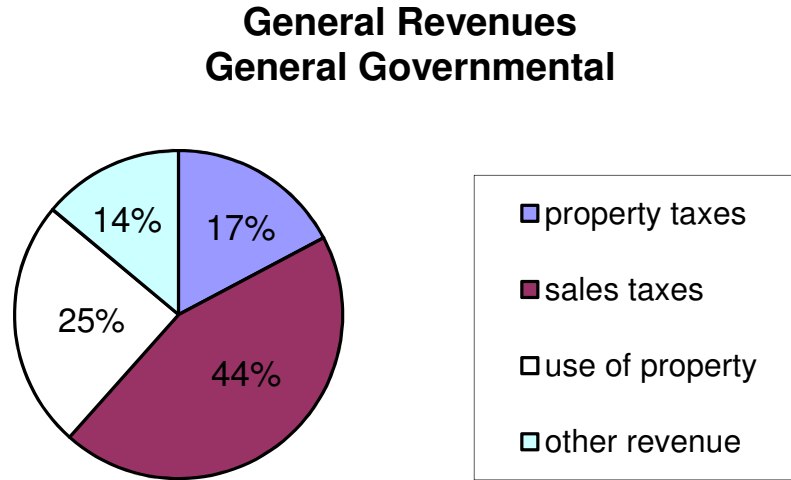
Program Revenues General Governmental



General revenues for Governmental Activities went from \$14,543,195 in 2009 to \$15,612,811 in 2010, an increase of \$1,069,616 or 7.4%. The largest general revenue source is sales tax which, as discussed in the transmittal letter, is relatively flat with only a 2.4% increase from the prior year. Sales tax went from 46.6% of general revenues in the prior year to 44.3% in the current year. The largest increase in general revenues for General Governmental Activities was property taxes which went from \$1,944,230 last year to \$2,694,271 in the current year, an increase of \$750,041 or 39%. Property taxes increased to fund Council priority projects and to start bringing the revenue growth rate in line with the needed 4% expenditure growth rate. The second largest general revenue source is use of property which increased \$404,061 or 12%. The use of property revenue is primarily revenue from the Nebraska Public Power District (NPPD) lease. NPPD pays the City 12% of their revenues for use of the city-owned electrical distribution system. Effective January 1, 2010 NPPD increased their rates which resulted in increased revenue for the City. The largest decrease in general revenues is in the miscellaneous category which went from \$363,181 in the prior year to \$153,345 in the current year, a decrease of \$209,836. In the prior year the City received a \$106,483 distribution from MBA Joint Housing Venture, a joint venture between the City and Elkhorn Valley Community Development Corporation to construct affordable housing in the Meadow Ridge Subdivision. Also received in the prior year was over \$70,000, compared to \$13,000 in the current year, of drug forfeiture money as a result of operations of the Specialized

Narcotics Abuse Reduction Effort, a multi-jurisdictional drug enforcement task force administered by the City.

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



Total expenses increased \$1,260,115, or about 5%, going from \$25,906,451 last year to \$27,166,566 in the current year. Expenses in Governmental Activities increased \$904,664 or 4.5% and Business-Type Activities increased \$355,451 or 5.9%.

The biggest increase in expenses was in general government which went from \$2,363,397 last year to \$2,940,797 in the current year, an increase of \$577,400 or 24%. This increase is primarily due to a \$677,000 increase in group benefit claims in the Internal Service Fund and the corresponding decrease in operating results included in general government expense.

The second biggest increase in expenses was in public safety which went from \$7,841,533 last year to \$8,137,286 this year, an increase of \$295,753. This is an increase of 3.8% which is within the 4% increase allowed in the maintenance level of budgeting. In the current year \$238,482 was used to purchase equipment for the police and fire divisions. An ambulance and related equipment was purchased for the fire division and a mobile data computer system was purchased for the police division. Public Safety Tax Anticipation Bonds were used to fund these purchases. The third largest increase was in community improvement and development which went from \$999,898 last year to \$1,287,249 this year, an increase of \$287,351. \$250,000 of this increase is due to receiving a \$500,000 Community Development Block Grant through the Nebraska Department of Economic Development to loan to Milk Specialties Company as part of the purchase price of the former Protient facility. Under the agreement Milk Specialties will pay back \$250,000 and the remaining \$250,000 is a forgivable loan which was expensed. Another portion of the increase is due to the Community Development

Agency issuing a \$141,500 tax increment financing bond to reimburse Crafts for site clearance and preparation in the Crafts Redevelopment Plan. These increases are partially offset by a decrease in spending of program income to rehabilitate low-income housing.

Expenses for Business-Type Activities increased \$355,451 going from \$5,986,426 last year to \$6,341,877 this year. A portion of this increase is payroll and related taxes and benefits which increased 5.5%. A 3% cost of living adjustment combined with normal merit pay increases resulted in an increase of \$98,294 in payroll and related taxes and benefits in the current year. Another portion of the increase in expenses is from repairs and maintenance in the Sewer Division. Flooding in June 2010 caused severe damage to sewer pipes and as a result repairs and maintenance increased \$79,026 over the prior year. Purchased services in the Solid Waste Division increased \$40,579 due to increased disposal costs because of increased tonnage. Repairs and maintenance in the Water Division increased \$39,487 due to repairs on a well and the purchase of water meters. The Sewer Division utilities increased \$34,355. In this account electricity increased \$36,544 primarily due to Milk Specialties resuming operations at the former Protient plant which increased plant loading. General and administration increased \$29,094 in the Sewer Division, \$19,287 of which was vehicular fuel and lube. Diesel was supplied to a pumping contractor that had to be hired because of the broken sewer lines from the flood. Also, the solids applicator trucks had to drive more miles due to the wet spring and flooded ag land which prevented them from going to their normal sites.

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

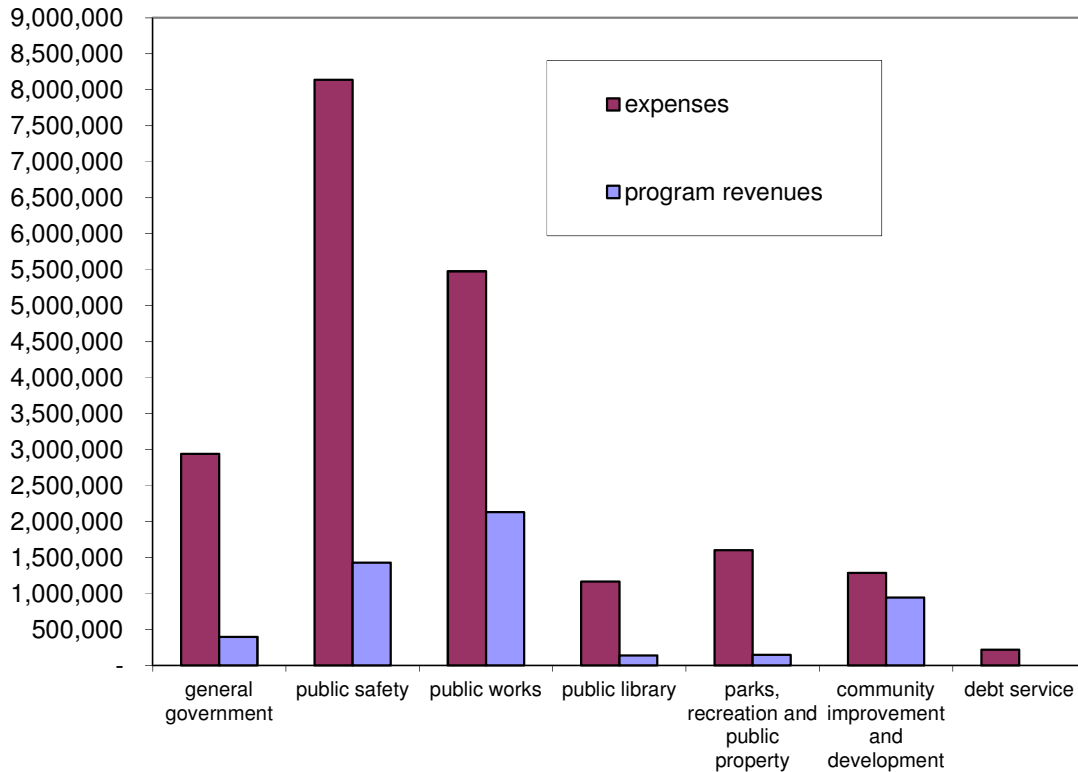
<u>Program Level</u>	<u>Activity</u>
General Government.....	Administration, Support Services
Public Safety.....	Emergency medical services, Police, Fire, Prevention and Codes, Planning and Zoning, Emergency Management
Public Works	Engineering, Streets, Drainage
Public Library	Operation of Public Library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

Governmental Activities

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

The following chart shows the relationship of program expense to program revenue for governmental activities in a graphical format. As would be expected, expenses exceed revenues for all governmental activities. For example, public safety had expenses of \$8,137,286 and total program revenues of only \$1,423,966 comprised of \$922,686 of charges for services, \$433,191 of operating grants and contributions, and \$68,089 of capital grants and contributions. The net cost of public safety was \$6,713,320 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:

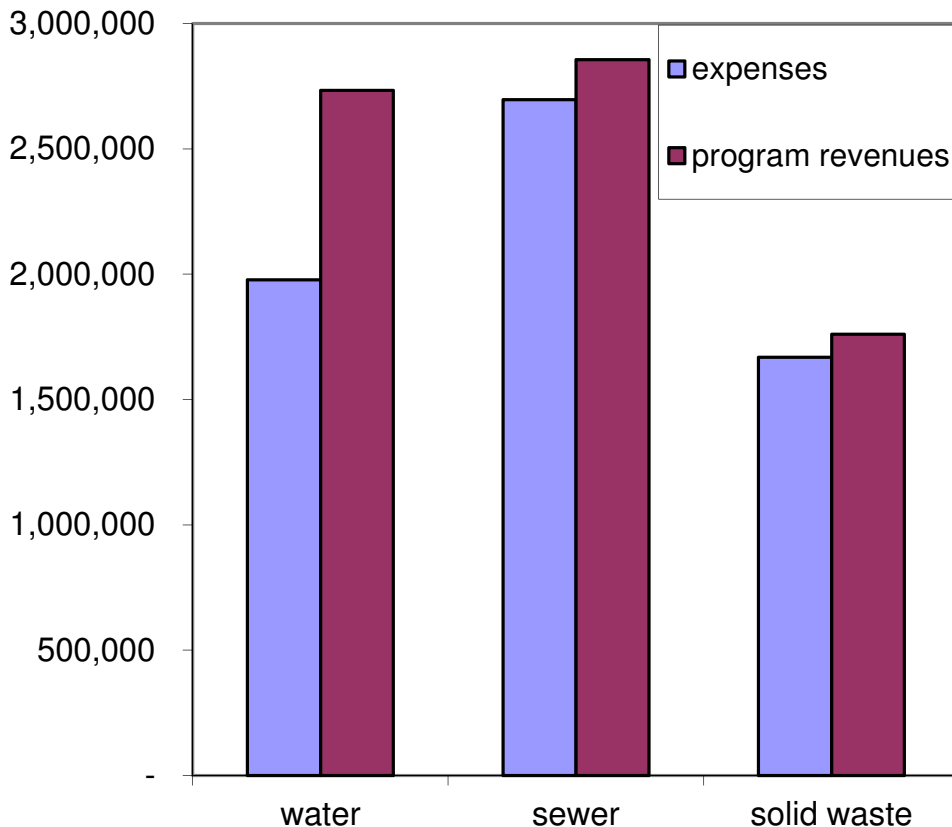
General Government.....	Fees
Public Safety.....	Permits, State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions, 911 Surcharges
Public Works.....	Special Assessments, State Revenue, Charges for Services, Federal Grants
Public Library.....	Service Charges,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

Business-Type Activities

Business-Type Activities net assets increased \$1,075,057 which accounts for all of the \$1,034,977 increase in City net assets since there was a \$40,080 decrease in Governmental Activities 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 in all three divisions during the year. Water Division revenues exceeded expenses by \$785,509. This is because water rates are set to fund the City's Water Master Plan which includes about \$20 million of improvements through 2020. The last water rate increase was effective October 1, 2009. The last sewer rate increase was effective October 1, 2010 based on the Sewer Master Plan completed by Black & Veatch. 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. In fiscal year 2010 Sewer Division revenues exceeded expenses by \$195,372 and Solid Waste Division revenues exceeded expenses by \$94,176.

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 \$11,608,408. The combined Governmental Fund balance increased \$357,295 from the prior year.

The largest increase in fund balance was in the in the Capital Construction Fund. The Capital Construction Fund balance increased \$506,868. This is primarily due to transfers from the General Fund being accumulated in anticipation of future capital outlay. Total nonmajor governmental funds had an increase in fund balance totaling \$463,723. Other than the \$506,868 increase in Capital Construction Fund, the change in fund balance varied less than \$40,000 for each of the nonmajor governmental funds.

The General Fund, the primary operating fund of the City, had an increase in fund balance of \$409,004. Fund balance increased from \$5,700,771 last year to \$6,109,775 this year. It is the second largest increase in fund balance of all the City's governmental funds. An increase in property taxes and use of property revenue described earlier combined with expenditures growing less than 1%, resulted in a positive change in fund balance for the General Fund.

The largest decrease in fund balance was in the CHAF Fund which declined \$292,103. Although expenditures were down significantly from the prior year, revenues were also down, declining \$260,869. The decrease in fund balance of \$292,103 in the current year was less than the decrease in fund balance of \$713,100 in the prior year. Large street projects and street maintenance projects have drawn down fund balance the last couple years including 25th Street improvements, US 81 improvements, and downtown sidewalk improvements. The Special Assessment Fund also had a decrease in fund balance. Fund balance decreased \$191,900 due to no special assessments being levied during the year. Fund balance was a negative \$378,181 as of September 30, 2010 which will be recovered with special assessments levied in 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$16.5 million of revenue and \$18.3 million of expenditures resulting in a budgeted decrease in fund balance of \$1.8 million. Fund balance only decreased \$9,460 because revenues exceeded budget by \$.4 million and expenditures were under budget by \$1.4 million. This combined with beginning fund balance exceeding budget by \$.1 million, resulted in an ending fund balance of about \$1.9 million more than budgeted.

The largest amount of revenues over budget was in miscellaneous income which exceeded budget by \$177,387. The biggest portion of this excess was a \$120,826 dividend distribution from the League Association of Risk Management (LARM) that was not budgeted. This is the first dividend LARM declared in its thirteen year existence and recognizes LARM has now accumulated sufficient reserves to start returning some to its members. Another unbudgeted item in miscellaneous income was proceeds of \$22,804 for the sale of a tract of land to the Norfolk Area Chamber of Commerce. Intergovernmental revenue exceeded budget by \$105,879 primarily due to \$56,921 of unbudgeted homestead allocation and receipts of \$31,146 over budget for NHA Section 8 salary reimbursement. Rental income exceeded budget by \$64,776 primarily because the lease of the city-owned electrical distribution system to NPPD was \$60,891 more than budgeted. As mentioned earlier NPPD increased their rates in January 2010 which increased their lease payment to the City. Transfers in were \$96,790 over budget due to transferring funds from the Special Assessment Fund to the General Fund after special assessment bonds were paid off. The revenue category that was farthest under budget was keno revenue. The current state of the economy along with a state-wide ban on smoking in public places effective June 1, 2009 resulted in keno revenue being \$144,762 under budget. This also caused a reduction in transfers out of \$122,439 as keno revenue is transferred from the General Fund to the Capital Construction Fund to fund park improvements. Starting in July 2010 with the opening of Big Red Sports Bar & Grill, Norfolk's keno headquarters, keno revenue has been increasing.

Expenditures in all categories were under budget resulting in \$1,273,221 less expenditures than budgeted. General government had the largest amount of under budget expenditures followed closely by public safety. The City always budgets conservatively and expenditures are normally under budget. Also contributing to this was 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, 2010, was \$66,571,885 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for the last two years follows:

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 11,383	\$ 51,712	\$ -	\$ -	\$ 11,383	\$ 51,712
Buildings and improvements	-	-	14,955	-	14,955	-
Water distribution and sewage system	-	-	828,245	189,392	828,245	189,392
Equipment, furniture and fixtures	704,549	503,472	359,190	95,527	1,063,739	598,999
Infrastructure	701,513	1,839,340	-	-	701,513	1,839,340
Construction in progress	644,520	1,359,547	1,336,748	397,611	1,981,268	1,757,158
Total Gross Additions	\$ 2,061,965	\$ 3,754,071	\$ 2,539,138	\$ 682,530	\$ 4,601,103	\$ 4,436,601

Gross additions to capital assets for Governmental Activities were \$2,061,965 decreasing \$1,692,106 from the \$3,754,071 of additions in the prior year. In the prior year there were large additions to infrastructure including costs associated with infrastructure in Meadow Ridge, 16th Street improvements, and Jackson Avenue improvements. Current year additions include 25th Street improvements and downtown sidewalk improvements.

Total gross additions to capital assets for Business-Type activities were \$2,539,138 compared to \$682,530 the prior year. Most of the additions were in the Water Fund including a booster station north of Benjamin Avenue and Victory Road and backwash improvements at the east water treatment plant. Large equipment purchases included the purchase of a solids applicator truck for the Sewer Division.

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

DEBT ADMINISTRATION

At year-end the City had \$12,466,067 of bonded debt outstanding, net of original issue discounts and deferrals. This is a decrease of \$1,407,053 from the prior year. During the year the City issued \$260,000 of public safety tax anticipation bonds to pay for an ambulance and related equipment for the fire division and a mobile data computer system for the police division.

Moody's rated the City's most recent general obligation bond issue dated December 22, 2010 Aa3. The ratio of debt to assessed value for the City has declined from 1.20% in 2001 to .53% currently. Debt per capita was \$359.12 in 2001 compared to \$250.52 currently. The debt coverage ratio for the City's enterprise bonds is 2.07. 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 and property tax has increased to start bringing the revenue growth rate in line with the needed 4% expenditure growth rate. Sales tax receipts for fiscal year 2009-2010 are only up 2.5% from the prior year. Sales tax receipts the first five months of fiscal year 2010-2011 also show little growth, growing less than 2% from the same period in fiscal year 2009-2010.

In general, Nebraska's economy has held up better than the national economy during the current economic downturn. Farm income grew as a result of gains in livestock and grain prices, and farmland prices continue to rise. Madison County's unemployment rate decreased .1% from 3.8% in December 2009 to 3.7% in December 2010. Norfolk's estimated population increased 4% from 23,272 in 2009 to 24,210 in 2010. Milk Specialties Company began operations at the former Protient plant in late 2009. Milk Specialties Company hired more than 30 employees that had previously been laid off when Protient closed. The City received a \$500,000 Community Development Block Grant through the Nebraska Department of Economic Development to loan to Milk Specialties Company as part of the purchase price of the facility.

A number of large construction projects were completed during the year. The largest project was the construction of a \$58 million bed tower at Faith Regional Health Services. Construction began in the fall of 2008 and patients began moving into the new addition in June 2010. Two construction projects were completed at Northeast Community College. A \$78 million college welcome center was opened on October 15, 2009. A new College of Nursing facility began operation the fall 2010 semester. The College completed a successful fundraising campaign for the facility raising about \$11.9 million and the City has agreed to contribute \$1 million to the project by making quarterly payments of \$50,000 for a five-year period. In the fall of 2010 the Nebraska Public Power District completed construction on an 87,000 square foot operation center in Norfolk with a cost of \$18.7 million. This facility brings four of NPPD's Norfolk area operations and customer service activities together in one location. Construction is set to begin on a new \$2 million building for the Norfolk Area Chamber of Commerce. The new building will house the Norfolk chapter of Service Corps of Retired Executives, the Norfolk Community Foundation, and the Nebraska Business Development Center in addition to the Norfolk Area Chamber of Commerce.

In June 2010 flooding along the Elkhorn River caused damage to the south side of the City. A railroad bridge that provides transportation for Nucor Steel, Norfolk Iron & Metal and Louis Dreyfus Commodities ethanol plant collapsed. Trucks were used instead of rail resulting in an additional 450 trucks per day traveling in the city. Reconstruction of the bridge began right after the flood and the rail line to Norfolk resumed operations in August 2010. Ta-Ha-Zouka Park and areas along the Cowboy Trail as well as some businesses and homes had damage from the flood. In Nebraska the damage is estimated to exceed \$16 million and has affected 53 counties.

In May 2010 voters approved an LB 840 economic development program. LB 840 was the legislative bill approved by the Nebraska Legislature in 1991 adopting the Local Option Municipal Economic Development Act. This Act authorizes cities to spend local sales or property tax revenue for economic development including offering incentives to attract business. This program authorizes collecting \$400,000 from property tax for each of the next ten years to be used for economic development starting in 2010-2011. The City has been working with local economic development partners to implement this program which will enhance the City's economic development efforts going forward.

At the November 2010 general election voters approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council enacted a 2% occupation tax on prepared food and beverages, which includes all alcoholic beverages, and a 4% occupation tax on lodging effective February 1, 2011.

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, 2010
With Summarized Financial Information as of September 30, 2009

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2010	2009
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 12,814,851	\$ 5,921,829	\$ 18,736,680	\$ 18,045,071
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	301,010	1,078,664	1,379,674	1,207,665
Taxes	1,752,800	-	1,752,800	1,630,024
Accrued Interest	19,813	23,093	42,906	238,902
Special Assessments	681,784	1,597	683,381	835,880
Notes Receivable	2,161,151	2,096	2,163,247	1,947,374
Due from Other Governmental Agencies	1,617,070	-	1,617,070	1,379,611
Inventories	24,147	240,384	264,531	267,087
Restricted Assets:				
Cash and Cash Equivalents	-	2,670,355	2,670,355	2,620,413
Bond Issue Costs	58,845	57,826	116,671	132,612
Land	7,679,288	1,953,581	9,632,869	9,621,486
Construction in Progress	3,094,997	980,885	4,075,882	3,079,799
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	32,064,805	33,789,396	65,854,201	66,667,210
Total Assets	62,270,561	46,719,706	108,990,267	107,673,134
LIABILITIES				
Accounts Payable	2,282,302	507,681	2,789,983	1,657,974
Unearned Revenue	18,268	-	18,268	-
Accrued Interest Payable	29,809	-	29,809	35,815
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	99,497	99,497	107,032
Revenue Bonds - Current	-	852,058	852,058	823,624
Noncurrent Liabilities:				
Due within one year:				
Notes Payable	85,714	-	85,714	32,738
General Obligation Bonds	450,000	-	450,000	500,000
Various Purpose Bonds	365,000	-	365,000	345,000
Compensated Absences and Benefits	751,185	118,181	869,366	806,029
Due in more than one year:				
Notes Payable	259,526	-	259,526	98,216
Revenue Bonds Payable	-	6,074,009	6,074,009	6,924,496
General Obligation Bonds	3,030,000	-	3,030,000	3,220,000
Various Purpose Bonds	1,695,000	-	1,695,000	2,060,000
Bond Anticipation Notes	525,000	-	525,000	340,000
Compensated Absences and Benefits	744,687	144,202	888,889	799,039
Total Liabilities	10,236,491	7,795,628	18,032,119	17,749,963
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	36,774,090	29,797,795	66,571,885	65,155,375
Restricted for:				
Debt Service	1,193,594	1,864,257	3,057,851	3,064,077
Future Capital Assets	-	706,601	706,601	667,435
Unrestricted	14,066,386	6,555,425	20,621,811	21,036,284
Total Net Assets	\$ 52,034,070	\$ 38,924,078	\$ 90,958,148	\$ 89,923,171

CITY OF NORFOLK, NEBRASKA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010
With Summarized Financial Information for the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2010	2009
Primary Government:								
Governmental Activities:								
General Government	\$ 2,940,797	\$ 386,342	\$ 10,183	\$ -	\$ (2,544,272)		\$ (2,544,272)	\$ (1,928,925)
Public Safety	8,137,286	922,686	433,191	68,089	(6,713,320)		(6,713,320)	(6,231,604)
Public Works	5,477,606	122,459	1,844,663	162,271	(3,348,213)		(3,348,213)	(1,866,428)
Public Library	1,163,623	24,134	11,181	101,500	(1,026,808)		(1,026,808)	(1,139,915)
Parks, Recreation and Public Property	1,599,713	139,042	-	5,544	(1,455,127)		(1,455,127)	(1,355,204)
Community Improvement and Development	1,287,249	115,146	825,367	-	(346,736)		(346,736)	(521,820)
Debt Service	218,415	-	-	-	(218,415)		(218,415)	(272,480)
Total governmental activities	<u>20,824,689</u>	<u>1,709,809</u>	<u>3,124,585</u>	<u>337,404</u>	<u>(15,652,891)</u>		<u>(15,652,891)</u>	<u>(13,316,376)</u>
Business-Type Activities:								
Water Division	1,977,520	2,487,553	-	246,470		756,503	756,503	471,196
Sewer Division	2,696,190	2,838,860	-	17,410		160,080	160,080	(179,842)
Solid Waste Division	1,668,167	1,759,703	-	-		91,536	91,536	119,486
Total Business-Type Activities:	<u>6,341,877</u>	<u>7,086,116</u>	<u>-</u>	<u>263,880</u>		<u>1,008,119</u>	<u>1,008,119</u>	<u>410,840</u>
Total Primary Government	<u>\$27,166,566</u>	<u>\$ 8,795,925</u>	<u>\$ 3,124,585</u>	<u>\$ 601,284</u>	<u>(15,652,891)</u>	<u>1,008,119</u>	<u>(14,644,772)</u>	<u>(12,905,536)</u>
General Revenues:								
Property taxes					2,694,271	-	2,694,271	1,944,230
Sales Taxes					6,919,663	-	6,919,663	6,760,144
Other taxes					240,021	-	240,021	199,591
Occupation and Franchise Taxes					971,022	-	971,022	873,472
Interest					106,069	66,938	173,007	416,512
General Intergovernmental Revenues Unrestricted					289,270	-	289,270	260,190
Unrestricted Keno Revenue					359,060	-	359,060	428,302
Use of property					3,822,961	-	3,822,961	3,418,900
Revenue from Sale of Uncapitalized Property					57,129	-	57,129	44,059
Miscellaneous					153,345	-	153,345	363,181
Total general revenues and transfers					<u>15,612,811</u>	<u>66,938</u>	<u>15,679,749</u>	<u>14,708,581</u>
Change in net assets					(40,080)	1,075,057	1,034,977	1,803,045
Net assets - beginning					<u>52,074,150</u>	<u>37,849,021</u>	<u>89,923,171</u>	<u>88,120,126</u>
Net assets - ending					<u>\$ 52,034,070</u>	<u>\$ 38,924,078</u>	<u>\$90,958,148</u>	<u>\$ 89,923,171</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2010

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assesments	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Equity in Pooled Investment Account	\$ 3,177,557	\$ 2,954,754	\$ 187,521	\$ 1,093,491	\$ 213,587	\$ 2,388,633	\$ 10,015,543
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	237,891	-	-	-	-	63,119	301,010
Taxes	1,605,622	-	-	128,051	-	19,127	1,752,800
Accrued Interest	5,143	4,775	303	1,861	251	2,956	15,289
Special Assessments	1,109	-	-	680,675	-	-	681,784
Notes Receivable	-	-	2,085,222	-	-	75,929	2,161,151
Due from Other Funds	6,567	-	-	-	-	-	6,567
Due from Other Governmental Agencies	1,325,496	219,320	18,431	-	-	53,823	1,617,070
Inventories	24,147	-	-	-	-	-	24,147
Total Assets	6,383,532	3,178,849	2,291,477	1,904,078	213,838	2,603,587	16,575,361
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	272,648	771,049	45,427	-	24,528	460,531	1,574,183
Due to Other Funds	-	-	-	-	-	6,567	6,567
Deferred Revenue	1,109	-	2,085,222	680,675	-	94,197	2,861,203
Bond Anticipation Notes	-	-	-	-	525,000	-	525,000
Total Liabilities	273,757	771,049	2,130,649	680,675	549,528	561,295	4,966,953
Fund Balances:							
Reserved for:							
Encumbrances	55,561	526,792	-	-	160,238	33,561	776,152
Hazardous Waste	29,970	-	-	-	-	-	29,970
WW II Memorial	10,509	-	-	-	-	-	10,509
Debt Service	-	-	-	1,223,403	-	-	1,223,403
Inventories	24,147	-	-	-	-	-	24,147
Unreserved:							
General fund	5,989,588	-	-	-	-	-	5,989,588
Special revenue funds	-	1,881,008	160,828	-	-	775,544	2,817,380
Capital projects funds	-	-	-	-	(495,928)	1,233,187	737,259
Total Fund Balances	6,109,775	2,407,800	160,828	1,223,403	(335,690)	2,042,292	11,608,408
Total Liabilities and Equity	\$ 6,383,532	\$ 3,178,849	\$ 2,291,477	\$ 1,904,078	\$ 213,838	\$ 2,603,587	\$ 16,575,361

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, 2010

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

Total Fund Balance - Governmental Funds (page 31)	\$ 11,608,408
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	42,839,090
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.	2,095,713
Deferred revenues that provide current financial resources for governmental activities	2,842,935
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(29,809)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	58,845
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(7,381,112)</u>
Total Net Assets - Governmental Activities (page 29)	<u><u>\$ 52,034,070</u></u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2010

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Other Governmental Funds	Total Governmental Funds
Revenue:							
Taxes	\$ 8,826,407	\$ -	\$ -	\$ 701,669	\$ -	\$ 85,858	\$ 9,613,934
Special Assessments	-	-	-	151,392	-	-	151,392
Licenses and Permits	233,786	-	-	-	-	-	233,786
Intergovernmental Revenue	636,958	1,833,024	552,252	26,219	-	798,308	3,846,761
Charges for Services	1,330,223	-	-	-	-	-	1,330,223
Keno Revenue	359,060	-	-	-	-	-	359,060
Occupation and Franchise Taxes	756,281	-	-	-	-	337,398	1,093,679
Contributions	15,018	18,502	-	-	18,503	20,211	72,234
Payments in Lieu of Taxes	81,693	-	-	35,671	-	-	117,364
Parking Fees and Rentals	3,817,810	-	-	-	-	12,236	3,830,046
Loan Repayments	-	-	69,186	-	-	13,233	82,419
Interest	-	6,937	761	52,579	505	10,487	71,269
Miscellaneous	215,143	-	868	-	-	16,145	232,156
Total Revenue	16,272,379	1,858,463	623,067	967,530	19,008	1,293,876	21,034,323
Current Expenditures:							
Public Safety	7,447,983	-	-	-	-	526,916	7,974,899
Public Works	2,723,160	1,735,566	-	20	2,531	391,884	4,853,161
Public Library	1,144,939	-	-	-	-	340,933	1,485,872
Parks, Recreation and Public Property	1,444,469	-	-	-	-	75,300	1,519,769
Community Improvement and Development	405,944	-	630,730	-	-	523,384	1,560,058
General Government	2,407,253	-	-	-	-	12,717	2,419,970
Debt Service:							
Debt Service	611	-	35,714	1,039,228	6,222	23,360	1,105,135
Capital Outlays:							
Capital Outlay	-	-	-	-	159,664	-	159,664
Total Expenditures	15,574,359	1,735,566	666,444	1,039,248	168,417	1,894,494	21,078,528
Excess (deficiency) of revenues over expenditures	698,020	122,897	(43,377)	(71,718)	(149,409)	(600,618)	(44,205)
Other financing sources (uses):							
Bonds Issued	-	-	-	-	-	401,500	401,500
Transfers In	889,790	-	-	89,125	-	1,089,681	2,068,596
Transfers Out	(1,178,806)	(415,000)	-	(47,950)	-	(426,840)	(2,068,596)
Total other financing sources (uses)	(289,016)	(415,000)	-	41,175	-	1,064,341	401,500
Net Change in Fund Balance	409,004	(292,103)	(43,377)	(30,543)	(149,409)	463,723	357,295
Fund balances (deficits)-beginning of year	5,700,771	2,699,903	204,205	1,253,946	(186,281)	1,578,569	11,251,113
Fund balances (deficits) - end of year	\$ 6,109,775	\$ 2,407,800	\$ 160,828	\$ 1,223,403	\$ (335,690)	\$ 2,042,292	\$ 11,608,408

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2010

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

Net change in fund balances - total governmental funds (page 33)	\$	357,295
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays were exceeded by depreciation expense in the current year as follows:</p>		
Expenditures for capital assets	\$	1,876,129
Depreciation expense	<u>(2,146,469)</u>	(270,340)
<p>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.</p>		
		(6,511)
<p>Revenues reported in the funds that are not available to provide current financial resources</p>		
		67,625
<p>Accrued interest expense that does not require current financial resources</p>		
		6,006
<p>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:</p>		
		(105,649)
<p>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.</p>		
		(452,916)
<p>The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:</p>		
		(510,000)
<p>The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities</p>		
		(6,304)
<p>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:</p>		
		<u>880,714</u>
Change in net assets of governmental activities (page 30)	\$	<u>(40,080)</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET ASSETS
Proprietary Funds
September 30, 2010

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 5,921,829	\$ 2,799,308
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,078,664	-
Accrued Interest	23,093	4,524
Special Assessments	1,597	-
Restricted Cash		
Cash and Cash Equivalents	951,555	-
Inventories	240,384	-
Total current assets	<u>8,217,122</u>	<u>2,803,832</u>
Noncurrent assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,718,800	-
Notes Receivable	2,096	-
Bond Acquisition Costs	57,826	-
Capital assets:		
Land	1,953,581	-
Construction in Progress	980,885	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	33,789,396	-
Total noncurrent assets	<u>38,502,584</u>	<u>-</u>
Total Assets	<u>46,719,706</u>	<u>2,803,832</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	507,681	708,119
Accrued Wages and Compensated Absences	118,181	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	99,497	-
Revenue Bonds - Current	852,058	-
Total current liabilities	<u>1,577,417</u>	<u>708,119</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	6,074,009	-
Compensated Absences and Benefits, Long-Term	144,202	-
Total noncurrent liabilities	<u>6,218,211</u>	<u>-</u>
Total Liabilities	<u>7,795,628</u>	<u>708,119</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	29,797,795	-
Restricted for:		
Debt Service	1,864,257	-
Future Capital Assets	706,601	-
Unrestricted	6,555,425	2,095,713
Total Net Assets	<u>\$ 38,924,078</u>	<u>\$ 2,095,713</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, 2010

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 7,039,229	\$ 2,078,824
Miscellaneous Income	46,887	-
Total Operating Revenue	7,086,116	2,078,824
Operating Expenses:		
Payroll and Related Taxes and Benefits	1,903,507	-
Purchased Services	997,953	-
General and Administration	559,022	2,567,562
Repairs and Maintenance	793,868	-
Utilities	536,647	-
Depreciation and Amortization	1,221,901	-
Total Operating Expenses	6,012,898	2,567,562
Operating Income	1,073,218	(488,738)
Non-Operating Income (Expense):		
Interest Income	68,280	35,822
Market Value (Loss)	(1,342)	-
(Loss) on Disposal of Capital Assets	(42,007)	-
Interest Expense	(286,972)	-
Total Non-Operating Income (Expenses)	(262,041)	35,822
Income before contributions and transfers	811,177	(452,916)
Capital contributions	263,880	-
Change in Net Assets	1,075,057	(452,916)
Net Assets - Beginning	37,849,021	2,548,629
Net Assets - Ending	\$ 38,924,078	\$ 2,095,713

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2010

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 6,900,177	\$ 2,078,824
Cash Paid to Suppliers for Goods and Services	(2,875,700)	(2,147,110)
Cash Paid to Employees for Services	(1,855,969)	-
Net Cash Provided (Used) by Operating Activities	<u>2,168,508</u>	<u>(68,286)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,227,076)	-
Proceeds from Sales of Capital Assets	10,463	-
Change in Advance to Other Funds	12,217	-
Principal Paid on Notes and Bonds	(823,624)	-
Interest Paid on Notes and Bonds	(294,507)	-
Payments on Note Receivable	8,766	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(2,313,761)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>146,823</u>	<u>64,363</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,570	(3,923)
Cash and Cash Equivalents at Beginning of Year	<u>8,590,614</u>	<u>2,803,231</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,592,184</u>	<u>\$ 2,799,308</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2010

	<u>Business Type Activities Combined Utilities</u>	<u>Governmental Activities Internal Service</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,073,218	\$ (488,738)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,221,901	-
(Increase) Decrease in Assets:		
Accounts Receivable	(187,470)	-
Special Assessments	1,531	-
Increase (Decrease) in Liabilities:		
Accounts Payable	11,789	420,452
Accrued Compensated Absences	47,538	-
Total Adjustments	<u>1,095,289</u>	<u>420,452</u>
Net Cash Provided (Used) by Operating Activities	<u>2,168,507</u>	<u>(68,286)</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Developers Contribution of Distribution System	<u>263,880</u>	-
Accounts Payable Exchanged for Capital Assets	<u>316,684</u>	-
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:		
Cash and Equity in Pooled Investment Account	5,921,829	2,799,308
Restricted Cash	2,670,355	-
	<u>\$ 8,592,184</u>	<u>\$ 2,799,308</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds
September 30, 2010

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 488,741
Guaranteed Insurance Contracts Managed by Trustee	11,259,693	-
Open Ended Mutual Funds Managed by Trustee	14,554,487	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Taxes	-	38,329
Total Current Assets	<u>25,814,180</u>	<u>527,070</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	527,070
Total Current Liabilities	<u>-</u>	<u>527,070</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 25,814,180</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, 2010

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 692,923
Employee	<u>685,418</u>
Total Contributions	<u>1,378,341</u>
Investment Income:	
Interest, Dividends and Market Gain	<u>1,884,027</u>
Total Additions	<u>3,262,368</u>
DEDUCTIONS	
Pension Benefits	167,713
Contribution Refunds	449,828
Administrative Costs	<u>9,778</u>
Total Deductions	<u>627,319</u>
Net Increase	2,635,049
Net Assets -- Beginning of Period	<u>23,179,131</u>
Net Assets -- End of Period	<u><u>\$ 25,814,180</u></u>

See Accompanying Notes to Financial Statements

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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. Exceptions to this general rule are interfund services provided and other charges between the government's combined utilities function and various other functions of the government.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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, 2010, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.
4. Proprietary Fund Types – Contributions of capital assets are treated as revenue and capital assets. Contributions and grants received for operating purposes are included in revenues when earned.

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

5. Estimated Unbilled Enterprise Revenue – Within the City's enterprise fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year involved. The receivable was arrived at by taking the cycle billings the City sent the customer in October and November and prorating the amount of days applicable to the current year.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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. Other long term obligations are recognized as fund liability when amounts are due and payable rather than when amounts are expected to be liquidated with expendable available financial resources. A liability is recognized for that portion of accumulating sick leave benefits in which the employee becomes vested after twenty years of service. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2010. 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. Other long-term obligations (e.g. compensated absences, claims and judgments, etc.) are recognized as fund liabilities when amounts are due and payable. The remaining portion of such obligations is reported in the government-wide financial statement. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.
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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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, 2010, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 4,168,719
Money Market Account (at cost)	7,017,856
Certificates of Deposit (Cost = Fair Value)	9,480,000
Unites States Treasury Note (at Fair Value)	<u>740,460</u>
	<u>\$21,407,035</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2010 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	\$740,460

B. Investments Managed by Trustee:

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

Under this arrangement, the insurance company guarantees the City a minimum rate of return. If the rate of return on the general assets of the insurance company exceeds the guaranteed rate of return, the City's investments are credited with the actual rate of return. These guaranteed insurance contracts are not marketable. Any withdrawals from these accounts are at cost plus accumulated earnings and these insurance contracts are valued on that basis. At September 30, 2010, \$11,259,693 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, 2010, amounted to \$14,554,487.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2010:

	Enterprise Fund
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 969,650
Revenue bond account	639,104
Operation and maintenance account	<u>355,000</u>
	1,963,755
Pursuant to grant agreements:	
Improvement and extension account	<u>706,601</u>
	<u><u>\$2,670,355</u></u>

Restricted cash is recorded at cost, which approximates fair 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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

Interest Rate Risk: The City's investment policy for operating funds is limited to certificates of deposit with a maturity of 1 year or less.

Credit Risk: The City's investments at September 30, 2010 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, 2010, are net of allowance for uncollectibles. The allowance for uncollectibles in the general fund was \$155,000 at September 30, 2010.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2010, short-term interfund borrowings were as follows:

<u>Fund Due to</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Non-major Governmental Funds	<u>\$6,567</u>

The purpose of this interfund balance is to finance short-term cash flow shortages.

As of September 30, 2010, there was no long-term advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2009	Additions	Deletions	Reclass	Balance September 30, 2010
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 7,667,905	\$ 11,383	\$ -	\$ -	\$ 7,679,288
Construction in Progress	2,642,064	644,520	191,587	-	3,094,997
Total capital assets not being depreciated	10,309,969	655,903	191,587	-	10,774,285
Capital assets being depreciated:					
Buildings and improvements	9,566,851	-	-	-	9,566,851
Equipment, furniture and fixtures	9,951,259	704,549	439,273	86,842	10,303,377
Infrastructure	38,053,291	701,513	-	-	38,754,804
Total capital assets being depreciated	57,571,401	1,406,062	439,273	86,842	58,625,032
Less: Accumulated Depreciation for:					
Buildings and improvements	4,965,069	196,170	12,414	-	5,148,825
Equipment, furniture and fixtures	6,922,736	680,009	420,348	81,091	7,263,488
Infrastructure	12,877,624	1,270,290	-	-	14,147,914
Total accumulated depreciation	24,765,429	2,146,469	432,762	81,091	26,560,227
Total capital assets being depreciated, net	32,805,972	(740,407)	6,511	5,751	32,064,805
Governmental activities capital assets, net	\$ 43,115,941	\$ (84,504)	\$ 198,098	\$ 5,751	\$ 42,839,090

Construction in progress at September 30, 2010, for the governmental activities consisted of costs associated with Downtown sidewalk and street improvements, 25th St Improvement, Land option to buy 1006 S 8th St, Library Energy Upgrades, PD 501 Glenn St and PD-502 Walters E Knolls.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2009	Additions	Deletions	Reclass	Balance September 30, 2010
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 1,953,581	\$ -	\$ -	\$ -	\$ 1,953,581
Construction in Progress	437,735	1,336,748	793,598	-	980,885
Total capital assets not being depreciated	2,391,316	1,336,748	793,598	-	2,934,466
Capital assets being depreciated:					
Water and pollution control plant	26,854,015	14,955	22,821	-	26,846,149
Water distribution and sewage system	23,345,869	828,245	-	-	24,174,114
Equipment	4,382,551	359,190	308,356	(86,842)	4,346,543
Total capital assets being depreciated	54,582,435	1,202,390	418,019	(86,842)	55,366,806
Less: Accumulated Depreciation for:					
Water and pollution control plant	14,435,448	835,493	22,821	-	15,248,120
Water distribution and sewage system	4,080,737	214,726	-	-	4,295,463
Equipment, furniture and fixtures	2,205,012	160,473	331,658	(81,091)	2,033,827
Total accumulated depreciation	20,721,197	1,210,692	354,479	(81,091)	21,577,410
Total capital assets being depreciated, net	33,861,238	(8,302)	63,540	(5,751)	33,789,396
Business-type activities capital assets, net	\$ 36,252,554	\$ 1,328,446	\$ 857,138	\$ (5,751)	\$ 36,723,862

Construction in progress at September 30, 2010 consisted of costs associated with the Booster Station south of Benjamin Ave and Victory Road, land option 306 E Monroe Ave, Southwest Interceptor Routing Study, Sewer Line Renovation and Household Hazardous Waste Facility.

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

Governmental Activities:	
General Government	\$ 59,929
Public Safety	493,059
Public Works	1,401,578
Parks, Recreation, and Public Property	149,131
Public Library	32,675
Community Improvement and Development	10,097
Total depreciation expense – governmental activities	<u>\$ 2,146,469</u>
Business-Type Activities:	
Solid Waste Management	\$ 71,103
Water	439,926
Sewer	699,663
Total depreciation expense – business-type activities	<u>\$ 1,210,692</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 7,679,288	\$ 1,953,581
Construction in Progress	3,094,997	980,885
Capital Assets (Net of Accumulated Depreciation)	32,064,805	33,789,396
Less: General Obligation Bonds Payable	3,480,000	-
Various Purpose Bonds Payable	2,060,000	-
Bond Anticipation Notes	525,000	-
Revenue Bonds Payable	-	6,926,067
Invested in Capital Assets, Net of Related Debt	\$ 36,774,090	\$ 29,797,795

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bond anticipation notes for the period ended September 30, 2010 were as follows:

	Balance October 1, 2009	Additions	Retirements	Balance September 30, 2010	Due Within One Year
.90% to 1.80%, maturity September 2012	\$ 340,000	\$ 185,000	\$ -	\$ 525,000	\$ -

Changes in bonds payable and other long-term obligations for the period ended September 30, 2010 were as follows:

	Balance October 1, 2009	Additions	Retirements	Balance September 30, 2010	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assess- ment bonds) .75% to 5.30%, Various maturities through 2029	\$ 3,720,000	\$ 260,000	\$ 500,000	\$ 3,480,000	\$ 450,000
Special assessment bonds, with City commitment, 1.45% to 4.60%, various maturities through 2019	2,405,000	-	345,000	2,060,000	365,000
Note Payable	130,954	250,000	35,714	345,240	85,714
Accrued compensated absences	1,390,223	803,963	698,314	1,495,872	751,185
Total Governmental Activities	\$7,646,177	\$1,313,963	\$1,579,028	\$7,381,112	\$1,651,899

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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

Business Type Activities:	Balance October 1, 2009	Additions	Retirements	Balance September 30, 2010	Due Within One Year
Revenue Bonds, 3.4% to 5.20%, various maturities through 2024	\$ 6,820,000	\$ -	\$ 710,000	\$ 6,110,000	\$ 735,000
State Revolving Loan Fund Bond, 3.00% maturing 2017	940,690	-	113,624	827,066	117,058
Accrued Compensated absences	214,845	155,253	107,715	262,383	118,181
Total Business Type Activities	7,975,535	155,253	931,339	7,199,449	970,239
Grand Total	\$15,621,712	\$1,469,216	\$2,510,367	\$14,580,561	\$2,622,138

The revenue bonds are presented on the statement of net assets net of unamortized bond discounts of \$10,999.

Annual debt service requirements as of September 30, 2010 for general obligation and enterprise fund debt, including interest of \$2,305,806 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
2011	\$ 450,000	\$ 131,377	\$ 365,000	\$ 62,803	\$ 852,058	\$ 265,917
2012	460,000	115,794	225,000	51,768	880,596	234,869
2013	485,000	98,887	235,000	46,515	879,241	201,825
2014	500,000	80,465	240,000	40,343	837,997	168,496
2015	385,000	63,553	250,000	33,228	876,865	135,541
2016	410,000	48,446	175,000	25,403	865,851	99,919
2017	375,000	32,822	185,000	20,065	829,458	63,883
2018	75,000	17,561	190,000	13,960	110,000	43,488
2019	80,000	14,688	195,000	7,215	120,000	37,908
2020	40,000	11,558	-	-	125,000	31,843
2021	40,000	10,083	-	-	130,000	25,435
2022	40,000	8,543	-	-	135,000	18,710
2023	15,000	6,950	-	-	145,000	11,534
2024	20,000	6,070	-	-	150,000	3,900
2025	20,000	5,035	-	-	-	-
2026	20,000	3,975	-	-	-	-
2027	20,000	2,915	-	-	-	-
2028	20,000	1,853	-	-	-	-
2029	25,000	663	-	-	-	-
	\$3,480,000	\$ 661,238	\$ 2,060,000	\$ 301,300	\$6,937,066	\$1,343,268

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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 2024. Annual principal and interest payments on the bonds are expected to require less than 16% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,280,334. Principal and interest paid for the current year and total customer net revenues were \$1,110,596 and \$7,154,396, 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 2nd 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 2% of net revenues. The total principal and interest remaining to be paid on the bonds is \$341,665. Principal and interest paid for the current year and total sales tax revenues were \$89,125 and \$6,919,663, respectively.

On August 25, 2009 the City issued \$340,000 special assessment bond anticipation notes with a maturity of September 1, 2012 and an interest rate of 1.80%. This bond was to pay for improvements for Paving District #495 and 501.

On September 16, 2010 the City issued \$185,000 special assessment bond anticipation notes with a maturity of September 1, 2012 and an interest rate of .90%. This bond was to pay for improvements for Paving District #493 and 502.

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, 2010 was \$95,240.

On June 22, 2010, the City loaned \$250,000 to Milk Specialties through a Community Development Block Grant. This \$250,000 is owed back to the State of Nebraska. Milk Specialties will begin making payments to the City October 1, 2010 and in turn the City is remitting those payments to the State. The loan has an interest rate of 0% for 5 years. The balance of the loan as of September 30, 2010 was \$250,000.

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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 7 – TRANSFERS

The following is a summary of transfers between funds:

	Governmental Fund Types			Total
	General	Debt Service	Nonmajor Governmental	Transfer Out
General	\$ -	\$ 89,125	\$ 1,089,681	\$ 1,178,806
City Highway Allocation	415,000	-	-	415,000
Nonmajor Governmental	426,840	-	-	426,840
Debt Service	47,950	-	-	47,950
Transfer In	<u>\$ 889,790</u>	<u>\$ 89,125</u>	<u>\$ 1,089,681</u>	<u>\$ 2,068,596</u>

Transfers are used to:

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

NOTE 8 - EMPLOYEE PENSION PLANS

The City has three single-employer retirement systems covering City employees. The City and covered employees make contributions to these retirement plans. The total payroll for all employees during the period ended September 30, 2010 was \$10,365,041 of which \$9,232,258 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. Plan provisions, including contribution requirements, are established and amended by City ordinances. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. The City contributes an amount up to 6% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employer contributions to this plan totaled \$325,312, and employee contributions totaled \$462,527.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 8 - EMPLOYEE PENSION PLANS (CONTINUED)

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	17
Active Employees:	
Non-vested	16
Partially vested	13
Fully vested	102
Total membership	<u>148</u>

Police and Firemen's Retirement Systems

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

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

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

	Police Retirement System	Firemen's Retirement System	Total
Current covered employees:			
Non-vested	14	5	19
Partially vested	7	3	10
Fully vested	22	23	45
	43	31	74
Retirees and beneficiaries currently			
Receiving benefits from the plan	-	-	-
Terminated employees entitled to,			
But not yet receiving benefits	12	1	13
Total active and inactive participants	55	32	87

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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) -Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Fire						
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%
2009	5,764,455	5,764,455	-	100.0%	1,532,259	0.00%
2010	6,473,699	6,473,699	-	100.0%	1,614,224	0.00%
Police						
2002	3,070,458	3,070,458	-	100.0%	1,485,186	0.00%
2003	3,488,992	3,488,992	-	100.0%	1,645,314	0.00%
2004	3,788,812	3,788,812	-	100.0%	1,796,690	0.00%
2005	4,178,798	4,178,798	-	100.0%	1,867,048	0.00%
2006	4,572,173	4,572,173	-	100.0%	1,845,479	0.00%
2007	5,048,089	5,048,089	-	100.0%	1,787,394	0.00%
2008	4,812,827	4,812,827	-	100.0%	1,878,457	0.00%
2009	4,982,489	4,982,489	-	100.0%	1,882,616	0.00%
2010	5,562,521	5,562,521	-	100.0%	1,966,089	0.00%

Schedule of Employer Contributions

Fiscal Year Ended	<u>Fire</u>		<u>Police</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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%
2009	199,195	100%	112,957	100%
2010	209,851	100%	117,965	100%

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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, 2009. The actuarial value of assets is market or contract value as more fully discussed in note 2. B. to these statements. The City uses the Frozen Entry Age Normal actuarial method for reporting and disclosure purposes. Any actuarial gains or losses are amortized, as a level percentage of projected payroll, over the future working careers of covered participants. 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 6% return on plan assets and 4% annual salary increases, 3% of which is assumed to be due to inflation and 1% assumed to be due to merit pay increases. 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, 2010.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$2,163,674. \$589,905 will be paid from the City Highway Allocation Fund, \$1,323,833 will be paid from the Capital Construction Fund, \$69,650 will be paid from the Vehicle Parking Fund, \$172,211 will be paid out of the Special Assessment Fund and \$8,075 will be paid from the Community Development Block Grant Fund. The City also entered into various contracts for Water Improvement Projects. The remaining commitment under these contracts is approximately \$1,000,772 and will be paid by the Water Division.

The City of Norfolk passed a resolution on May 5, 2008 to make quarterly payments in the amount of \$50,000 each over a 5 year period to Northeast Community College Foundation declaring its intent to support the College of Nursing Northern Division Capital Campaign. The commitment will be paid from the revenue generated from the leasing of the City's electrical distribution system to NPPD after September 30, 2009. As of September 30, 2010 the City has paid \$200,000 towards the College of Nursing Northern Division Capital Campaign.

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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 10 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

A. The following funds had a deficit balance as of September 30, 2010:

Capital Project Fund	Special Assessment	(\$335,690)
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B. The City maintains the following insurance coverage on the water and sewage treatment and solid waste facilities of the Enterprise Fund:

Fire and extended coverage with a \$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.

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

CONDENSED STATEMENT OF NET ASSETS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Assets:				
Current assets	\$ 5,576,715	\$1,167,177	\$ 521,675	\$ 7,265,567
Restricted assets	406,646	1,990,844	272,865	2,670,355
Noncurrent assets	2,096	57,826	-	59,922
Capital assets	22,953,372	12,936,007	834,483	36,723,862
Total assets	28,938,829	16,151,854	1,629,023	46,719,706
Liabilities:				
Current liabilities	654,979	709,262	213,176	1,577,417
Noncurrent liabilities	2,252,321	3,713,681	252,209	6,218,211
Total liabilities	2,907,300	4,422,943	465,385	7,795,628
Net assets:				
Invested in capital assets, net of related debt	20,551,306	8,734,006	512,483	29,797,795
Restricted	362,200	1,943,045	265,613	2,570,858
Unrestricted	5,118,023	1,051,860	385,542	6,555,425
Total net assets	\$26,031,529	\$11,728,911	\$ 1,163,638	\$38,924,078

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2010

NOTE 10 - INDIVIDUAL FUND DISCLOSURES (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues	\$2,487,553	\$2,838,860	\$1,759,703	\$ 7,086,116
Depreciation and amortization	439,926	710,872	71,103	1,221,901
Other operating expenses	1,436,416	1,818,104	1,536,477	4,790,997
Operating income	611,211	309,884	152,123	1,073,218
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(101,178)	(167,214)	(18,580)	(286,972)
Interest income	29,006	36,634	2,640	68,280
Market Value Gain	-	(1,342)	-	(1,342)
(Loss) on disposal of Capital Assets	-	-	(42,007)	(42,007)
Capital Contributions	246,470	17,410	-	263,880
Change in net assets	785,509	195,372	94,176	1,075,057
Beginning net assets	25,246,020	11,533,539	1,069,462	37,849,021
Ending net assets	\$26,031,529	\$11,728,911	\$ 1,163,638	\$38,924,078

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CONDENSED STATEMENT OF CASH FLOWS				
Net cash provided (used) by:				
Operating activities	\$ 977,915	\$ 994,371	\$196,222	\$ 2,168,508
Capital and related financing activities	(1,109,935)	(1,015,060)	(188,766)	(2,313,761)
Investing activities	83,374	55,228	8,221	146,823
Net increase (decrease)	(48,646)	34,539	15,677	1,570
Beginning cash and cash equivalents	5,333,028	2,706,498	551,088	8,590,614
Ending cash and cash equivalents	\$5,284,382	\$2,741,037	\$ 566,765	\$ 8,592,184

Individual Fund Information for the Employee Retirement Funds follows:

COMBINING STATEMENT OF NET ASSETS

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$3,273,957	\$2,861,474	\$5,124,262	\$11,259,693
Open Ended Mutual Funds	3,199,742	2,701,047	8,653,698	14,554,487
Total Assets	6,473,699	5,562,521	13,777,960	25,814,180
NET ASSETS				
Held in Trust for Pension			13,777,960	25,814,180

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

NOTE 10 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

COMBINING STATEMENT OF CHANGES IN NET ASSETS

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 224,645	\$ 142,966	\$ 325,312	\$ 692,923
Employee	<u>104,926</u>	<u>117,965</u>	<u>462,527</u>	<u>685,418</u>
Total Contributions	<u>329,571</u>	<u>260,931</u>	<u>787,839</u>	<u>1,378,341</u>
Investment Income:				
Interest, Dividends and Market Gains (Losses)	<u>465,500</u>	<u>376,810</u>	<u>1,041,717</u>	<u>1,884,027</u>
Total Additions	<u>795,071</u>	<u>637,741</u>	<u>1,829,556</u>	<u>3,262,368</u>
DEDUCTIONS				
Pension Benefits	80,786	14,400	72,527	167,713
Administration	2,738	3,040	4,000	9,778
Contribution Refunds	<u>2,303</u>	<u>40,269</u>	<u>407,256</u>	<u>449,828</u>
Total Deductions	<u>85,827</u>	<u>57,709</u>	<u>483,783</u>	<u>627,319</u>
Net Increase	709,244	580,032	1,345,773	2,635,049
Net Assets -- Beginning of Period	<u>5,764,455</u>	<u>4,982,489</u>	<u>12,432,187</u>	<u>23,179,131</u>
Net Assets -- End of Period	<u><u>\$6,473,699</u></u>	<u><u>\$5,562,521</u></u>	<u><u>\$ 13,777,960</u></u>	<u><u>\$25,814,180</u></u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2010

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 \$100,000 for property or \$300,000 for liability per single loss, or a combined loss of \$5 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, 2009 to September 30, 2010. 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, 2010 claims liability of \$259,049 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, 2010 and the year ending September 30, 2009 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2009	\$233,112	\$1,438,329	\$1,412,392	\$259,049
2010	\$259,049	\$2,149,794	\$1,731,024	\$677,819

NOTE 12 - SUBSEQUENT EVENTS

On November 2, 2010 the voters of City of Norfolk approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council passed an ordinance on November 15, 2010 to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011.

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REQUIRED SUPPLEMENTARY INFORMATION

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
For the Year Ended September 30, 2010

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 8,651,721	\$ 8,680,149	\$ 28,428
Licenses and Permits	251,635	224,302	(27,333)
Intergovernmental Revenue	528,747	634,626	105,879
Charges for Services	1,391,222	1,353,470	(37,752)
Occupation and Franchise Taxes	697,500	770,067	72,567
Payments in Lieu of Taxes	46,000	81,693	35,693
Contributions	1,000	15,018	14,018
Loan Repayments	-	-	-
Rental Income	3,550,150	3,614,926	64,776
Interest	43,200	31,511	(11,689)
Keno Revenue	500,000	355,238	(144,762)
Miscellaneous	58,000	235,387	177,387
Total Revenue	<u>15,719,175</u>	<u>15,996,387</u>	<u>277,212</u>
Current Expenditures:			
Public Safety	7,909,606	7,451,046	458,560
Public Works	2,829,994	2,723,590	106,404
Public Library	1,228,037	1,146,219	81,818
Parks, Recreation and Public Property	1,569,217	1,454,916	114,301
Community Improvement and Development	427,192	404,912	22,280
General Government	3,013,178	2,523,320	489,858
Total Expenditures	<u>16,977,224</u>	<u>15,704,003</u>	<u>1,273,221</u>
Excess (deficiency) of revenues over expenditures	<u>(1,258,049)</u>	<u>292,384</u>	<u>1,550,433</u>
Other financing sources (uses):			
Transfers In	793,000	889,790	96,790
Transfers Out	(1,314,073)	(1,191,634)	122,439
Total other financing sources (uses)	<u>(521,073)</u>	<u>(301,844)</u>	<u>219,229</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,779,122)</u>	<u>(9,460)</u>	<u>\$ 1,769,662</u>
Fund balances-beginning of year		<u>3,193,584</u>	
Fund balances- end of year		<u>\$ 3,184,124</u>	

City Highway Allocation Fund			Community Development Block Grant Fund		
Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,549,323	1,822,171	(727,152)	627,631	535,901	(91,730)
-	-	-	-	-	-
-	-	-	-	-	-
-	18,502	18,502	-	-	-
-	-	-	80,714	69,186	(11,528)
-	-	-	-	-	-
42,200	38,623	(3,577)	2,300	4,121	1,821
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,591,523</u>	<u>1,879,296</u>	<u>(712,227)</u>	<u>710,645</u>	<u>609,208</u>	<u>(101,437)</u>
-	-	-	-	-	-
4,139,000	1,600,662	2,538,338	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	945,587	658,612	286,975
-	-	-	-	-	-
<u>4,139,000</u>	<u>1,600,662</u>	<u>2,538,338</u>	<u>945,587</u>	<u>658,612</u>	<u>286,975</u>
<u>(1,547,477)</u>	<u>278,634</u>	<u>1,826,111</u>	<u>(234,942)</u>	<u>(49,404)</u>	<u>185,538</u>
-	-	-	-	-	-
(415,000)	(415,000)	-	-	-	-
(415,000)	(415,000)	-	-	-	-
<u>\$ (1,962,477)</u>	<u>(136,366)</u>	<u>\$ 1,826,111</u>	<u>\$ (234,942)</u>	<u>(49,404)</u>	<u>\$ 185,538</u>
	<u>3,091,120</u>			<u>236,925</u>	
	<u>\$ 2,954,754</u>			<u>\$ 187,521</u>	

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2010

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, 2010

	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	(\$ 9,460)	(\$136,366)	(\$49,404)
Basis differences:			
To adjust revenues from recognition on a cash basis	275,992	(20,833)	13,859
To adjust total expenditures from recognition on a cash basis	129,644	(134,904)	(7,832)
To adjust operating transfers out	12,828	-	-
 Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	 <u>\$ 409,004</u>	 <u>\$ (292,103)</u>	 <u>(43,377)</u>

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	\$(22,559,718)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	(458,706)
To adjust operating transfers out	12,828
Expenditures and other financing uses, on a GAAP basis	<u>\$ (23,005,596)</u>

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	<u>\$29,003,177</u>	<u>\$22,559,718</u>	<u>\$(6,443,459)</u>

OTHER SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

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.

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

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

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2010

	Special Revenue Funds				
	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11
Assets					
Cash and Equity in Pooled Investment Account	\$ 235,217	\$ 100	\$ 41,945	\$ 184,537	\$ 222,876
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	3,554	-	47,810	11,246	-
Taxes	19,127	-	-	-	-
Accrued Interest	380	-	68	-	360
Notes Receivable	75,929	-	-	-	-
Due from Other Governmental Agencies	-	46,694	-	-	7,129
Total Assets	334,207	46,794	89,823	195,783	230,365
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	24,412	6,251	-	941	2,515
Due to Other Funds	-	6,567	-	-	-
Deferred Revenue	75,929	-	-	18,268	-
Total Liabilities	100,341	12,818	-	19,209	2,515
Fund Balances:					
Reserved for:					
Encumbrance	33,561	-	-	-	-
Unreserved	200,305	33,976	89,823	176,574	227,850
Total Fund Balances	233,866	33,976	89,823	176,574	227,850
Total Liabilities and Equity	\$ 334,207	\$ 46,794	\$ 89,823	\$ 195,783	\$ 230,365

Special Revenue Funds		Capital Projects		Total
Storm Water Management	Wireless 911	Community Development Agency	Capital Construction	Governmental Nonmajor Funds
\$ 36,125	\$ 11,766	\$ 374,854	\$ 1,281,213	\$ 2,388,633
-	-	-	509	63,119
-	-	-	-	19,127
58	19	-	2,071	2,956
-	-	-	-	75,929
-	-	-	-	53,823
36,183	11,785	374,854	1,283,793	2,603,587
952	-	-	425,460	460,531
-	-	-	-	6,567
-	-	-	-	94,197
952	-	-	425,460	561,295
-	-	-	-	33,561
35,231	11,785	374,854	858,333	2,008,731
35,231	11,785	374,854	858,333	2,042,292
\$ 36,183	\$ 11,785	\$ 374,854	\$ 1,283,793	\$ 2,603,587

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2010

	Special Revenue Funds				
	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11
Revenue:					
Taxes	\$ 85,858	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	324	381,615	-	135,427	128,594
Occupation & Franchise Taxes	-	-	325,638	-	-
Contributions	18,502	-	-	-	-
Rental Income	12,236	-	-	-	-
Loan Repayments	13,233	-	-	-	-
Interest	3,410	-	1,523	-	1,005
Miscellaneous	1,452	1,538	-	13,155	-
Total Revenue	135,015	383,153	327,161	148,582	129,599
Expenditures:					
Public Safety	-	-	-	125,440	162,994
Public Works	137,439	-	-	-	-
Public Library	-	-	-	-	-
Parks, Recreation and Public Property	-	-	-	-	-
Community Improvement and Development	-	381,856	-	-	-
General Government	-	-	-	-	-
Debt Service	23,360	-	-	-	-
Total Expenditures	160,799	381,856	-	125,440	162,994
Excess (deficiency) of revenues over expenditures	(25,784)	1,297	327,161	23,142	(33,395)
Other financing sources (uses):					
Issuance of Long-Term Debt	-	-	-	-	-
Transfers In	-	-	-	-	37,615
Transfers Out	-	-	(366,840)	-	-
Total other financing sources (uses)	-	-	(366,840)	-	37,615
Net Change in Fund Balance	(25,784)	1,297	(39,679)	23,142	4,220
Fund balances - beginning of year	259,650	32,679	129,502	153,432	223,630
Fund balances - end of year	\$ 233,866	\$ 33,976	\$ 89,823	\$ 176,574	\$ 227,850

Special Revenue Funds		Capital Projects		Total Governmental Nonmajor Funds
Storm Water Management	Wireless 911	Community Development Agency	Capital Construction	
\$ -	\$ -	\$ -	\$ -	\$ 85,858
50,848	-	-	101,500	798,308
-	11,760	-	-	337,398
-	-	-	1,709	20,211
-	-	-	-	12,236
-	-	-	-	13,233
660	25	-	3,864	10,487
-	-	-	-	16,145
51,508	11,785	-	107,073	1,293,876
-	-	-	238,482	526,916
19,776	-	-	234,669	391,884
-	-	-	340,933	340,933
-	-	-	75,300	75,300
-	-	141,528	-	523,384
-	-	-	12,717	12,717
-	-	-	-	23,360
19,776	-	141,528	902,101	1,894,494
31,732	11,785	(141,528)	(795,028)	(600,618)
-	-	141,500	260,000	401,500
10,170	-	-	1,041,896	1,089,681
(60,000)	-	-	-	(426,840)
(49,830)	-	141,500	1,301,896	1,064,341
(18,098)	11,785	(28)	506,868	463,723
53,329	-	374,882	351,465	1,578,569
\$ 35,231	\$ 11,785	\$ 374,854	\$ 858,333	\$ 2,042,292

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2010

	Vehicle Parking			Community Character Development Coalition			911		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Taxes	\$ 79,926	\$ 83,026	\$ 3,100	\$ -	\$ -	\$ -	\$310,000	\$ 328,247	\$ 18,247
Intergovernmental Revenue	-	-	-	441,668	369,771	(71,897)	-	-	-
Contributions	-	18,502	18,502	-	-	-	-	-	-
Loan Repayments	10,980	13,233	2,253	-	-	-	-	-	-
Rental Income	12,400	11,876	(524)	-	-	-	-	-	-
Interest	4,263	6,089	1,826	-	-	-	765	2,377	1,612
Miscellaneous	-	-	-	-	1,537	1,537	-	-	-
Total Revenue	107,569	132,726	25,157	441,668	371,308	(70,360)	310,765	330,624	19,859
Current Expenditures:									
Public Safety	-	-	-	-	-	-	4,000	-	4,000
Public Works	330,873	133,328	197,545	-	-	-	-	-	-
Community Improvement and Development	-	-	-	441,668	391,578	50,090	-	-	-
Debt Service	23,360	23,360	-	-	-	-	-	-	-
Total Expenditures	354,233	156,688	197,545	441,668	391,578	50,090	4,000	-	4,000
Excess (deficiency) of revenues over expenditures	(246,664)	(23,962)	222,702	-	(20,270)	(20,270)	306,765	330,624	23,859
Other financing sources (uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	(378,000)	(366,840)	11,160
Total other financing sources (uses)	-	-	-	-	-	-	(378,000)	(366,840)	11,160
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (246,664)	(23,962)	\$ 222,702	\$ -	(20,270)	\$ (20,270)	\$ (71,235)	(36,216)	\$ 35,019
Fund balances-beginning of year		259,179			13,803			78,161	
Fund balances- end of year		\$ 235,217			\$ (6,467)			\$ 41,945	

SNARE			REGION 11			Storm Water Management			Wireless 911		
Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
123,900	136,540	12,640	121,422	131,168	9,746	51,373	50,848	(525)	-	11,760	11,760
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	4,600	3,154	(1,446)	1,000	1,232	232	-	6	6
34,953	13,155	(21,798)	-	-	-	-	-	-	-	-	-
158,853	149,695	(9,158)	126,022	134,322	8,300	52,373	52,080	(293)	-	11,766	11,766
120,001	125,657	(5,656)	139,037	161,760	(22,723)	-	-	-	-	-	-
-	-	-	-	-	-	109,683	19,555	90,128	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
120,001	125,657	(5,656)	139,037	161,760	(22,723)	109,683	19,555	90,128	-	-	-
38,852	24,038	(14,814)	(13,015)	(27,438)	(14,423)	(57,310)	32,525	89,835	-	11,766	11,766
-	-	-	37,615	37,615	-	10,275	10,170	(105)	-	-	-
-	-	-	-	-	-	-	(60,000)	(60,000)	-	-	-
-	-	-	37,615	37,615	-	10,275	(49,830)	(60,105)	-	-	-
<u>\$ 38,852</u>	<u>24,038</u>	<u>\$ (14,814)</u>	<u>\$ 24,600</u>	<u>10,177</u>	<u>\$ (14,423)</u>	<u>\$ (47,035)</u>	<u>(17,305)</u>	<u>\$ 29,730</u>	<u>\$ -</u>	<u>11,766</u>	<u>\$ 11,766</u>
	<u>160,499</u>			<u>212,699</u>			<u>53,430</u>			<u>-</u>	
	<u>\$ 184,537</u>			<u>\$ 222,876</u>			<u>\$ 36,125</u>			<u>\$ 11,766</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, CAPITAL PROJECT FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2010

	Capital Construction			Special Assessments		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ -	\$ 101,500	\$ 101,500	\$ -	\$ -	\$ -
Contributions	-	1,200	1,200	-	18,502	18,502
Interest	7,000	5,891	(1,109)	1,761	2,046	285
Total Revenue	<u>7,000</u>	<u>108,591</u>	<u>101,591</u>	<u>1,761</u>	<u>20,548</u>	<u>18,787</u>
Expenditures:						
Public Safety	265,000	237,732	27,268	-	-	-
Public Works	488,000	22,003	465,997	1,091,000	137,666	953,334
Public Library	-	128,889	(128,889)	-	-	-
Parks, Recreation and Public Property	648,000	75,301	572,699	-	-	-
General Government	50,000	12,717	37,283	32,000	-	32,000
Debt Service	-	-	-	6,222	6,222	-
Total Expenditures	<u>1,451,000</u>	<u>476,642</u>	<u>974,358</u>	<u>1,129,222</u>	<u>143,888</u>	<u>985,334</u>
Excess (deficiency) of revenues over expenditures	<u>(1,444,000)</u>	<u>(368,051)</u>	<u>1,075,949</u>	<u>(1,127,461)</u>	<u>(123,340)</u>	<u>1,004,121</u>
Other financing sources (uses):						
Proceeds from Debt Financing	265,000	260,000	(5,000)	1,000,000	185,000	(815,000)
Transfers In	1,164,235	1,041,896	(122,339)	-	-	-
Total other financing sources (uses)	<u>1,429,235</u>	<u>1,301,896</u>	<u>(127,339)</u>	<u>1,000,000</u>	<u>185,000</u>	<u>(815,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (14,765)</u>	<u>933,845</u>	<u>\$ 948,610</u>	<u>\$ (127,461)</u>	<u>61,660</u>	<u>\$ 189,121</u>
Fund balances-beginning of year		<u>347,368</u>			<u>151,927</u>	
Fund balances- end of year		<u>\$1,281,213</u>			<u>\$ 213,587</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, DEBT SERVICE FUND - BUDGETARY BASIS
For the Year Ended September 30, 2010

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 730,676	\$ 750,330	\$ 19,654
Special Assessments	122,560	151,393	28,833
Intergovernmental Revenue	-	28,109	28,109
Contributions	-	-	-
Interest	54,084	63,671	9,587
Total Revenue	907,320	993,503	86,183
Current Expenditures:			
Public Works	-	21	(21)
Debt Service	1,085,449	1,039,228	46,221
Total Expenditures	1,085,449	1,039,249	46,200
Excess (deficiency) of revenues over expenditures	(178,129)	(45,746)	132,383
Other financing sources (uses):			
Proceeds from Debt Financing	-	-	-
Transfers In	89,125	89,125	-
Transfers Out	-	(47,950)	(47,950)
Total other financing sources (uses)	89,125	41,175	(47,950)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (89,004)	(4,571)	\$ 84,433
Fund balances-beginning of year		1,098,062	
Fund balances- end of year		\$ 1,093,491	

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BUSINESS TYPE ACTIVITIES

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

COMBINED UTILITY FUND - This fund is used to account for the operations of the City's water and sewer utilities and the solid waste transfer station.

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET ASSETS
COMBINED UTILITIES
September 30, 2010

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current assets:				
Cash and equity in pooled investment account	\$4,877,736	\$750,193	\$293,900	\$5,921,829
Receivables:				
Accounts	450,055	401,749	226,860	1,078,664
Special assessments	-	1,597	-	1,597
Interest	8,540	13,638	915	23,093
Restricted Cash				
Cash & Cash Equivalents	246,504	593,799	111,252	951,555
Inventories:				
Fiber optic system held for resale	240,384	-	-	240,384
Total current assets	5,823,219	1,760,976	632,927	8,217,122
Noncurrent assets:				
Restricted assets:				
Restricted cash	160,142	1,397,045	161,613	1,718,800
Notes Receivable	2,096	-	-	2,096
Bond Acquisition Costs	-	57,826	-	57,826
Property, plant and equipment:				
Land	1,308,647	592,650	52,284	1,953,581
Water and pollution control plant	9,569,140	16,443,151	833,858	26,846,149
Water distribution and sewage system	16,172,226	8,001,888	-	24,174,114
Equipment	1,989,400	1,610,876	746,267	4,346,543
Construction in progress	899,541	73,844	7,500	980,885
	29,938,954	26,722,409	1,639,909	58,301,272
Less accumulated depreciation	6,985,582	13,786,402	805,426	21,577,410
Total property, plant and equipment (net of accumulated depreciation)	22,953,372	12,936,007	834,483	36,723,862
Total noncurrent assets	23,115,610	14,390,878	996,096	38,502,584
Total assets	\$28,938,829	\$16,151,854	\$1,629,023	\$46,719,706

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current liabilities:				
Accounts and contracts payable	\$359,688	\$67,313	\$80,680	\$507,681
Accrued compensated absences	48,787	48,150	21,244	118,181
Payables from restricted assets:				
Accrued interest payable	44,446	47,799	7,252	99,497
Revenue bonds - current	202,058	546,000	104,000	852,058
Total current liabilities	654,979	709,262	213,176	1,577,417
Noncurrent liabilities:				
Revenue bonds (Sewer division net of deferred bond discount of \$10,999 in 2010)	2,200,008	3,656,001	218,000	6,074,009
Accrued compensated absences	52,313	57,680	34,209	144,202
Total noncurrent liabilities	2,252,321	3,713,681	252,209	6,218,211
Total liabilities	2,907,300	4,422,943	465,385	7,795,628
Net Assets				
Invested in Capital Assets, Net of Related Debt	20,551,306	8,734,006	512,483	29,797,795
Restricted for:				
Debt Service	362,200	1,236,444	265,613	1,864,257
Future Capital Assets	-	706,601	-	706,601
Unrestricted	5,118,023	1,051,860	385,542	6,555,425
Total Net Assets	\$ 26,031,529	\$ 11,728,911	\$ 1,163,638	\$ 38,924,078

CITY OF NORFOLK, NEBRASKA

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

For the Year Ended September 30, 2010

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues:				
User charges	\$2,446,725	\$2,835,113	\$1,757,391	\$7,039,229
Miscellaneous Income	40,828	3,747	2,312	46,887
Total operating revenues	<u>2,487,553</u>	<u>2,838,860</u>	<u>1,759,703</u>	<u>7,086,116</u>
Operating expenses:				
Payroll and related taxes and benefits	716,307	775,982	411,218	1,903,507
Utilities	190,657	323,763	22,227	536,647
Repairs and maintenance	285,934	459,041	48,893	793,868
Purchased services	-	-	997,953	997,953
General and administration	243,518	259,318	56,186	559,022
Depreciation and amortization	439,926	710,872	71,103	1,221,901
Total operating expenses	<u>1,876,342</u>	<u>2,528,976</u>	<u>1,607,580</u>	<u>6,012,898</u>
Operating income	<u>611,211</u>	<u>309,884</u>	<u>152,123</u>	<u>1,073,218</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(101,178)	(167,214)	(18,580)	(286,972)
Interest income	29,006	36,634	2,640	68,280
Market Value (Loss)	-	(1,342)	-	(1,342)
(Loss) on disposal of Capital Assets	-	-	(42,007)	(42,007)
Total nonoperating revenues (expenses)	<u>(72,172)</u>	<u>(131,922)</u>	<u>(57,947)</u>	<u>(262,041)</u>
Income before contributions	539,039	177,962	94,176	811,177
Capital contributions	<u>246,470</u>	<u>17,410</u>	<u>-</u>	<u>263,880</u>
Change in Net Assets	785,509	195,372	94,176	1,075,057
Net Assets - Beginning of Period	<u>25,246,020</u>	<u>11,533,539</u>	<u>1,069,462</u>	<u>37,849,021</u>
Net Assets - End of Period	<u>\$26,031,529</u>	<u>\$11,728,911</u>	<u>\$1,163,638</u>	<u>\$38,924,078</u>

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CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2010

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 2,400,964	\$ 2,769,393	\$ 1,729,820	\$ 6,900,177
Cash Paid to Suppliers for Goods and Services	(719,409)	(1,025,204)	(1,131,087)	(2,875,700)
Cash Paid to Employees for Services	(703,640)	(749,818)	(402,511)	(1,855,969)
Net Cash Provided by Operating Activities	977,915	994,371	196,222	2,168,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(833,767)	(311,682)	(81,627)	(1,227,076)
Proceeds from Sales of Capital Assets	-	-	10,463	10,463
Change in Advance to Other Funds	12,217	-	-	12,217
Principal Paid on Notes and Bonds	(193,624)	(531,000)	(99,000)	(823,624)
Interest Paid on Notes and Bonds	(103,527)	(172,378)	(18,602)	(294,507)
Payments on Note Receivable	8,766	-	-	8,766
Net Cash (Used) for Capital and Related Financing Activities	(1,109,935)	(1,015,060)	(188,766)	(2,313,761)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	83,374	55,228	8,221	146,823
Net Cash Provided for Investing Activities	83,374	55,228	8,221	146,823
Net Increase (Decrease) in Cash and Cash Equivalents	(48,646)	34,539	15,677	1,570
Cash and Cash Equivalents at Beginning of Year	5,333,028	2,706,498	551,088	8,590,614
Cash and Cash Equivalents at End of Year	\$ 5,284,382	\$ 2,741,037	\$ 566,765	\$ 8,592,184

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2010

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 611,211	\$ 309,884	\$ 152,123	\$ 1,073,218
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	439,926	710,872	71,103	1,221,901
(Increase) decrease in Assets:				
Accounts Receivable	(86,589)	(70,998)	(29,883)	(187,470)
Special Assessments	-	1,531	-	1,531
Increase (decrease) in Liabilities:				
Accounts and Contracts Payable	700	16,918	(5,828)	11,790
Accrued Compensated Absences	12,667	26,164	8,707	47,538
Total Adjustments	366,704	684,487	44,099	1,095,290
Net Cash Provided by Operating Activities	\$ 977,915	\$ 994,371	\$ 196,222	\$ 2,168,508

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Developers Contribution of Distribution System	\$ 246,470	\$ 17,410	\$ -	\$ 263,880
Accounts Payable Exchanged for Capital Assets	\$ 312,350	\$ 4,334	\$ -	\$ 316,684

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	\$ 4,877,736	\$ 750,193	\$ 293,900	\$ 5,921,829
Restricted Cash	406,646	1,990,844	272,865	2,670,355
	\$ 5,284,382	\$ 2,741,037	\$ 566,765	\$ 8,592,184

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FIDUCIARY FUNDS

Trust Funds are used to account for assets held by the City in a trustee capacity. **Agency Funds** are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

PENSION TRUST FUNDS:

FIREMEN'S RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighters.

POLICE RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified police officers.

CIVILIAN RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees of the City.

AGENCY FUND:

COMMUNITY DEVELOPMENT AGENCY FUND – This fund is used to account for the accumulation of resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for the redevelopment of the Southwest Norfolk Redevelopment Plan area and the Meadow Ridge Housing Development area. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
Employee Retirement Funds
September 30, 2010

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$ 3,273,957	\$ 2,861,474	\$ 5,124,262	\$11,259,693
Open Ended Mutual Funds	3,199,742	2,701,047	8,653,698	14,554,487
Total Assets	<u>6,473,699</u>	<u>5,562,521</u>	<u>13,777,960</u>	<u>25,814,180</u>
NET ASSETS				
Held in Trust for Pension Benefits	6,473,699	5,562,521	13,777,960	25,814,180
Total Net Assets	<u>\$ 6,473,699</u>	<u>\$ 5,562,521</u>	<u>\$ 13,777,960</u>	<u>\$25,814,180</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Employee Retirement Funds
For the Year Ended September 30, 2010

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 224,645	\$ 142,966	\$ 325,312	\$ 692,923
Employee	104,926	117,965	462,527	685,418
Total Contributions	<u>329,571</u>	<u>260,931</u>	<u>787,839</u>	<u>1,378,341</u>
Investment Income:				
Interest, Dividends and Market Gains	465,500	376,810	1,041,717	1,884,027
Total Additions	<u>795,071</u>	<u>637,741</u>	<u>1,829,556</u>	<u>3,262,368</u>
DEDUCTIONS				
Pension Benefits	80,786	14,400	72,527	167,713
Contribution Refunds	2,303	40,269	407,256	449,828
Administration	2,738	3,040	4,000	9,778
Total Deductions	<u>85,827</u>	<u>57,709</u>	<u>483,783</u>	<u>627,319</u>
Net Increase	709,244	580,032	1,345,773	2,635,049
Net Assets -- Beginning of Period	<u>5,764,455</u>	<u>4,982,489</u>	<u>12,432,187</u>	<u>23,179,131</u>
Net Assets -- End of Period	<u>\$ 6,473,699</u>	<u>\$ 5,562,521</u>	<u>\$ 13,777,960</u>	<u>\$25,814,180</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2010

	Balance September 30, 2009	Additions	Deductions	Balance September 30, 2010
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 477,951	\$ 46,254	\$ 35,464	\$ 488,741
Taxes Receivable	7,396	38,329	7,396	38,329
Total Assets	485,347	84,583	42,860	527,070
<u>Liabilities</u>				
Due to Bondholders	485,347	84,583	42,860	527,070
Total Liabilities	\$ 485,347	\$ 84,583	\$ 42,860	\$ 527,070

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STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

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

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

Source:

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

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

TABLE 1

	Fiscal Year			
	2010	2009	2008	2007
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 36,774,090	\$ 36,650,941	\$ 35,777,924	\$ 34,084,125
Restricted	1,193,594	1,218,131	1,255,485	1,318,671
Unrestricted	14,066,386	14,205,078	13,841,116	13,935,043
Total Governmental Activities Net Assets	52,034,070	52,074,150	50,874,525	49,337,839
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	29,797,795	28,504,434	28,220,779	28,660,480
Restricted	2,570,858	2,513,381	2,479,789	1,637,751
Unrestricted	6,555,425	6,831,206	6,545,033	6,467,537
Total Business-Type Activities Net Assets	38,924,078	37,849,021	37,245,601	36,765,768
Primary Government:				
Invested in Capital Assets, Net of Related Debt	66,571,885	65,155,375	63,998,703	62,744,605
Restricted	3,764,452	3,731,512	3,735,274	2,956,422
Unrestricted	20,621,811	21,036,284	20,386,149	20,402,580
Total Primary Government Net Assets	\$ 90,958,148	\$ 89,923,171	\$ 88,120,126	\$ 86,103,607

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

2006	2005	2004	2003
\$ 35,743,248	\$ 16,357,346	\$ 13,724,889	\$ 9,617,883
1,283,781	1,273,539	1,459,976	2,055,140
11,243,475	9,872,675	8,982,873	9,932,272
48,270,504	27,503,560	24,167,738	21,605,295
27,771,725	24,975,734	24,456,367	23,065,838
1,639,618	1,690,576	1,517,324	920,048
5,873,732	6,762,586	6,090,984	6,508,540
35,285,075	33,428,896	32,064,675	30,494,426
63,514,973	41,333,080	38,181,256	32,683,721
2,923,399	2,964,115	2,977,300	2,975,188
17,117,207	16,635,261	15,073,857	16,440,812
\$ 83,555,579	\$ 60,932,456	\$ 56,232,413	\$ 52,099,721

TABLE 2

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

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental Activities								
General Government	\$ 2,940,797	\$ 2,363,397	\$ 1,984,006	\$ 2,062,088	\$ 3,263,794	\$ 1,635,190	\$ 1,432,865	\$ 2,689,308
Public Safety	8,137,286	7,841,533	7,638,269	7,663,541	7,408,066	7,113,536	6,916,478	4,915,213
Public Works	5,477,606	5,664,242	4,513,410	4,162,060	3,202,666	2,535,262	3,116,384	2,726,421
Public Library	1,163,623	1,173,863	1,123,880	1,051,044	1,043,951	1,047,321	970,290	893,569
Parks, Recreation and Public Property	1,599,713	1,604,612	1,383,166	1,283,585	1,233,518	1,246,438	1,148,436	647,235
Community Improvement & Development	1,287,249	999,898	543,549	1,133,491	1,213,623	779,952	928,781	789,323
Debt Service	218,415	272,480	296,199	258,179	265,219	258,982	275,672	426,984
Total Governmental Activities Expenses	20,824,689	19,920,025	17,482,479	17,613,988	17,630,837	14,616,681	14,788,906	13,088,053
Business-Type Activities								
Water Division	1,977,520	1,877,440	1,925,737	1,856,242	1,870,805	1,730,215	1,650,534	1,591,668
Sewer Division	2,696,190	2,529,041	2,691,318	2,627,136	2,443,955	2,524,819	2,591,885	2,584,926
Solid Waste Division	1,668,167	1,579,945	1,672,295	1,666,120	1,717,494	1,733,917	1,757,442	1,776,126
Total Business-Type Activities	6,341,877	5,986,426	6,289,350	6,149,498	6,032,254	5,988,951	5,999,861	5,952,720
Total Primary Government Expenses	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829	\$ 23,763,486	\$ 23,663,091	\$ 20,605,632	\$ 20,788,767	\$ 19,040,773
Program Revenues								
Governmental Activities:								
Charges for Services								
General Government	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626	391,281	\$ 377,825	\$ 328,275	\$ 1,655,517
Public Safety	922,686	991,781	1,149,353	906,560	944,002	964,306	826,082	586,988
Public Works	122,459	132,948	125,042	80,856	93,846	77,702	82,029	114,294
Public Library	24,134	25,588	28,091	28,220	29,686	32,046	31,571	-
Parks, Recreation and Public Property	139,042	145,293	149,314	146,157	158,053	138,722	114,954	126,755
Community Improvement and Development	115,146	84,000	61,000	66,000	66,000	66,000	-	-
Operating Grants & Contributions	3,124,585	2,849,515	2,805,130	3,031,310	3,496,950	2,821,686	2,474,845	2,527,492
Capital Grants & Contributions	337,404	1,942,912	757,509	864,556	378,175	1,832,950	1,863,073	448,150
Total Governmental Activities Program Revenues	5,171,798	6,603,649	5,442,289	5,492,285	5,557,993	6,311,237	5,720,829	5,459,196
Business-Type Activities:								
Charges for Services:								
Water Division	2,487,553	2,210,112	2,243,427	2,559,572	2,495,101	2,426,990	2,678,424	2,667,740
Sewer Division	2,838,860	2,343,513	2,320,624	2,457,164	2,523,573	2,486,428	2,493,485	2,468,167
Solid Waste	1,759,703	1,699,431	1,742,372	1,811,596	1,737,503	1,750,821	1,857,459	1,890,923
Capital Grants & Contributions	263,880	144,210	175,807	403,630	791,145	493,256	438,990	-
Total Business-Type Activities Program Revenues	7,349,996	6,397,266	6,482,230	7,231,962	7,547,322	7,157,495	7,468,358	7,026,830
Total Primary Government Program Revenues	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519	\$ 12,724,247	\$ 13,105,315	\$ 13,468,732	\$ 13,189,187	\$ 12,486,026
Net (Expense)/Revenue								
Governmental Activities	\$ (15,652,891)	\$ (13,316,376)	\$ (12,040,190)	\$ (12,121,703)	\$ (12,072,843)	\$ (8,305,444)	\$ (9,068,077)	\$ (7,628,857)
Business-Type Activities	1,008,119	410,840	192,880	1,082,464	1,515,068	1,168,544	1,468,497	1,074,110
Total Primary Government Net Expense	\$ (14,644,772)	\$ (12,905,536)	\$ (11,847,310)	\$ (11,039,239)	\$ (10,557,775)	\$ (7,136,900)	\$ (7,599,580)	\$ (6,554,747)

(Continued)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes In Net Assets								
Governmental Activities:								
Taxes:								
Property Tax	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912	\$ 1,625,182	\$ 1,392,282	\$ 893,417	\$ 899,918	\$ 1,913,198
Sales Tax	6,919,663	6,760,144	6,750,098	6,427,716	6,548,082	6,593,166	6,445,480	-
Other Taxes	240,021	199,591	199,225	191,073	209,536	184,404	175,420	5,799,684
Occupation and Franchise Taxes	971,022	873,472	883,195	787,763	618,984	589,118	606,176	564,514
Interest	106,069	251,126	430,171	561,205	461,182	325,101	212,803	301,965
General Intergovernmental Revenues Unrestrict	289,270	260,190	282,997	248,438	242,041	224,482	503,560	955,569
Unrestricted Keno Revenues	359,060	428,302	29,141	-	-	-	-	-
Use of Property	3,822,961	3,418,900	3,270,414	3,209,969	3,170,236	2,723,425	2,622,930	2,618,532
Revenue from Sale of Uncapitalized Property	57,129	44,059	9,985	77,072	83,761	-	-	-
Gain on Sale of Assets	-	-	8,170	27,532.00	-	43,800	133,757	99,611
Miscellaneous	153,345	363,181	47,709	33,088	68,035	64,353	30,476	109,628
Interfund Transfers	-	(27,194)	-	-	-	-	-	-
Total Governmental Activities	\$ 15,612,811	\$ 14,516,001	\$ 13,606,017	\$ 13,189,038	\$ 12,794,139	\$ 11,641,266	\$ 11,630,520	\$ 12,362,701
Business Type of Activities:								
Interest	66,938	165,386	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
Interfund Transfers	-	27,194	-	-	-	-	-	-
Total Business-Type Activities	66,938	192,580	286,953	398,229	341,111	195,677	101,752	202,663
Total Primary Government	\$ 15,679,749	\$ 14,708,581	\$ 13,892,970	\$ 13,587,267	\$ 13,135,250	\$ 11,836,943	\$ 11,732,272	\$ 12,565,364
Change in Net Assets								
Governmental Activities	\$ (40,080)	\$ 1,199,625	\$ 1,565,827	\$ 1,067,335	\$ 721,295	\$ 3,335,822	\$ 2,562,443	\$ 4,733,844
Business-Type Activities	1,075,057	603,420	479,833	1,480,693	1,856,179	1,364,221	1,570,249	1,276,773
Total Primary Government	\$ 1,034,977	\$ 1,803,045	\$ 2,045,660	\$ 2,548,028	\$ 2,577,474	\$ 4,700,043	\$ 4,132,692	\$ 6,010,617

(1) The City implemented GASB Statement No. 34 in fiscal year 2003, therefore, eight 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				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund					
Reserved	\$ 120,187	\$ 132,221	\$ 225,910	\$ 177,324	\$ 95,529
Unreserved	<u>5,989,588</u>	<u>5,568,550</u>	<u>5,322,046</u>	<u>5,122,971</u>	<u>4,725,445</u>
Total General Fund	<u><u>6,109,775</u></u>	<u><u>5,700,771</u></u>	<u><u>5,547,956</u></u>	<u><u>5,300,295</u></u>	<u><u>4,820,974</u></u>
All Other Governmental Funds					
Reserved	1,943,994	1,609,878	2,107,669	1,451,727	1,541,024
Unreserved, Reported in:					
Special Revenue Funds	2,817,380	3,400,398	3,521,157	4,251,381	3,222,836
Capital Project Funds	<u>737,259</u>	<u>540,066</u>	<u>(1,591,264)</u>	<u>(951,132)</u>	<u>(480,858)</u>
Total All Other Governmental Funds	<u><u>\$ 5,498,633</u></u>	<u><u>\$ 5,550,342</u></u>	<u><u>\$ 4,037,562</u></u>	<u><u>\$ 4,751,976</u></u>	<u><u>\$ 4,283,002</u></u>

Fiscal Year				
<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 118,407	\$ 176,929	\$ 208,963	\$ 242,598	\$ 138,568
<u>4,506,250</u>	<u>4,364,021</u>	<u>4,813,484</u>	<u>4,394,939</u>	<u>4,318,369</u>
<u><u>4,624,657</u></u>	<u><u>4,540,950</u></u>	<u><u>5,022,447</u></u>	<u><u>4,637,537</u></u>	<u><u>4,456,937</u></u>
2,376,709	3,200,208	1,772,362	2,130,580	3,078,441
1,838,962	730,183	2,340,454	1,751,170	2,003,607
<u>(237,724)</u>	<u>(411,948)</u>	<u>266,917</u>	<u>(171,012)</u>	<u>277,371</u>
<u><u>\$ 3,977,947</u></u>	<u><u>\$ 3,518,443</u></u>	<u><u>\$ 4,379,733</u></u>	<u><u>\$ 3,710,738</u></u>	<u><u>\$ 5,359,419</u></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				
	2010	2009	2008	2007	2006
Revenues					
Taxes	\$ 9,613,934	\$ 9,027,255	\$ 8,765,893	\$ 8,299,868	\$ 8,089,424
Special Assessments	151,392	685,607	82,426	238,417	170,769
Licenses & Permits	233,786	323,800	430,258	305,364	347,386
Intergovernmental Revenue	3,846,761	3,805,003	3,743,612	4,036,117	3,878,013
Keno Revenue	359,060	428,302	29,141		
Charges for Services	1,330,223	1,374,689	1,358,621	1,195,069	1,236,475
Occupation & Franchise Taxes	1,093,679	667,778	686,840	666,704	618,984
Contributions	72,234	81,360	100,005	-	-
Payments in Lieu of Taxes	117,364	82,402	74,697	65,162	60,477
Parking Fees and Rentals	3,830,046	3,422,615	3,272,094	3,211,734	3,173,556
Loan Repayments	82,419	120,700	289,700	103,469	131,383
Interest	71,269	186,036	338,732	432,788	364,385
Miscellaneous	232,156	434,854	112,561	177,839	227,609
Total Revenue	21,034,323	20,640,401	19,284,580	18,732,531	18,298,461
Expenditures					
General Government	2,419,970	2,580,140	2,409,948	2,434,218	2,348,104
Public Safety	7,974,899	7,475,999	7,367,551	7,659,058	7,263,047
Public Works	4,853,161	5,585,140	4,789,513	3,127,771	3,209,134
Public Library	1,485,872	1,139,770	1,097,450	1,039,277	1,014,735
Parks, Recreation & Public Property	1,519,769	1,828,716	1,392,253	1,193,539	1,126,493
Other	-	-	-	-	-
Community Improvement & Developer	1,560,058	976,102	805,175	1,156,157	1,430,551
Debt Service					
Principal Retirement	870,714	773,690	755,714	708,691	840,952
Interest	234,421	275,001	304,002	258,047	268,402
Capital Outlay	159,664	370,248	829,727	587,478	295,671
Total Expenditure	21,078,528	21,004,806	19,751,333	18,164,236	17,797,089
Excess (Deficiency) of Revenues over expenditures	(44,205)	(364,405)	(466,753)	568,295	501,372
Other Financing Sources (Uses)					
Proceeds from Debt Financing	401,500	2,030,000	-	380,000	-
Transfers In	2,068,596	1,840,990	1,237,142	980,558	900,999
Transfers Out	(2,068,596)	(1,840,990)	(1,237,142)	(980,558)	(900,999)
Total Other Financing Sources (Uses)	401,500	2,030,000	-	380,000	-
Net Change in Fund Balances	\$ 357,295	\$ 1,665,595	\$ (466,753)	\$ 948,295	\$ 501,372
Debt Service as a Percentage of Noncapital Expenditures	5.76%	5.59%	6.36%	5.90%	6.34%

Note: 1) GASB 34 partially implemented.

Fiscal Year				
2005	2004	2003 (1)	2002	2001
\$ 7,640,946	\$ 7,487,814	\$ 7,589,570	\$ 6,033,614	\$ 5,802,075
539,200	268,341	746,591	392,419	335,094
369,424	313,124	216,378	203,729	170,654
4,439,050	4,760,706	3,046,905	2,788,094	2,618,408
1,184,021	1,033,465	1,141,526	1,016,392	997,934
589,118	606,176	564,514	559,751	698,436
3,154	5,451	725	-	-
30,851	33,004	102,337	92,733	96,133
2,728,535	2,627,681	2,621,812	2,568,571	2,369,580
24,778	28,124	57,830	-	-
272,344	189,878	276,096	438,990	608,137
163,005	238,154	448,681	456,502	689,630
<u>17,984,426</u>	<u>17,591,918</u>	<u>16,812,965</u>	<u>14,550,795</u>	<u>14,386,081</u>
1,761,517	1,644,901	1,502,019	1,443,918	1,419,730
6,948,410	7,124,232	5,605,110	4,955,052	4,774,034
4,250,718	4,832,602	2,017,880	1,876,188	1,836,078
1,006,569	922,952	878,571	828,165	842,029
1,237,366	1,333,068	923,151	984,522	786,120
-	-	-	25,091	34,852
874,048	969,638	781,823	523,769	728,780
770,000	1,070,000	3,975,000	1,875,000	2,250,000
268,360	280,456	416,192	413,729	486,784
954,227	1,901,354	3,034,314	3,938,442	3,240,022
<u>18,071,215</u>	<u>20,079,203</u>	<u>19,134,060</u>	<u>16,863,876</u>	<u>16,398,429</u>
<u>(86,789)</u>	<u>(2,487,285)</u>	<u>(2,321,095)</u>	<u>(2,313,081)</u>	<u>(2,012,348)</u>
630,000	1,145,000	3,375,000	845,000	2,065,000
1,569,494	1,413,988	905,702	-	-
(1,569,494)	(1,413,988)	(905,702)	-	-
<u>630,000</u>	<u>1,145,000</u>	<u>3,375,000</u>	<u>845,000</u>	<u>2,065,000</u>
<u>\$ 543,211</u>	<u>\$ (1,342,285)</u>	<u>\$ 1,053,905</u>	<u>\$ (1,468,081)</u>	<u>\$ 52,652</u>
6.07%	7.43%	27.27%	17.71%	20.80%

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
2010	\$ 459,698,781	1.50%
2009	448,552,315	1.50%
2008	445,836,912	1.50%
2007	422,052,129	1.50%
2006	433,872,362	1.50%
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%

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	
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
2006	1.50%	5.50%	7.00%
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%

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	2009		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 254,346,043	1	54.31%
Utilities	45,567,796	2	9.73
Accommodation & Food Services	41,587,053	3	8.88
Other	126,821,780	-	27.08
Total	\$ 468,322,672		100.00%

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis. 2010 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 Years

TABLE 8

FISCAL YEAR (2)	REAL PROPERTY	PERSONAL PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT TAX RATE
2010	\$ 1,135,043,425	\$ 48,758,055	\$ 1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
2008	1,097,676,042	44,580,420	1,142,256,462	0.4830
2007	1,053,427,738	42,317,597	1,095,745,335	0.4628
2006	1,011,187,900	41,021,639	1,052,209,539	0.4605
2005	978,737,063	30,215,824	1,008,952,887	0.4419
2004	887,188,956	38,193,403	925,382,359	0.3660
2003	839,734,268	46,447,770	886,182,038	0.4931
2002	814,745,494	48,227,531	862,973,025	0.4896
2001	761,879,454	49,135,191	811,014,645	0.5071

(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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
CITY OF NORFOLK										
GENERAL FUND	0.1341	0.1345	0.0689	0.0460	0.0433	0.0251	0.0286	0.0900	0.0958	0.1033
DEBT SERVICE	0.0618	0.0620	0.0641	0.0668	0.0696	0.0726	0.0191	0.0818	0.087	0.0939
ECONOMIC DEVELOPMENT FUND	0.0358	0.0000	0.0000	0.0000	0.0000	0.0000	0.000	0.0000	0.000	0.000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3476	0.3442	0.3183	0.3213	0.3068	0.310
TOTAL CITY OF NORFOLK	<u>0.5817</u>	<u>0.5466</u>	<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>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.4090	0.3990	0.3872	0.4250	0.4049	0.4083	0.3905	0.3496	0.3097	0.3200
SCHOOL DISTRICT NO 2	1.3240	1.3062	1.2230	1.2336	1.2112	1.2176	1.1377	1.1026	1.1293	1.1606
NORTHEAST COMMUNITY COLLEGE	0.0985	0.0935	0.0900	0.0823	0.0904	0.0896	0.0811	0.0700	0.0685	0.0351
NORFOLK AIRPORT AUTHORITY	0.0330	0.0228	0.0236	0.0236	0.0236	0.0447	0.0487	0.0554	0.0393	0.0404
LOWER ELKHORN NRD	0.0379	0.0341	0.0339	0.0356	0.0354	0.0369	0.0348	0.0370	0.0382	0.0392
AGRICULTURAL SOCIETY MADISON COUNTY	0.0145	0.0144	0.0147	0.0155	0.0158	0.0168	0.0185	0.0186	0.0190	0.0188
EDUCATIONAL SERVICES UNIT #8	0.0149	0.0149	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150	0.0150	0.0159
NORFOLK SANITARY DISTRICT	0.0091	0.0087	0.0066	0.0067	0.0067	0.0068	0.0070	0.0072	0.0071	0.0075
RAILROAD TRANSPORTATION SAFETY DIST.	0.0036	0.0039	0.0040	0.0041	0.0046	0.0046	0.0000	0.0000	0.0000	0.0000
TOTAL OVERLAPPING RATES	<u>1.9445</u>	<u>1.8975</u>	<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>
TOTAL PROPERTY TAXES	2.5262	2.4441	2.2810	2.3042	2.2680	2.2821	2.0993	2.1485	2.1157	2.1446

(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 PARKING DISTRICT IN DOWNTOWN NORFOLK NEBRASKA. DISTRICT ASSESSED VALUATION IS ABOUT 2% OF THE CITY ASSESSED VALUATION.

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

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2010		2001			
		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	\$ 13,820,783	1	1.17%	\$ 10,291,250	1	1.27%
WAL-MART STORES INC	RETAIL STORE	10,180,058	2	0.86%	9,025,264	3	1.11%
HEARTLAND PANTRY INC (HY-VEE)	RETAIL STORE	9,579,200	3	0.81%	3,318,919	10	0.41%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,394,512	3	0.79%	6,112,070	5	0.75%
WIS-PAK	BOTTLINGS DISTRIBUTION	6,897,756	5	0.58%	7,398,933	4	0.91%
HERITAGE OF NORFOLK INC	NURSING HOME	6,298,274	6	0.53%	-	-	0.00%
MENARD INC	RETAIL STORE	5,990,081	7	0.51%	4,643,762	6	0.57%
BLACK HILLS NEBR GAS (AQUILA)	UTILITY	5,351,163	8	0.45%	-	-	0.00%
PERKINS DELAWARE	MANUFACTURING	5,266,340	9	0.44%	-	-	0.00%
MCMEADOWS LLC	REAL ESTATE	4,996,159	10	0.42%	-	-	0.00%
QWEST CORPORATION	TELEPHONE COMPANY	-	-	0.00%	10,087,014	2	1.24%
PEOPLES NATURAL GAS CO	GAS COMPANY	-	-	0.00%	3,898,061	7	0.48%
DAYTON HUDSON CORP	RETAIL STORE	-	-	0.00%	3,803,850	8	0.47%
THE MEADOWS INC	APARTMENTS	-	-	0.00%	3,686,448	9	0.45%
TOTAL		\$ 77,774,326		6.57%	\$ 62,265,571		7.68%

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
2010	\$ 2,184,060	\$ 2,098,722	96.09%	-	\$ 2,098,722	96.09%
2009	1,494,451	1,448,341	96.91%	44,896	1,493,237	99.92%
2008	1,226,497	1,176,673	95.94%	48,971	1,225,644	99.93%
2007	1,231,992	1,176,241	95.47%	55,201	1,231,442	99.96%
2006	1,031,204	991,811	96.18%	38,200	1,030,011	99.88%
2005	496,999	474,792	95.53%	22,150	496,942	99.99%
2004	1,513,513	1,437,135	94.95%	76,378	1,513,513	100.00%
2003	1,616,104	1,550,682	95.95%	65,249	1,615,931	99.99%
2002	1,595,918	1,515,243	94.94%	80,309	1,595,552	99.98%
2001	1,470,658	1,397,376	95.02%	73,042	1,470,418	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	
2010	\$ 3,480,000	\$ 2,060,000	\$ 525,000	\$ 345,240
2009	3,720,000	2,405,000	340,000	130,954
2008	3,895,000	935,000	2,335,000	169,644
2007	4,365,000	1,185,000	2,320,000	205,358
2006	4,410,000	1,430,000	755,000	244,048
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	-	-

Notes: (1) See Table 16 for income and population data. 2010 and 2009 personal income numbers are unavailable.

TABLE 12

BUSINESS-TYPE ACTIVITIES					
REVENUE	STATE		TOTAL		PERCENTAGE
BONDS	REVOLVING	CAPITAL	PRIMARY	DEBT PER	OF PERSONAL
	LOAN	LEASES	GOVERNMENT	CAPITA (1)	INCOME (1)
\$ 6,110,000	\$ 827,066	-	\$ 13,347,306	551.31	N/A
6,820,000	940,690	-	14,356,644	616.91	N/A
7,510,000	1,050,980	-	15,895,624	692.92	1.35
8,175,000	1,158,035	-	17,408,393	752.11	1.60
8,825,000	1,261,949	-	16,925,997	709.24	1.65
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

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 NOTES	GENERAL BONDED DEBT	BONDED DEBT PER CAPITA (1)	VALUATION OF TAXABLE REAL PROPERTY
2010	\$ 3,480,000	\$ 2,060,000	\$ 525,000	\$ 6,065,000	250.52	0.53%
2009	3,720,000	2,405,000	340,000	6,465,000	277.80	0.57%
2008	3,895,000	935,000	2,335,000	7,165,000	312.34	0.68%
2007	4,365,000	1,185,000	2,320,000	7,870,000	340.02	0.78%
2006	4,410,000	1,430,000	755,000	6,595,000	276.35	0.67%
2005	4,805,000	1,870,000	495,000	7,170,000	299.15	0.81%
2004	5,200,000	1,615,000	385,000	7,200,000	299.91	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%

Notes: (1) See Table 16 for population data.

CITY OF NORFOLK, NEBRASKA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2010

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 2,762,533	100.00%	\$ 2,762,533
OVERLAPPING:			
Norfolk School District #2	\$ 25,145,000	49.00%	\$ 12,319,918

SOURCE: NORFOLK PUBLIC SCHOOLS

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

TABLE 15

	GROSS REVENUE	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2010	\$ 7,086,116	\$ 4,790,997	\$ 2,295,119	\$823,624	\$286,972	\$1,110,596	2.07
2009	6,399,522	4,460,849	1,938,673	800,290	312,397	1,112,687	1.74
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

1) 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>
2010	24,210	N/A	N/A	4,023	3.8%
2009	23,272	N/A	N/A	3,891	4.2%
2008	22,940	1,176,748	34,407	3,830	3.0%
2007	23,146	1,128,469	31,916	3,803	2.7%
2006	23,865	1,067,218	29,407	3,941	3.5%
2005	23,968	1,050,376	28,238	3,902	3.6%
2004	24,007	1,020,422	28,472	3,997	3.2%
2003	24,183	1,004,364	26,420	4,121	3.7%
2002	23,857	946,069	24,614	4,166	3.3%
2001	23,516	919,102	24,725	4,221	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.
(2) State of Nebraska, NE Dept of Economic Development. 2010 and 2009 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	2010			2001		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,152	1	5.82%	1,000	2	4.86%
Affiliated Foods Midwest	656	2	3.31%	501	6	2.44%
Norfolk Public Schools	647	3	3.27%	561	4	2.73%
Vulcraft Division of Nucor Corp	478	4	2.41%	355	9	1.73%
Wal-Mart	438	5	2.21%			
Nucor Steel Div. of Nucor Corp	423	6	2.14%	492	7	2.39%
Norfolk Iron & Metal Co	407	7	2.06%			
Veyance Technologies	369	8	1.86%			
Northeast Community College	325	9	1.64%			
Norfolk Veterans Home	230	10	1.16%			
IBP				1,745	1	8.48%
Dale Electronics				777	3	3.78%
Sherwood Medical Industries				520	5	2.53%
Goodyear Tire & Rubber				385	8	1.87%
Norfolk Regional Center				335	10	1.63%
Total	5,125		25.89%	6,671		32.43%

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										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government	25.55	23.55	24.60	24.80	25.00	25.00	25.00	25.00	25.00	25.00
Engineering	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety										
Police	58.00	60.00	60.50	60.50	65.50	65.50	64.50	59.23	58.23	57.63
Fire	38.00	38.00	37.00	37.00	38.00	38.00	38.00	32.00	32.00	32.25
Region 11	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
SNARE	0.50	0.50	0.50	0.50	0.63	0.50	0.50	0.00	0.00	0.00
Streets	22.00	22.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00
Culture & Recreation										
Parks	22.00	22.00	18.00	18.00	18.00	18.00	17.00	17.00	17.00	17.00
Recreation	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Auditorium	2.43	2.43	2.43	1.68	1.68	1.68	1.68	1.00	1.00	0.00
Library	14.97	14.97	14.96	15.69	16.69	15.80	15.80	15.80	15.80	16.30
Housing	5.75	5.75	5.63	5.73	5.73	5.73	5.73	5.73	5.73	5.73
Vehicle Parking Monitor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.63
Community Character Development Coalition	4.25	5.00	4.88	4.88	0.00	4.50	3.03	2.15	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00
Sewer Maintenance	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00
Water Pollution Control	9.50	13.50	13.50	13.50	13.50	13.50	13.50	13.25	13.25	13.25
Solid Waste Management	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Total	230.70	236.45	232.75	233.01	236.46	238.95	235.48	221.90	218.75	218.53

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Purchase Ordered Processed	1,365	1,773	1,887	2,025	2,100	2,537	2,845	2,893	2,830	4,471
Water/Sewer Customers Billed	9,306	9,276	9,118	9,049	9,000	8,850	8,910	8,750	8,545	8,705
Engineering										
Miles of Paving Districts	0.20	0.51	0.20	1.20	1.10	0.80	0.90	0.90	0.90	1.30
Miles of Street Reconstruction	0.30	0.35	0.50	1.20	1.00	1.50	0.80	0.80	1.00	1.00
Public Safety										
Police:										
Criminal Arrests	1,655	1,932	1,679	1,858	2,500	2,738	2,303	2,150	2,395	1,908
Traffic Arrests	2,313	2,348	2,514	2,480	3,550	3,718	3,688	3,474	3,558	3,111
Drug/Alcohol Arrests	556	715	782	817	1,200	1,065	1,376	869	862	685
Fire:										
Rescue Calls	1,678	1,714	1,744	1,682	1,715	1,925	1,657	1,432	1,857	1,685
Building and Safety										
Building Permits	386	382	392	412	549	575	497	478	471	447
Culture and Recreation										
Library										
Total Circulation	319,997	338,308	314,489	318,284	334,736	333,602	339,374	329,462	336,562	266,787
Water:										
Water Inspections	48	39	40	39	62	47	45	49	40	37
Locates	2,743	2,406	2,589	2,928	2,708	2,502	2,583	2,257	2,474	2,325
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.269	1.017	1.105	1.127	1.000	1.265	1.254	1.278	1.368	1.380
Sewer Maintenance										
Sewer Inspections	32	22	37	22	46	39	38	23	23	31
Solid Waste Management										
Average Daily Tonnage	113	110	116	117	117	121	128	129	130	122

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
City Auditorium (1)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Council Chambers	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Stations	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Streets										
Streets (Miles)	144.29	143.88	142.30	142.30	137.26	135.90	135.90	135.84	134.50	134.30
Streetlights	2,244	2,236	2,237	2,266	2,246	2,204	2,192	2,162	2,153	2,137
Parks										
Parks Acreage	403.50	396.00	378.00	364.00	364.00	364.00	364.00	335.00	335.00	335.00
Parks #	13.00	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	5.00	5.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water mains (miles)	122.00	121.00	120.00	120.00	145.00	142.00	141.00	140.00	139.00	149.00
Water treatment plants	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sewer										
Sanitary sewer (miles)	127.00	126.00	125.00	125.00	155.00	153.00	152.00	150.00	149.00	127.00
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