

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

# CITY OF NORFOLK, NEBRASKA



for the year ended

# SEPTEMBER 30, 2011

# **CITY OF NORFOLK, NEBRASKA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*for the  
fiscal year  
ended  
September 30, 2011*

Prepared by:  
The Finance Division

CITY OF NORFOLK, NEBRASKA

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**CITY OF NORFOLK, NEBRASKA**

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# INTRODUCTORY SECTION

# City of Norfolk

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127 North 1st Street  
Norfolk, Nebraska 68701

March 16, 2012

**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, 2011 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, 2011.

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, 2011, 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, 2011, 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 to 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 and City of Norfolk Facilities Corporation).

The budget modification process depends on the type of modification being sought. If a department or division head wishes to purchase unbudgeted machinery, tools or equipment, he can choose to do so by exchanging it for another item within the same account. If an exchange is not possible and the item is not deferrable, the City Administrator must review and approve the request, or at his discretion, the Mayor and City Council. Exchanges of budgetary authority between accounts is generally not allowed. If any piece of equipment fails and was unforeseen at budget time, purchasing normally approves replacement up to \$1,000. 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 40% of all General Fund revenues. Actual sales tax receipts for the City's original 1% sales tax have been up seven out of the last eleven 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 \$4,679,251 in the fiscal year ended September 30, 2011, a 16% increase over the last eleven 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 2010-2011, receipts for the half-cent sales tax lagged the 4% growth rate by a cumulative \$3 million. Total City sales tax lagged behind the 4% annual growth rate by a cumulative \$11.9 million between 2001 and 2011.

Sales tax receipts for the fiscal year ending September 30, 2011 continue their slow growth pattern, but receipts the first five months of fiscal year 2011-2012 show improvement. The sales tax receipts for the fiscal year ending September 30, 2011 are only up 1.8% from the fiscal year ending September 30, 2010. Sales tax receipts the first five months of fiscal year 2011-2012 are up 5.9% from the same period in fiscal year 2010-2012. If sales tax receipts continue at this rate, it will cover growth and inflation over the long-term.



The City continues to work with local economic development partners to implement the City's LB 840 economic development program which was approved by voters in May 2010. 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 businesses. This program authorizes collecting \$400,000 from property tax each year for ten years starting in 2010-2011 to be used for economic development. The first receipts relating to this property tax were received by the City in April 2011.

The Northeast Nebraska Economic Development District (NENEDD) has been vital in promoting economic growth in Norfolk and the surrounding area. In the past 10 years, NENEDD's revolving loan fund has loaned \$1.4 million to Norfolk businesses that have created or retained 166 jobs. NENEDD has assisted the City in acquiring \$5.6 million of community development grant funding that created or retained an additional 137 jobs.

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 4<sup>th</sup> Street and Madison Avenue, the distribution service center at 8<sup>th</sup> Street and Madison Avenue, the transmission/substation operations group on East Omaha Avenue, along with NPPD's existing Norfolk pole yard. This 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.

Construction is currently underway on a new building for the Norfolk Area Chamber of Commerce. The building is designed to create a great first impression for the Norfolk area.

Other economic indicators appear mixed. Norfolk's population increased 3% from 23,516 in the 2000 census to 24,210 in the 2010 census. Madison County's unemployment rate decreased .2% from 3.8% in 2010 to 3.6% in 2011 and area plants have been increasing production as the economy recovers. School enrollment decreased from 4,023 in 2010 to 4,009 in 2011. The most recent assessed valuation which was released August 18, 2011,

shows taxable property in Norfolk valued at \$1,184,065,318, a slight increase from the prior year.

## **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, revenue and expenditure trends out ten 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 September 19, 2011 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. As a result, water rates increased 4% in November 2008 and 10% in October 2009. Sewer rates increased 15% in November 2008, 10% in October 2009, 7.5% in October 2010, and 7% in October 2011.

## **SIGNIFICANT EVENTS**

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. Construction was completed on the football field in time for the 2011 football season. Construction is currently underway at the site of the new swimming facilities. It is projected to be complete in June 2012. As a result the City will be hiring an additional 30 lifeguards and 5 to 10 cashiers and concession workers at the new facilities.

In July 2011 the City entered into a purchase agreement with Supertel Limited Partnership to purchase property at 309 N. 5<sup>th</sup> Street to be the new City administration offices. The City created the City of Norfolk Facilities Corporation to purchase the property and the City will make lease payments to the corporation. Closing on the property was September 30, 2011 for a price of \$1,750,000, which included all the furniture located at the property. The City is currently doing some light remodeling and expects to move into the building this spring.

To realize interest savings, the City called and paid with cash or refunded bond issues during fiscal year 2010-2011. The City issued \$2,005,000 of general obligation refunding bonds to refund the Series 2002 and Series 2003 flood control bonds. The outstanding principal of \$345,000 of Series 2005 various purpose bonds and \$125,000 of Series 2005 public safety tax anticipation bonds were called and paid with cash from the Debt Service Fund and the Special Assessments Fund. In the Enterprise Funds, \$3,550,000 of combined utilities revenue refunding bonds were issued to refund the Series 2002 and Series 2002B combined

utilities revenue refunding bonds. The Water Fund paid with cash the outstanding principal of \$1,490,000 of the Series 2003 combined utilities revenue bonds.

The 2010-2011 budget was amended at the August 1, 2011 City Council meeting to incorporate the following events that were not included in the originally filed budget: the \$16.4 million of general obligation bonds and the related occupation tax and capital outlay for recreation facilities, refunding the general obligation flood control refunding bonds, General Fund costs related to the building purchased from Supertel, and calling the public safety tax anticipation bonds and various purpose bonds. The items relating to the Enterprise Funds are budgeted under the Municipal Proprietary Function Act. The City adopts a budget for the proprietary functions, which was not amended during the year, separate from the municipal budget. Under the Municipal Proprietary Function Act, if actual expenditures exceed budget, the governing body adopts a proprietary function reconciliation statement within 90 days after the end of the fiscal year reflecting any difference between the adopted proprietary budget statement and the actual expenditures for the year. Actual expenditures did not exceed budget for the proprietary funds so a proprietary function reconciliation statement was not required.

On March 10, 2011 the Nebraska governor approved LB 383 which eliminates state aid to municipalities, counties, and natural resource districts. For the City this is \$191,450 annually that is eliminated from the budget.

In the fall of 2011 the City received a \$500,000 Community Development Block Grant through the Nebraska Department of Economic Development to loan to Premier Senior Marketing as part of their expansion in Norfolk. In addition, the City has agreed to loan Premier Senior Marketing \$155,750 of the City's LB 840 economic development funds with 99% of the loan forgivable if certain conditions are met. The expansion is expected to result in 21 new jobs.

The City is in the process of converting 25<sup>th</sup> Street into a three lane roadway with a shared center left turn lane from U.S. Highway 275 north to Benjamin Avenue. Project improvements include reworked intersections, bridge replacement, a storm sewer, water main reconstruction, and increased size of sidewalks. This is a joint project between the Nebraska Department of Roads and the City with approximately 80% of the project being paid with federal highway dollars administered by the Nebraska Department of Roads. Construction is set to begin this spring.

## **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, 2010. This was the twenty-third 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 nineteen years, the most recent for the 2011-2012 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



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, 2010.

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, 2010

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.



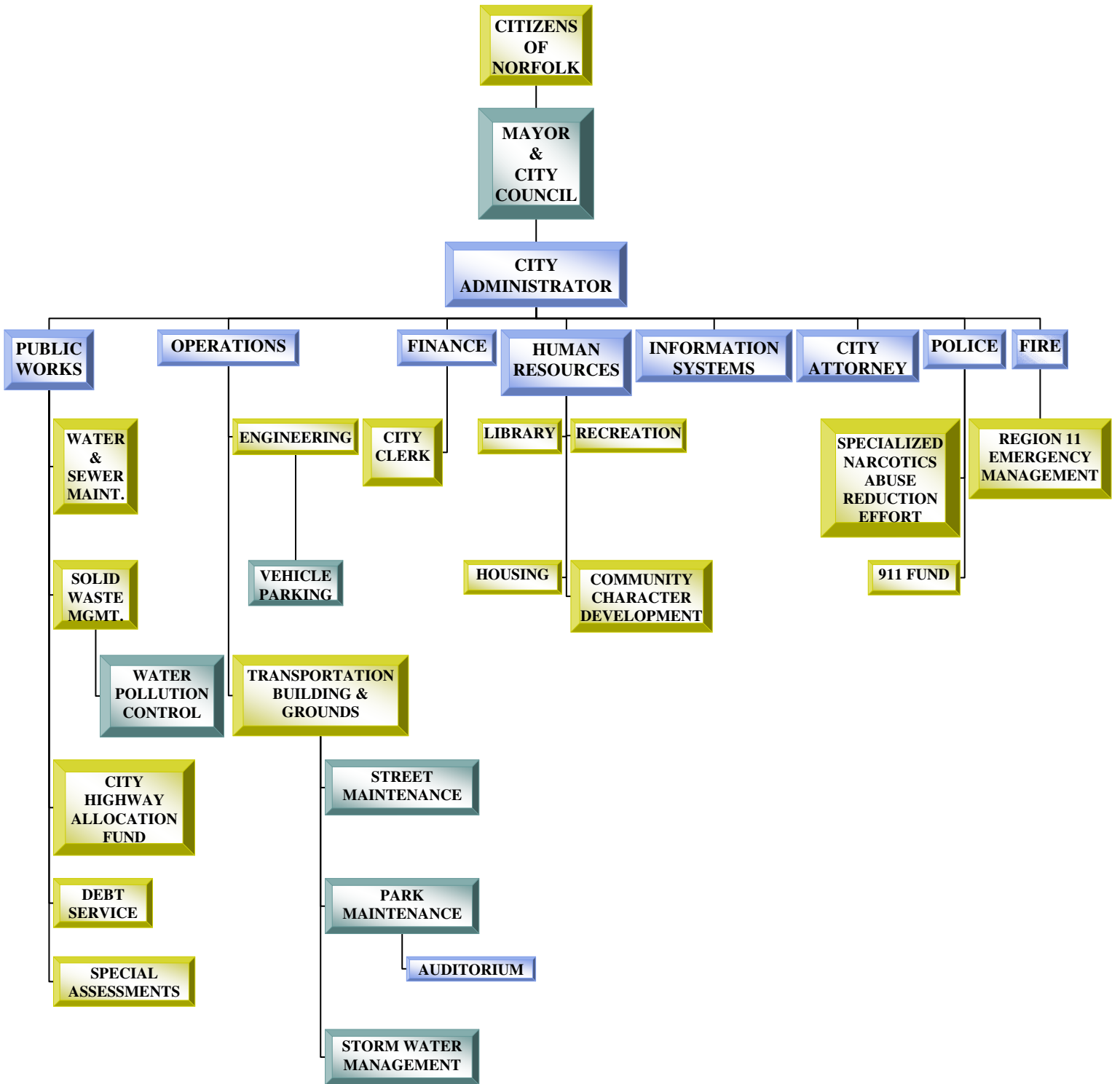
*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

**City of Norfolk, Nebraska**  
**Organizational Chart**



# CITY OF NORFOLK, NEBRASKA

List of Principal Officials

*October 1, 2011*

<b>Title</b>	<b>Name</b>
Mayor	Sue Fuchtman
Council Member	Jim Brenneman
Council Member	Dale Coy
Council Member	Dave Fauss
Council Member	Jim Lange
Council Member	Shane Clausen
Council Member	Vicki Saunders
Council Member	Rob Merrill
Council Member	Thad Murren
City Administrator	Shane Weidner
City Attorney	Clint Schukei
City Clerk	Elizabeth A. Deck
Director of Public Works	Dennis Smith
Finance Officer	Randy Gates
Fire Chief	Scott Cordes
Housing Director	Sheila Miller
Human Resources Director	Sheila Schukei
Information Systems Manager	Jim McKenzie
Library Director	Michael Caldararo
Operations Manager	Gary Miller
Park & Building Maintenance Superintendent	Pat Mrsny
Police Chief	William Mizner
Solid Waste Manager	Gary Lund
Transportation, Building & Grounds Director	Jim Koch
Wastewater Plant Superintendent	Todd Boling
Water and Sewer Director	Dennis Watts



# FINANCIAL SECTION



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

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norfolk, Nebraska, (the City) as of and for the year ended September 30, 2011, 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, 2011, 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 16, 2012 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 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 29 and 67 through 70 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 16, 2012

## **Management Discussion and Analysis**

**September 30, 2011**

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, 2011. 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, 2011, by \$95,644,634. Of this amount, \$18,934,411 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$4,686,486 during the year. Of this amount, the assets of Governmental Activities increased \$3,474,884 and the assets of Business Activities increased \$1,211,602.
- Bonds payable increased \$14,343,480. Outstanding revenue bonds total \$4,202,133, general obligation bonds \$21,192,414, and special assessment bonds \$1,415,000 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, 2011, net assets were as follows:

City of Norfolk's Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 34,752,679	\$ 19,431,471	\$ 7,897,006	\$ 9,995,844	\$ 42,649,685	\$ 29,427,315
Capital assets	49,958,640	42,839,090	37,363,186	36,723,862	87,321,826	79,562,952
<b>Total assets</b>	<b>84,711,319</b>	<b>62,270,561</b>	<b>45,260,192</b>	<b>46,719,706</b>	<b>129,971,511</b>	<b>108,990,267</b>
Long-Term Liabilities	25,013,871	7,906,112	4,492,204	7,188,450	29,506,075	15,094,562
Other liabilities	4,188,494	2,330,379	632,308	607,178	4,820,802	2,937,557
<b>Total liabilities</b>	<b>29,202,365</b>	<b>10,236,491</b>	<b>5,124,512</b>	<b>7,795,628</b>	<b>34,326,877</b>	<b>18,032,119</b>
Net assets:						
Invested in capital assets, net of related debt	36,664,204	36,774,090	33,161,053	29,797,795	69,825,257	66,571,885
Restricted	5,161,760	1,193,594	1,723,206	2,570,858	6,884,966	3,764,452
Unrestricted	13,682,990	14,066,386	5,251,421	6,555,425	18,934,411	20,621,811
<b>Total net assets</b>	<b>\$ 55,508,954</b>	<b>\$ 52,034,070</b>	<b>\$ 40,135,680</b>	<b>\$ 38,924,078</b>	<b>\$ 95,644,634</b>	<b>\$ 90,958,148</b>

A portion of net assets (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$18,934,411 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 \$3,253,372 increase in net assets invested in capital assets, net of related debt. The increase in this net asset category is in the business-type activities which increased \$3,363,258. 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 and paying off \$1,490,000 of outstanding bonds prior to maturity in the Water Fund.

Total revenue reported in Fiscal 2011 was \$31,905,855. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

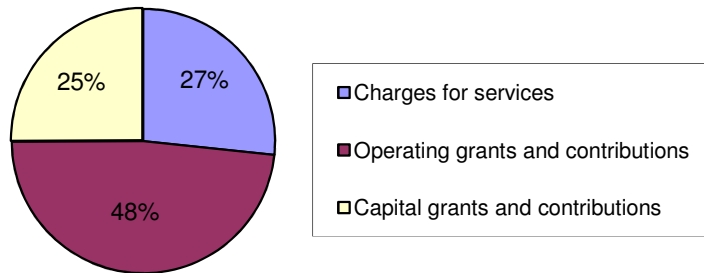
City of Norfolk's Changes in Net Assets

	General Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 1,831,488	\$ 1,709,809	\$ 7,467,016	\$ 7,086,116	\$ 9,298,504	\$ 8,795,925
Operating grants and contributions	3,315,948	3,124,585	15,544	-	3,331,492	3,124,585
Capital grants and contributions	1,723,050	337,404	-	263,880	1,723,050	601,284
Total Program Revenues	6,870,486	5,171,798	7,482,560	7,349,996	14,353,046	12,521,794
General Revenues:						
Property taxes	3,097,588	2,694,271	-	-	3,097,588	2,694,271
Sales taxes	7,072,877	6,919,663	-	-	7,072,877	6,919,663
Other taxes	254,665	240,021	-	-	254,665	240,021
Occupation and franchise taxes	2,030,762	971,022	-	-	2,030,762	971,022
Interest	99,146	106,069	14,034	66,938	113,180	173,007
General intergovernmental revenues	295,309	289,270	-	-	295,309	289,270
Keno Revenues	432,584	359,060	-	-	432,584	359,060
Use of property	4,186,984	3,822,961	-	-	4,186,984	3,822,961
Revenue from Sale of Uncapitalized Property	17,747	57,129	-	-	17,747	57,129
Miscellaneous	51,113	153,345	-	-	51,113	153,345
Total General Revenues	17,538,775	15,612,811	14,034	66,938	17,552,809	15,679,749
Total Revenues	24,409,261	20,784,609	7,496,594	7,416,934	31,905,855	28,201,543
Expenses:						
General Government	1,660,197	2,940,797	-	-	1,660,197	2,940,797
Public Safety	8,473,093	8,137,286	-	-	8,473,093	8,137,286
Public Works	6,877,940	5,477,606	-	-	6,877,940	5,477,606
Public Library	1,203,191	1,163,623	-	-	1,203,191	1,163,623
Parks, Recreation and Public Property	1,468,214	1,599,713	-	-	1,468,214	1,599,713
Community Improvement and Development	686,717	1,287,249	-	-	686,717	1,287,249
Debt Service	565,025	218,415	-	-	565,025	218,415
Water System	-	-	1,990,118	1,977,520	1,990,118	1,977,520
Sewer System	-	-	2,644,975	2,696,190	2,644,975	2,696,190
Solid Waste	-	-	1,649,899	1,668,167	1,649,899	1,668,167
Total Expenses	20,934,377	20,824,689	6,284,992	6,341,877	27,219,369	27,166,566
Excess (deficiency) of revenues over expenditures before transfers	3,474,884	(40,080)	1,211,602	1,075,057	4,686,486	1,034,977
Transfers	-	-	-	-	-	-
Increase in Net Assets	3,474,884	(40,080)	1,211,602	1,075,057	4,686,486	1,034,977
Net Assets - Beginning	52,034,070	52,074,150	38,924,078	37,849,021	90,958,148	89,923,171
Net Assets - Ending	\$ 55,508,954	\$ 52,034,070	\$ 40,135,680	\$ 38,924,078	\$ 95,644,634	\$ 90,958,148



Program revenues totaled \$14,353,046. \$7,482,560 was program revenues from Business-Type Activities and \$6,870,486 was program revenues from General Governmental Activities. Program revenues from Business-Type Activities increased \$132,564 or 2% while program revenues from General Governmental Activities increased \$1,769,075 or 33%. The increase in General Governmental Activities is primarily due to a \$1,456,033 increase in capital grants and contributions. A large portion of increase is because downtown property owners were assessed in March 2011 on their portion of the expense of the large downtown improvement project. Capital grants and contributions also increased due to federal grants received on the 25<sup>th</sup> Street project.

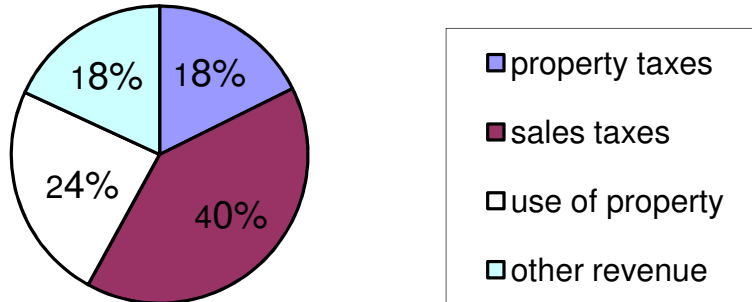
**Program Revenues  
General Governmental**



General revenues for Governmental Activities went from \$15,612,811 in 2010 to \$17,538,775 in 2011, an increase of \$1,925,964 or 12%. The largest general revenue source is sales tax which, as discussed in the transmittal letter, is relatively flat with only a 1.8% increase from the prior year. Sales tax went from 44.3% of general revenues in the prior year to 40.3% in the current year. The largest increase in general revenues for General Governmental Activities was occupation and franchise taxes which went from \$971,022 last year to \$2,030,762 in the current year, an increase of \$1,059,740 or 109%. The increase is due to the City Council enacting a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging, which became effective February 1, 2011, to fund debt service on the \$16.4 million recreation bond issue. Property taxes increased \$403,317 primarily due to receiving the first year of property taxes on the City’s voter approved LB840 economic development program. The second largest general revenue source is use of property which increased \$364,023 or 10%. 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, 2011 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 \$153,345 in the prior year to \$51,113 in the current year, a decrease of \$102,232. The decrease is primarily due to a \$120,826 League Association of Risk Management dividend that was received in the prior year but not in the current year.

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

### General Revenues General Governmental



Total expenses remained relatively flat, increasing only \$52,803 or .2%. Total expenses went from \$27,166,566 last year to \$27,219,369 in the current year. Expenses in Governmental Activities increased \$109,688 or .5% while Business-Type Activities decreased \$56,885 or .9%.

The biggest increase in expenses was in public works which went from \$5,477,606 last year to \$6,877,940 in the current year, an increase of \$1,400,334 or 26%. This increase is primarily due to the downtown improvement project that was completed in fiscal year 2010-2011. Over the past few years improvements were done to the downtown sidewalks, lighting, and medians. Once final costs were known, expenses relating to the lighting and medians were capitalized while the expenses relating to the sidewalks were expensed. Since property owners are responsible for the sidewalks on their property, these improvements were an expense of the City and not capitalized.

The second biggest increase in expenses was in debt service which went from \$218,415 last year to \$565,025 this year, an increase of \$346,610 or 159%. \$255,371 of this increase is interest paid in June 2011 on \$16.4 million general obligation bonds issued December 22, 2010. As described more fully in the letter of transmittal and later in this section, 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. Approximately half of the remaining increase is debt service payments to the Nebraska Department of Economic Development (NDED). In 2010 the City received a \$500,000 Community Development Block Grant through the NDED to loan to Milk Specialties Company. In October 2010 Milk Specialties Company began repaying the loan to the City and in turn the City forwards the payments to the NDED. The third largest increase was in public safety which went from \$8,137,286 last year to \$8,473,093 this year, an increase of \$335,807 or 4%. This increase is right at the 4% increase allowed in the maintenance level of budgeting.

The largest decrease in expenses was in general government which went from \$2,940,797 last year to \$1,660,197 this year, a decrease of \$1,280,600 or 44%. This decrease is primarily due to a \$1,030,293 decrease in group benefit claims in the Internal Service Fund and the corresponding increase in operating results included in general government expense.

Expenses for Business-Type Activities decreased \$56,885 going from \$6,341,877 last year to \$6,284,992 this year. Expenses in the Sewer Division decreased \$51,215 and the Solid Waste Division decreased \$18,268. Partially offsetting these decreases was a \$12,598 increase in the Water Division. The largest decrease in expenses in the Sewer Division was a \$79,773 decrease in repairs and maintenance. Flooding in June 2010 caused severe damage to sewer pipes and as a result there were major repairs in the prior year.

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

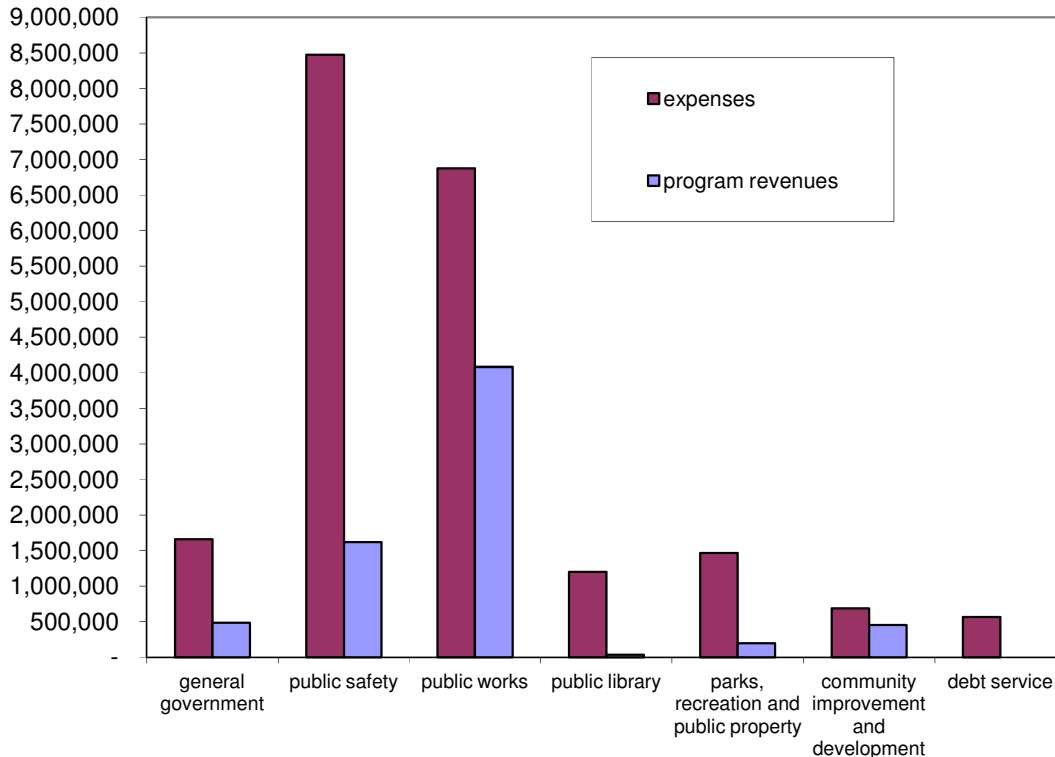
<u>Program Level</u>	<u>Activity</u>
General Government.....	Administration, Support Services
Public Safety.....	Emergency medical services, Police, Fire, Prevention and Codes, Planning and Zoning, Emergency Management
Public Works .....	Engineering, Streets, Drainage
Public Library .....	Operation of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

### **Governmental Activities**

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

The following chart shows the relationship of program expense to program revenue for governmental activities in a graphical format. As would be expected, expenses exceed revenues for all governmental activities. For example, public safety had expenses of \$8,473,093 and total program revenues of only \$1,619,587 comprised of \$978,401 of charges for services, \$468,055 of operating grants and contributions, and \$173,131 of capital grants and contributions. The net cost of public safety was \$6,853,506 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

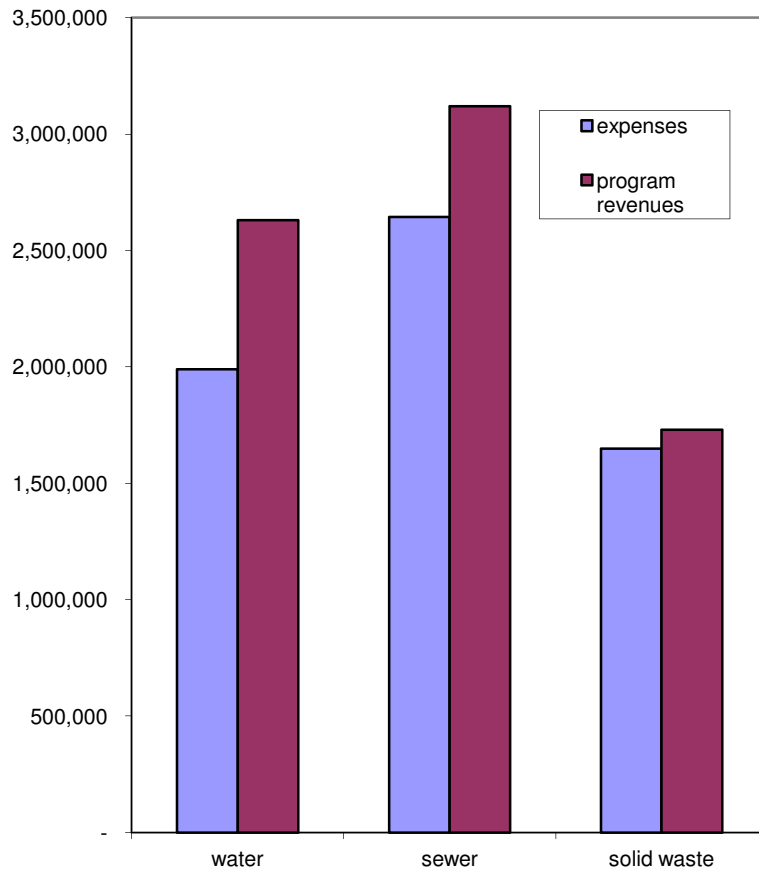
### Business-Type Activities

Business-Type Activities net assets increased \$1,211,602, accounting for 26% of the growth in the City's net assets.

The City operates three Business-Type Activities including water, sewer and solid waste. As can be seen by the following chart, revenues exceeded expenses in all three divisions during the year. Water Division revenues exceeded expenses by \$640,574. 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, 2011 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 2011 Sewer Division revenues exceeded expenses by \$475,605 and Solid Waste Division revenues exceeded expenses by \$81,389.

**Expenses and Program Revenues - Business-type Activities**



**FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year. The City’s Governmental funds reported combined ending fund balances of \$23,769,044. The combined Governmental Fund balance increased \$12,160,636 from the prior year.

The primary increase in fund balance was in the Capital Construction Fund which increased \$9,894,924. Of the \$16.4 million of bond proceeds received in December 2010 for the recreation facilities, there was approximately \$9.9 million remaining as of September 30, 2011, which accounts for the increase in fund balance in the Capital Construction Fund. Construction was completed on the football field in the fall of 2011 and construction is currently underway at the site of the new swimming facilities. The majority of the unspent bond proceeds at September 30, 2011 are expected to be spent in the 2011-2012 fiscal year with any remaining amount spent early in fiscal year 2012-2013.

The General Fund, the primary operating fund of the City, had an increase in fund balance of \$1,196,147. Fund balance increased from \$6,109,775 last year to \$7,305,922 this year. It is the second largest increase in fund balance of all the City's governmental funds. Revenues increased \$668,208 over the prior year primarily because of an increase in use of property revenue from NPPD described earlier and increases in property tax revenue and charges for services. Transfers out decreased primarily due to not transferring \$400,000 of property tax for council priorities to the Capital Construction Fund. This year the \$400,000 remained in the General Fund to be used for expenses relating to the new administration building.

Another significant increase in fund balance is in the City's newest special revenue fund, the Economic Development Fund. As noted earlier, voters approved an LB 840 economic development program in May 2010 which authorizes collecting \$400,000 from property tax for ten years. The first of this property tax was received in April 2011. Total property tax and interest received as of September 30, 2011 was \$411,932. As of September 30, 2011 no payments have been made from this fund.

Four special revenue funds and one capital projects fund had a decrease in fund balance. The decreases ranged from \$255 to \$21,997. The largest decrease was in the 911 Fund. The fund balance has been drawn down over the last couple of years as revenue from 911 surcharge has been decreasing. This surcharge is on each local exchange access line which physically terminates within the City's designated E-911 telephone service area. As more land line phones are being replaced by cell phones, the revenue from 911 surcharge has been decreasing.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund budget was amended during the year to incorporate changes in capital outlay relating to the purchase of an administration building by the City of Norfolk Facilities Corporation and to incorporate administration fee revenue on newly enacted occupation taxes. The amended budget included approximately \$16.8 million of revenue and \$18.1 million of expenditures resulting in a budgeted decrease in fund balance of \$1.3 million. Fund balance increased \$1,341,954 because revenues exceeded budget by \$1.2 million and expenditures were under budget by \$1.5 million. This combined with

beginning fund balance exceeding budget by \$.2 million, resulted in an ending fund balance of about \$2.9 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$488,179. Starting this year the City includes cash at the County Treasurer due to the City as of September 30 as part of the City's cash balance. This is property tax collected by the County in September that is remitted to the City in October. The State of Nebraska requires the County Treasurer's balance be included when budgeting. As of September 30, 2011 cash at the County Treasurer for the General Fund was \$196,203. The second largest amount of revenues over budget was in rental income which exceeded budget by \$301,006. This is primarily because the lease of the city-owned electrical distribution system to NPPD was \$259,808 more than budgeted. As mentioned earlier NPPD increased their rates in January 2011 which increased their lease payment to the City. Intergovernmental revenue exceeded budget by \$127,882 primarily due to \$51,470 of unbudgeted homestead allocation and receipts of \$72,717 over budget for federal grants primarily relating to the flooding in June 2010. Keno revenue was \$89,702 over budget. Starting in July 2010 with the opening of Big Red Sports Bar & Grill, Norfolk's keno headquarters, keno revenue has been increasing. Transfers in were \$76,631 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 licenses and permits. A decrease from the prior year in construction related permits resulted in licenses and permits being \$42,116 under budget.

Expenditures in all categories were under budget resulting in \$1,476,636 less expenditures than budgeted. General government had the largest amount of under budget expenditures followed 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, 2011, was \$69,825,257 (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			
	2011	2010	2011	2010	2011	2010
Land	\$ 335,860	\$ 11,383	\$ 247,047	\$ -	\$ 582,907	\$ 11,383
Buildings and improvements	2,263,612	-	-	14,955	2,263,612	14,955
Water distribution and sewage system	-	-	1,916,785	828,245	1,916,785	828,245
Equipment, furniture and fixtures	654,336	704,549	38,144	359,190	692,480	1,063,739
Infrastructure	1,380,978	701,513	-	-	1,380,978	701,513
Construction in progress	6,818,691	644,520	1,846,565	1,336,748	8,665,256	1,981,268
<b>Total Gross Additions</b>	<b>\$ 11,453,477</b>	<b>\$ 2,061,965</b>	<b>\$ 4,048,541</b>	<b>\$ 2,539,138</b>	<b>\$ 15,502,018</b>	<b>\$ 4,601,103</b>

Gross additions to capital assets for Governmental Activities were \$11,453,477, increasing \$9,391,512 from the \$2,061,965 of additions in the prior year. Construction in progress increased \$6,174,171 primarily due to the large construction project at Veterans Memorial Park and Ta-Ha-Zouka Park to improve baseball, football, and swimming facilities. Buildings and improvements increased \$2,263,612 primarily due to the purchase of an administration building by the City of Norfolk Facilities Corporation for \$1.6 million and energy upgrades at the library for \$.5 million.

Total gross additions to capital assets for Business-Type activities were \$4,048,541 compared to \$2,539,138 the prior year. The largest addition this year was a booster station north of Benjamin Avenue and Victory Road for \$1.84 million. Of the \$1.84 million, about \$1.01 million is current year cost that is recorded in construction in progress additions before being reclassified to water distribution and sewage system additions. Two parcels of land were purchased during the year. One purchase of \$148,867 in the Sewer Fund is for future expansion and the other is for well head protection in the Water Fund of \$73,540. These were recorded as current year construction in progress additions before being reclassified to land. Other construction in progress additions consisted of a southwest water transmission line, a sanitary sewer interceptor, and a water line along Victory Road, north of Benjamin Avenue.

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

## DEBT ADMINISTRATION

At year-end the City had \$26,809,547 of bonded debt outstanding, net of original issue discounts and deferrals. This is an increase of \$14,343,480 from the prior year. As mentioned earlier, the City issued \$16.4 million voter approved general obligation bonds to fund baseball, football, and swimming improvements during the year.

To realize interest savings, the City called and paid with cash or refunded bond issues during the current fiscal year. The City issued \$2,005,000 of general obligation refunding bonds to refund the Series 2002 and Series 2003 flood control bonds. As a result of the refunding the City reduces its debt service payments over the next 8 ½ years by \$140,478



and obtains an economic gain of \$127,521. The outstanding principal of \$345,000 of Series 2005 various purpose bonds and \$125,000 of Series 2005 public safety tax anticipation bonds were called and paid with cash from the Debt Service Fund and the Special Assessments Fund. This reduces future interest payments by \$40,929 over the next 4 ½ years. In the Enterprise Funds, \$3,550,000 of combined utilities revenue refunding bonds were issued to refund the Series 2002 and Series 2002B combined utilities revenue refunding bonds. The refunding reduces the City's debt service payments over the next 5 ½ years by \$264,437 and the City obtains an economic gain of \$252,893. The Water Fund paid with cash the outstanding principal of \$1,490,000 of the Series 2003 combined utilities revenue bonds which reduces future interest payment by \$510,886 over the next 12 ½ years.

Moody's rated the City's general obligation bond issue dated December 22, 2010 Aa3. The ratio of general bonded debt to assessed value for the City has increased from .59% in 2002 to 1.89% currently due to the large bond issue in the current year. Total debt per capita was \$743.67 in 2002 compared to \$551.31 in 2010, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 2.49. The majority of 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 2010-2011 are only up 1.8% from the prior year. Sales tax receipts the first five months of fiscal year 2011-2012 show improvement, growing 5.9% from the same period in fiscal year 2010-2011.

On March 10, 2011 the Nebraska governor approved LB 383 which eliminates state aid to municipalities, counties, and natural resource districts. For the City this is \$191,450 annually that is eliminated from the budget.

Economic indicators appear mixed. Norfolk's population increased 3% from 23,516 in the 2000 census to 24,210 in the 2010 census. Madison County's unemployment rate decreased .2% from 3.8% in 2010 to 3.6% in 2011 and area plants have been increasing production as the economy recovers. School enrollment decreased from 4,023 in 2010 to 4,009 in 2011. The most recent assessed valuation which was released August 18, 2011, shows taxable property in Norfolk valued at \$1,184,065,318, a slight increase from the prior year.

Construction of a new College of Nursing facility at Northeast Community College was completed and 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 currently underway on a new building for the Norfolk Area Chamber of Commerce. The building is designed to create a great first impression for the Norfolk area.

The City continues to work with local economic development partners to implement the City's LB 840 economic development program which was approved by voters in May 2010. 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 businesses. This program authorizes collecting \$400,000 from property tax each year for ten years starting in 2010-2011 to be used for economic development. The City has agreed to loan Premier Senior Marketing \$155,750 of the City's LB 840 economic development funds which will result in 21 new jobs created by Premier Senior Marketing.

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. Construction was completed on the football field in time for the 2011 football season. Construction is currently underway at the site of the new swimming facilities. It is projected to be complete in June 2012. As a result the City will be hiring an additional 30 lifeguards and 5 to 10 cashiers and concession workers at the new facilities.

In July 2011 the City entered into a purchase agreement with Supertel Limited Partnership to purchase property at 309 N. 5<sup>th</sup> Street to be the new City administration offices. The City created the City of Norfolk Facilities Corporation to purchase the property and the City will make lease payments to the corporation. Closing on the property was September 30, 2011 for a price of \$1,750,000, which included all the furniture located at the property. The City is currently doing some light remodeling and expects to move into the building this spring.

The 2010-2011 budget was amended at the August 1, 2011 City Council meeting to incorporate the following events that were not included in the originally filed budget: the \$16.4 million of general obligation bonds and the related occupation tax and capital outlay for recreation facilities, refunding the general obligation flood control refunding bonds, General Fund costs related to the building purchased from Supertel, and calling the public

safety tax anticipation bonds and various purpose bonds. The items relating to the Enterprise Funds are budgeted under the Municipal Proprietary Function Act. The City adopts a budget for the proprietary functions, which was not amended during the year, separate from the municipal budget. Under the Municipal Proprietary Function Act, if actual expenditures exceed budget, the governing body adopts a proprietary function reconciliation statement within 90 days after the end of the fiscal year reflecting any difference between the adopted proprietary budget statement and the actual expenditures for the year. Actual expenditures did not exceed budget for the proprietary funds so a proprietary function reconciliation statement was not required.

## **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.

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**CITY OF NORFOLK, NEBRASKA**

**STATEMENT OF NET ASSETS**

September 30, 2011

With Summarized Financial Information as of September 30, 2010

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2011	2010
<b>ASSETS</b>				
Cash and Equity in Pooled Investment Account	\$ 27,084,849	\$ 4,726,731	\$ 31,811,580	\$ 18,736,680
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	342,182	1,128,484	1,470,666	1,379,674
Taxes	1,508,266	-	1,508,266	1,752,800
Accrued Interest	13,849	13,443	27,292	42,906
Special Assessments	1,168,496	1,597	1,170,093	683,381
Notes Receivable	2,141,348	-	2,141,348	2,163,247
Due from Other Governmental Agencies	2,177,718	-	2,177,718	1,617,070
Inventories	51,342	240,384	291,726	264,531
Prepaid Assets	9,505	-	9,505	-
Restricted Assets:				
Cash and Cash Equivalents	-	1,736,473	1,736,473	2,670,355
Bond Issue Costs	255,124	49,894	305,018	116,671
Land	8,015,148	2,200,628	10,215,776	9,632,869
Construction in Progress	7,806,843	656,973	8,463,816	4,075,882
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	34,136,649	34,505,585	68,642,234	65,854,201
<b>Total Assets</b>	<b>84,711,319</b>	<b>45,260,192</b>	<b>129,971,511</b>	<b>108,990,267</b>
<b>LIABILITIES</b>				
Accounts Payable	3,993,656	619,041	4,612,697	2,789,983
Unearned Revenue	24,450	-	24,450	18,268
Accrued Interest Payable	170,388	-	170,388	29,809
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	13,267	13,267	99,497
Revenue Bonds - Current	-	460,596	460,596	852,058
Noncurrent Liabilities:				
Due within one year:				
Notes Payable	81,549	-	81,549	85,714
General Obligation Bonds	1,030,000	-	1,030,000	450,000
Various Purpose Bonds	160,000	-	160,000	365,000
Bond Anticipation Notes	525,000	-	525,000	-
Compensated Absences and Benefits	779,956	129,079	909,035	869,366
Due in more than one year:				
Notes Payable	173,810	-	173,810	259,526
Revenue Bonds Payable	-	3,741,537	3,741,537	6,074,009
General Obligation Bonds	20,162,414	-	20,162,414	3,030,000
Various Purpose Bonds	1,255,000	-	1,255,000	1,695,000
Bond Anticipation Notes	-	-	-	525,000
Compensated Absences and Benefits	819,757	160,992	980,749	888,889
Unamortized Bond Premium	26,385	-	26,385	-
<b>Total Liabilities</b>	<b>29,202,365</b>	<b>5,124,512</b>	<b>34,326,877</b>	<b>18,032,119</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	36,664,204	33,161,053	69,825,257	66,571,885
Restricted for:				
Debt Service	504,468	1,009,057	1,513,525	3,057,851
Future Capital Assets	-	714,149	714,149	706,601
Road Projects	2,787,524	-	2,787,524	-
Community Programs & Services	1,869,768	-	1,869,768	-
Unrestricted	13,682,990	5,251,421	18,934,411	20,621,811
<b>Total Net Assets</b>	<b>\$ 55,508,954</b>	<b>\$ 40,135,680</b>	<b>\$ 95,644,634</b>	<b>\$ 90,958,148</b>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2011**  
**With Summarized Financial Information for the Year Ended September 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2011	2010
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 1,660,197	\$ 482,968	\$ -	\$ -	\$ (1,177,229)		\$ (1,177,229)	\$ (2,544,272)
Public Safety	8,473,093	978,401	468,055	173,131	(6,853,506)		(6,853,506)	(6,713,320)
Public Works	6,877,940	109,797	2,460,880	1,512,444	(2,794,819)		(2,794,819)	(3,348,213)
Public Library	1,203,191	26,970	7,494	-	(1,168,727)		(1,168,727)	(1,026,808)
Parks, Recreation and Public Property	1,468,214	113,352	46,797	37,475	(1,270,590)		(1,270,590)	(1,455,127)
Community Improvement and Development	686,717	120,000	332,722	-	(233,995)		(233,995)	(346,736)
Debt Service	565,025	-	-	-	(565,025)		(565,025)	(218,415)
Total governmental activities	<u>20,934,377</u>	<u>1,831,488</u>	<u>3,315,948</u>	<u>1,723,050</u>	<u>(14,063,891)</u>		<u>(14,063,891)</u>	<u>(15,652,891)</u>
Business-Type Activities:								
Water Division	1,990,118	2,615,148	15,544	-		640,574	640,574	756,503
Sewer Division	2,644,975	3,120,580	-	-		475,605	475,605	160,080
Solid Waste Division	1,649,899	1,731,288	-	-		81,389	81,389	91,536
Total Business-Type Activities:	<u>6,284,992</u>	<u>7,467,016</u>	<u>15,544</u>	<u>-</u>		<u>1,197,568</u>	<u>1,197,568</u>	<u>1,008,119</u>
Total Primary Government	<u>\$27,219,369</u>	<u>\$ 9,298,504</u>	<u>\$ 3,331,492</u>	<u>\$ 1,723,050</u>	<u>(14,063,891)</u>	<u>1,197,568</u>	<u>(12,866,323)</u>	<u>(14,644,772)</u>
General Revenues:								
Property taxes					3,097,588	-	3,097,588	2,694,271
Sales Taxes					7,072,877	-	7,072,877	6,919,663
Other taxes					254,665	-	254,665	240,021
Occupation and Franchise Taxes					2,030,762	-	2,030,762	971,022
Interest					99,146	14,034	113,180	173,007
General Intergovernmental Revenues Unrestricted					295,309	-	295,309	289,270
Unrestricted Keno Revenue					432,584	-	432,584	359,060
Use of property					4,186,984	-	4,186,984	3,822,961
Revenue from Sale of Uncapitalized Property					17,747	-	17,747	57,129
Miscellaneous					51,113	-	51,113	153,345
Total general revenues and transfers					<u>17,538,775</u>	<u>14,034</u>	<u>17,552,809</u>	<u>15,679,749</u>
Change in net assets					3,474,884	1,211,602	4,686,486	1,034,977
Net assets - beginning					<u>52,034,070</u>	<u>38,924,078</u>	<u>90,958,148</u>	<u>89,923,171</u>
Net assets - ending					<u>\$ 55,508,954</u>	<u>\$ 40,135,680</u>	<u>\$ 95,644,634</u>	<u>\$ 90,958,148</u>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**BALANCE SHEET**  
**Governmental Funds**  
**September 30, 2011**

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Capital Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and Equity in Pooled Investment Account	\$ 4,235,184	\$ 2,567,341	\$ 169,922	\$ 1,619,126	\$ 13,437,853	\$ 1,476,504	\$ 23,505,930
Cash at County Treasurer	196,203	-	-	74,951	-	57,199	328,353
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	113,578	-	-	-	3,251	225,353	342,182
Taxes	1,354,620	-	-	147,904	-	5,742	1,508,266
Accrued Interest	2,291	1,358	90	812	7,106	473	12,130
Special Assessments	199,003	-	-	969,493	-	-	1,168,496
Notes Receivable	-	-	2,081,890	-	-	59,458	2,141,348
Due from Other Funds	260,076	-	-	-	-	-	260,076
Due from Other Governmental Agencies	1,460,606	694,000	13,127	-	-	9,985	2,177,718
Inventories	51,342	-	-	-	-	-	51,342
Prepaid Assets	-	-	-	-	-	9,505	9,505
<b>Total Assets</b>	<b>7,872,903</b>	<b>3,262,699</b>	<b>2,265,029</b>	<b>2,812,286</b>	<b>13,448,210</b>	<b>1,844,219</b>	<b>31,505,346</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	367,978	475,175	21,363	2,515	2,694,953	54,948	3,616,932
Due to Other Funds	-	-	-	-	-	260,076	260,076
Deferred Revenue	199,003	-	2,081,890	969,493	-	83,908	3,334,294
Bond Anticipation Notes	-	-	-	386,688	-	138,312	525,000
<b>Total Liabilities</b>	<b>566,981</b>	<b>475,175</b>	<b>2,103,253</b>	<b>1,358,696</b>	<b>2,694,953</b>	<b>537,244</b>	<b>7,736,302</b>
<b>Fund Balances:</b>							
<b>Non Spendable:</b>							
Inventory	51,342	-	-	-	-	-	51,342
Prepaid Items	-	-	-	-	-	9,505	9,505
Restricted	205,522	2,787,524	161,776	674,856	10,005,264	1,567,089	15,402,031
Committed	192,034	-	-	778,734	30,374	-	1,001,142
Assigned	1,848,271	-	-	-	717,619	-	2,565,890
Unassigned	5,008,753	-	-	-	-	(269,619)	4,739,134
<b>Total Fund Balances</b>	<b>7,305,922</b>	<b>2,787,524</b>	<b>161,776</b>	<b>1,453,590</b>	<b>10,753,257</b>	<b>1,306,975</b>	<b>23,769,044</b>
<b>Total Liabilities and Equity</b>	<b>\$ 7,872,903</b>	<b>\$ 3,262,699</b>	<b>\$ 2,265,029</b>	<b>\$ 2,812,286</b>	<b>\$ 13,448,210</b>	<b>\$ 1,844,219</b>	<b>\$ 31,505,346</b>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2011**

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

Total Fund Balance - Governmental Funds (page 32)	\$ 23,769,044
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	49,958,640
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.	2,875,561
Deferred revenues that provide current financial resources for governmental activities	3,309,844
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(170,388)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	255,124
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(24,488,871)</u>
Total Net Assets - Governmental Activities (page 30)	<u><u>\$ 55,508,954</u></u>



**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended September 30, 2011**

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Capital Construction	Other Governmental Funds	Total Governmental Funds
Revenue:							
Taxes	\$ 9,005,551	\$ -	\$ -	\$ 703,532	\$ -	\$ 469,504	\$ 10,178,587
Special Assessments	-	-	-	472,266	-	-	472,266
Licenses and Permits	201,651	-	-	-	-	-	201,651
Intergovernmental Revenue	671,629	2,940,901	322,853	28,351	-	450,978	4,414,712
Charges for Services	1,464,667	-	-	-	-	-	1,464,667
Keno Revenue	432,584	-	-	-	-	-	432,584
Occupation and Franchise Taxes	769,195	-	-	1,036,621	-	332,726	2,138,542
Contributions	22,626	-	-	-	31,602	-	54,228
Payments in Lieu of Taxes	86,829	-	-	38,031	-	22,025	146,885
Parking Fees and Rentals	4,192,404	-	-	-	-	11,610	4,204,014
Loan Repayments	-	-	120,048	-	-	16,471	136,519
Interest	5,065	6,290	200	35,690	39,000	3,990	90,235
Miscellaneous	88,386	-	913	-	-	16,442	105,741
Total Revenue	16,940,587	2,947,191	444,014	2,314,491	70,602	1,323,746	24,040,631
Current Expenditures:							
Public Safety	7,811,670	-	-	-	18,520	407,819	8,238,009
Public Works	2,789,753	2,152,467	-	24,561	112,769	509,303	5,588,853
Public Library	1,165,166	-	-	-	164,739	-	1,329,905
Parks, Recreation and Public Property	1,467,293	-	-	20,456	6,779,778	-	8,267,527
Community Improvement and Development	410,784	-	353,185	-	-	30,971	794,940
General Government	4,197,086	-	-	-	66,322	-	4,263,408
Debt Service:							
Debt Service	-	-	89,881	1,500,070	-	31,962	1,621,913
Total Expenditures	17,841,752	2,152,467	443,066	1,545,087	7,142,128	980,055	30,104,555
Excess (deficiency) of revenues over expenditures	(901,165)	794,724	948	769,404	(7,071,526)	343,691	(6,063,924)
Other financing sources (uses):							
Bonds Issued	1,900,000	-	-	2,005,000	16,400,000	-	20,305,000
Premium on Bonds	-	-	-	-	49,560	-	49,560
Bonds Refunded	-	-	-	(2,130,000)	-	-	(2,130,000)
Transfers In	846,631	-	-	86,425	516,890	470,015	1,919,961
Transfers Out	(649,319)	(415,000)	-	(500,642)	-	(355,000)	(1,919,961)
Total other financing sources (uses)	2,097,312	(415,000)	-	(539,217)	16,966,450	115,015	18,224,560
Net Change in Fund Balance	1,196,147	379,724	948	230,187	9,894,924	458,706	12,160,636
Fund balances beginning of year	6,109,775	2,407,800	160,828	1,223,403	858,333	848,269	11,608,408
Fund balances end of year	\$ 7,305,922	\$ 2,787,524	\$ 161,776	\$ 1,453,590	\$ 10,753,257	\$ 1,306,975	\$ 23,769,044

**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, 2011**

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

Net change in fund balances - total governmental funds (page 34)	\$ 12,160,636
<p>Governmental funds report capital outlay, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:</p>	
Expenditures for capital assets	\$ 9,346,632
Depreciation expense	<u>(2,214,637)</u> 7,131,995
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.	(12,445)
Revenues reported in the funds that are not available to provide current financial resources	466,909
Accrued interest expense that does not require current financial resources	(140,579)
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:	(103,841)
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.	779,848
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:	(20,305,000)
The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities	196,279
The effect of bond premiums and deferred refunding charges when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities	(8,799)
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>3,309,881</u>
Change in net assets of governmental activities (page 31)	<u>\$ 3,474,884</u>

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF NET ASSETS**  
**Proprietary Funds**  
**September 30, 2011**

	<u>Business Type</u> <u>Activities</u> <u>Combined</u> <u>Utilities</u>	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 4,726,731	\$ 3,250,566
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,128,484	-
Accrued Interest	13,443	1,719
Special Assessments	1,597	-
Restricted Cash		
Cash and Cash Equivalents	473,863	-
Inventories	240,384	-
Total current assets	<u>6,584,502</u>	<u>3,252,285</u>
Noncurrent assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,262,610	-
Bond Acquisition Costs	49,894	-
Capital assets:		
Land	2,200,628	-
Construction in Progress	656,973	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	34,505,585	-
Total noncurrent assets	<u>38,675,690</u>	<u>-</u>
<b>Total Assets</b>	<u>45,260,192</u>	<u>3,252,285</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	619,041	376,724
Accrued Wages and Compensated Absences	129,079	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	13,267	-
Revenue Bonds - Current	460,596	-
Total current liabilities	<u>1,221,983</u>	<u>376,724</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	3,741,537	-
Compensated Absences and Benefits, Long-Term	160,992	-
Total noncurrent liabilities	<u>3,902,529</u>	<u>-</u>
<b>Total Liabilities</b>	<u>5,124,512</u>	<u>376,724</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	33,161,053	-
Restricted for:		
Debt Service	1,009,057	-
Future Capital Assets	714,149	-
Unrestricted	5,251,421	2,875,561
<b>Total Net Assets</b>	<u>\$ 40,135,680</u>	<u>\$ 2,875,561</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, 2011**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Combined Utilities</b>	<b>Internal Service</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 7,387,582	\$ 2,251,334
Intergovernmental Revenue	33,219	-
Miscellaneous Income	61,759	-
<b>Total Operating Revenue</b>	<b>7,482,560</b>	<b>2,251,334</b>
<b>Operating Expenses:</b>		
Payroll and Related Taxes and Benefits	1,951,075	-
Purchased Services	975,257	-
General and Administration	615,705	1,480,759
Repairs and Maintenance	685,836	-
Utilities	590,359	-
Depreciation and Amortization	1,220,610	-
<b>Total Operating Expenses</b>	<b>6,038,842</b>	<b>1,480,759</b>
<b>Operating Income</b>	<b>1,443,718</b>	<b>770,575</b>
<b>Non-Operating Income (Expense):</b>		
Interest Income	37,361	9,273
Market Value (Loss)	(23,327)	-
(Loss) on Disposal of Capital Assets	(27,638)	-
Interest Expense	(218,512)	-
<b>Total Non-Operating Income (Expenses)</b>	<b>(232,116)</b>	<b>9,273</b>
<b>Change in Net Assets</b>	<b>1,211,602</b>	<b>779,848</b>
<b>Net Assets - Beginning</b>	<b>38,924,078</b>	<b>2,095,713</b>
<b>Net Assets - Ending</b>	<b>\$ 40,135,680</b>	<b>\$ 2,875,561</b>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended September 30, 2011**

	<b>Business Type Activities</b>	<b>Governmental Activities</b>
	<b>Combined Utilities</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 7,432,740	\$ 2,251,334
Cash Paid to Suppliers for Goods and Services	(2,678,633)	(1,812,154)
Cash Paid to Employees for Services	(1,923,387)	-
Net Cash Provided by Operating Activities	<u>2,830,720</u>	<u>439,180</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(1,952,205)	-
Principal Paid on Notes and Bonds	(6,227,058)	-
Proceeds of Bond Sales	3,550,000	-
Interest Paid on Notes and Bonds	(304,742)	-
Payments on Note Receivable	2,096	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(4,983,384)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	<u>23,684</u>	<u>12,078</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,128,980)	451,258
Cash and Cash Equivalents at Beginning of Year	<u>8,592,184</u>	<u>2,799,308</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,463,204</u>	<u>\$ 3,250,566</u>

(Continued)

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2011**

	<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	\$ 1,443,718	\$ 770,575
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,220,610	-
(Increase) in Assets:		
Accounts Receivable	(49,820)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	188,524	(331,395)
Accrued Compensated Absences	27,688	-
Total Adjustments	<u>1,387,002</u>	<u>(331,395)</u>
Net Cash Provided by Operating Activities	<u>2,830,720</u>	<u>439,180</u>
 <b>Supplemental Schedule of Noncash Capital and Related Financing Activities:</b>		
Accounts Payable Exchanged for Capital Assets	<u>239,520</u>	<u>-</u>
 <b>Reconciliation of Cash and Cash Equivalents to the Balance Sheet:</b>		
Cash and Equity in Pooled Investment Account	4,726,731	3,250,566
Restricted Cash	1,736,473	-
	<u>\$ 6,463,204</u>	<u>\$ 3,250,566</u>

See Accompanying Notes to Financial Statements

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Fiduciary Funds**  
**September 30, 2011**

	<u>Pension Trust Funds</u> Employee Retirement Funds	<u>Agency Fund</u> Community Development Agency
<b>ASSETS</b>		
Current Assets:		
Cash	\$ -	\$ 564,497
Guaranteed Insurance Contracts Managed by Trustee	11,457,061	-
Open Ended Mutual Funds Managed by Trustee	14,783,782	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Taxes	-	1,024
<b>Total Current Assets</b>	<u>26,240,843</u>	<u>565,521</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Due to Bondholders	-	565,521
<b>Total Current Liabilities</b>	<u>-</u>	<u>565,521</u>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits	<u>\$ 26,240,843</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, 2011**

	<b>Pension Trust Funds Employee Retirement Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 696,993
Employee	758,339
	<hr/>
Total Contributions	1,455,332
	<hr/>
Investment Income:	
Interest, Dividends and Market Gain	212,203
	<hr/>
Total Additions	1,667,535
	<hr/>
<b>DEDUCTIONS</b>	
Pension Benefits	672,719
Contribution Refunds	561,284
Administrative Costs	6,869
	<hr/>
Total Deductions	1,240,872
	<hr/>
Net Increase	426,663
	<hr/>
Net Assets -- Beginning of Period	25,814,180
	<hr/>
Net Assets -- End of Period	\$ 26,240,843
	<hr/> <hr/>

See Accompanying Notes to Financial Statements



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

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

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

Community Development Agency (CDA)

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

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

City of Norfolk Facilities Corporation (NFC)

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

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

**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. 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.

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

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

The City reports the following major governmental funds:

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

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

- 2) Special Revenue 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

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

**Proprietary Fund Types** – The focus of proprietary fund measurement is upon determination of operating income, changes in net 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.

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

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

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

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

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

- 3) 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.

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

**D. Basis of Accounting**

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

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

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

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

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

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

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

**E. Budgets**

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

**F. Assets, Liabilities and Fund Equity**

1. Pooled Investment Account – The City maintains a commingled pool of cash and investments for all funds, except the Community Development Agency. This pool is under the management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the principal balance of this pooled investment account, which is recorded at cost. Interest income received is allocated to each fund based on its proportionate interest in the pool.
2. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2011, 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.

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

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.
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, 2011. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund

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

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. Net Assets/Fund Balances The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net Assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

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

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

*Unrestricted Net Assets* – This category represents net assets of the City not restricted for any purpose.

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

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

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

*Committed* – amounts that can be used only for specific purposes determined by a formal action of Mayor and Council.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed are but intended to be used for specific purposes as determined by the City's Finance Officer or his or her designee. General fund amounts that are encumbered by departments are classified as assigned.

*Unassigned* – all other amounts remaining after allocation to the non-spendable, restricted, committed and assigned fund balances. These amounts can be used for any purpose.

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

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

12. Bond Issuance Costs/Discounts - Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs for governmental fund types are deferred and amortized over the term of the bonds in the governmental activities column of the government-wide Statement of Net Assets.
13. Property Taxes – Real estate taxes are levied on October 15 of each year and may be paid in two 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.



City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

**NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT**

At September 30, 2011, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$10,732,819
Money Market Account (at cost)	12,812,629
Certificates of Deposit (Cost = Fair Value)	4,249,106
Unites States Treasury Note (at Fair Value)	<u>5,753,499</u>
	<u>\$ 33,548,053</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. Statutes authorize the City to invest these funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2011 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	\$717,132
Notes	02/15/12	\$1,516,875
Notes	04/30/12	\$1,007,695
Notes	04/30/12	\$1,007,813
Notes	06/30/12	\$1,503,984

**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, 2011, \$11,457,061 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, 2011, amounted to \$14,783,782.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

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

**C. Restricted Assets:**

The following schedule details the restricted assets at September 30, 2011:

	<b>Enterprise Fund</b>
<b>Pursuant to revenue bond ordinances:</b>	
Bond reserve account	\$ 514,000
Revenue bond account	153,324
Operation and maintenance account	<u>355,000</u>
	1,022,324
<b>Pursuant to grant agreements:</b>	
Improvement and extension account	<u>714,149</u>
	<u>\$1,736,473</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.

*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, 2011 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, 2011, are net of allowance for uncollectibles. The allowance for uncollectibles in the general fund was \$170,000 at September 30, 2011.

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

As of September 30, 2011, short-term interfund borrowings were as follows:

<b><u>Fund Due to</u></b>	<b><u>Fund Due From</u></b>	<b><u>Amount</u></b>
General	Non-major Governmental Funds	<u>\$260,076</u>

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

As of September 30, 2011, there was no long-term advances.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance October 1, 2010	Additions	Deletions	Reclass	Balance September 30, 2011
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 7,679,288	\$ 335,860	\$ -	\$ -	\$ 8,015,148
Construction in Progress	3,094,997	6,818,691	2,106,845	-	7,806,843
Total capital assets not being depreciated	10,774,285	7,154,551	2,106,845	-	15,821,991
Capital assets being depreciated:					
Buildings and improvements	9,566,851	2,263,612	-	-	11,830,463
Equipment, furniture and fixtures	10,303,377	654,336	343,185	40,053	10,654,581
Infrastructure	38,754,804	1,380,978	-	-	40,135,782
Total capital assets being depreciated	58,625,032	4,298,926	343,185	40,053	62,620,826
Less: Accumulated Depreciation for:					
Buildings and improvements	5,148,825	205,721	13,763	-	5,340,783
Equipment, furniture and fixtures	7,263,488	672,398	316,977	40,053	7,658,962
Infrastructure	14,147,914	1,336,518	-	-	15,484,432
Total accumulated depreciation	26,560,227	2,214,637	330,740	40,053	28,484,177
Total capital assets being depreciated, net	32,064,805	2,084,289	12,445	-	34,136,649
Governmental activities capital assets, net	\$ 42,839,090	\$ 9,238,840	\$ 2,119,290	\$ -	\$ 49,958,640

Construction in progress at September 30, 2011, for the governmental activities consisted of costs associated with 25<sup>th</sup> St Improvement, Aquatic Center, Memorial Field Improvements, TaHaZouka Park Improvements, Campground Improvements, Trail Projects, Paving District 495 Oak Street and Water Extension 119 Victory Road.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

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

	Balance October 1, 2010	Additions	Deletions	Reclass	Balance September 30, 2011
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,953,581	\$ 247,047	\$ -	\$ -	\$ 2,200,628
Construction in Progress	980,885	1,846,565	2,170,477	-	656,973
Total capital assets not being depreciated	2,934,466	2,093,612	2,170,477	-	2,857,601
Capital assets being depreciated:					
Water and pollution control plant	26,846,149	72,182	417,050	-	26,501,281
Water distribution and sewage system	24,174,114	1,844,603	-	-	26,018,717
Equipment	4,346,543	38,144	44,525	(40,053)	4,300,109
Total capital assets being depreciated	55,366,806	1,954,929	461,575	(40,053)	56,820,107
Less: Accumulated Depreciation for:					
Water and pollution control plant	15,248,120	809,889	387,286	-	15,670,723
Water distribution and sewage system	4,295,463	221,965	-	-	4,517,428
Equipment, furniture and fixtures	2,033,827	176,225	43,628	(40,053)	2,126,371
Total accumulated depreciation	21,577,410	1,208,079	430,914	(40,053)	22,314,522
Total capital assets being depreciated, net	33,789,396	746,850	30,661	-	34,505,585
Business-type activities capital assets, net	\$ 36,723,862	\$ 2,840,462	\$ 2,201,138	\$ -	\$ 37,363,186

Construction in progress at September 30, 2011 consisted of costs associated with the Water Improvements 2011 Projects, Oversize costs for Water District 119, 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:

<b>Governmental Activities:</b>	
General Government	\$ 58,386
Public Safety	484,298
Public Works	1,465,780
Parks, Recreation, and Public Property	151,001
Public Library	45,233
Community Improvement and Development	9,939
Total depreciation expense – governmental activities	<u>\$ 2,214,637</u>
<b>Business-Type Activities:</b>	
Solid Waste Management	\$ 69,564
Water	476,062
Sewer	662,453
Total depreciation expense – business-type activities	<u>\$ 1,208,079</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
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**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

**Reconciliation of Invested in Capital Assets:**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Land	\$ 8,015,148	\$ 2,200,628
Construction in Progress	7,806,843	656,973
Capital Assets (Net of Accumulated Depreciation)	34,136,649	34,505,585
Unspent Bond Proceeds for Capital Assets	9,864,363	-
Deferred Refunding on Early Retirement of Debt	17,586	-
Less: General Obligation Bonds Payable	21,210,000	-
Various Purpose Bonds Payable	1,415,000	-
Bond Anticipation Notes	525,000	-
Revenue Bonds Payable	-	4,202,133
Unamortized Bond Premium	26,385	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 36,664,204</u>	<u>\$ 33,161,053</u>

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

Changes in bond anticipation notes for the period ended September 30, 2011 were as follows:

	<b>Balance October 1, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2011</b>	<b>Due Within One Year</b>
.90% to 1.80%, maturity September 2012	\$ 525,000	\$ -	\$ -	\$ 525,000	\$525,000

Changes in bonds payable and other long-term obligations for the period ended September 30, 2011 were as follows:

	<b>Balance October 1, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance September 30, 2011</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds (excluding special assess- ment bonds) .45% to 5.30%, Various maturities through 2031	\$ 3,480,000	\$20,305,000	\$2,575,000	\$21,210,000	\$ 1,030,000
Special assessment bonds, with City commitment, 1.80% to 3.70%, various maturities through 2019	2,060,000	-	645,000	1,415,000	160,000
Note Payable	345,240	-	89,881	255,359	81,549
Accrued compensated absences	1,495,872	855,026	751,185	1,599,713	779,956
<b>Total Governmental Activities</b>	<u>\$7,381,112</u>	<u>\$21,160,026</u>	<u>\$4,061,066</u>	<u>\$24,480,072</u>	<u>\$2,051,505</u>

The general obligation bonds are shown net of deferred refunding asset of \$17,586.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

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

Business Type Activities:	Balance October 1, 2010	Additions	Retirements	Balance September 30, 2011	Due Within One Year
Revenue Bonds, .35% to 1.70%, various maturities through 2017	\$ 6,110,000	\$ 3,550,000	\$6,110,000	\$3,550,000	\$340,000
State Revolving Loan Fund Bond, 3.00% maturing 2017	827,066	-	117,058	710,008	120,596
Accrued Compensated absences	262,383	145,869	118,181	290,071	129,079
<b>Total Business Type Activities</b>	<b>7,199,449</b>	<b>3,695,869</b>	<b>6,345,239</b>	<b>4,550,079</b>	<b>589,675</b>
<b>Grand Total</b>	<b>\$14,580,561</b>	<b>\$24,855,895</b>	<b>\$10,406,305</b>	<b>\$29,030,151</b>	<b>\$2,645,345</b>

The revenue bonds are shown net of deferred refunding asset of \$57,785.

Annual debt service requirements as of September 30, 2011 for general obligation and enterprise fund debt, including interest of \$8,154,894 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
2012	\$1,030,000	\$ 649,849	\$ 160,000	\$ 41,150	\$ 460,596	\$ 54,765
2013	1,220,000	632,496	165,000	38,270	799,241	52,766
2014	1,235,000	609,332	170,000	34,723	762,997	43,842
2015	1,165,000	586,239	175,000	30,303	776,865	33,409
2016	1,190,000	562,790	175,000	25,403	760,851	20,546
2017	1,150,000	535,268	185,000	20,065	699,458	6,397
2018	840,000	505,613	190,000	13,960	-	-
2019	865,000	482,397	195,000	7,215	-	-
2020	885,000	456,212	-	-	-	-
2021	910,000	428,642	-	-	-	-
2022	935,000	398,842	-	-	-	-
2023	940,000	366,990	-	-	-	-
2024	980,000	333,776	-	-	-	-
2025	1,010,000	297,626	-	-	-	-
2026	1,045,000	259,151	-	-	-	-
2027	1,085,000	217,751	-	-	-	-
2028	1,125,000	173,501	-	-	-	-
2029	1,170,000	127,409	-	-	-	-
2030	1,190,000	79,361	-	-	-	-
2031	1,240,000	28,835	-	-	-	-
	<b>\$21,210,000</b>	<b>\$7,732,080</b>	<b>\$ 1,415,000</b>	<b>\$ 211,089</b>	<b>\$4,260,008</b>	<b>\$ 211,725</b>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

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

General obligation bonds and other general long-term obligations represent indebtedness secured by the full faith and credit of the City. Special assessment bonds represent indebtedness supported by the full faith and credit of the City and are payable from the collection of special assessment receivables. Bond anticipation notes are used by the City as interim financing. The City has no legal debt limit; therefore, a computation of the legal debt margin is not required.

Revenue bonds are the obligation of the Enterprise Fund and are payable solely from the revenues of that fund. In 2011 the City issued \$3,550,000 of revenue refunding bonds to refund two existing bond issues. As a result of the refunding the City reduced its debt service payments over the next 5 ½ years by \$264,437 and obtained an economic gain of \$252,893. The City has pledged future utility customer revenues to repay \$5.3 million in various Water, Sewer, and Solid Waste bonds issued in December 2000 and July 2011. The bonds are paid solely from utility revenues and are payable through 2016. Annual principal and interest payments on the bonds are expected to require less than 10% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,471,733. Principal and interest paid for the current year, excluding refunded principal, and total customer net revenues were \$2,560,570 and \$7,519,921, respectively. This includes \$1,490,000 of Water bonds that were called and paid off prior to maturity.

On May 10, 2011 the City issued \$2,005,000 of general obligation refunding bonds to refund two outstanding issues that refunded earlier flood control bond issues. The refunding reduces the City's debt service payments over the next 8 ½ years by \$140,478 and the City obtains an economic gain of \$127,521. Also in May 2011, the City paid off \$125,000 of public safety tax anticipation bonds and \$345,000 of various purpose bonds which reduces future interest payments by \$40,929 over the next 4 ½ years.

The City has pledged a portion of future sales tax revenues to repay \$700,000 in revenue bonds issued in October 2003 to finance the construction of the 2<sup>nd</sup> fire station including equipment and continued staffing. The bonds are paid solely from the half cent sales tax revenues and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 2% of net revenues. The total principal and interest remaining to be paid on the bonds is \$255,240. Principal and interest paid for the current year and total sales tax revenues were \$86,425 and \$7,072,877, respectively.

On November 2, 2010 the voters of City of Norfolk approved the issuance of \$16.4 million general obligation bonds to fund baseball, football, and swimming improvements at Veterans Memorial Park and Ta-ha-zouka Park. The bonds were issued December 22, 2010 through a competitive sale. To pay debt service on the bonds, the Council passed an ordinance on November 15, 2010 to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011. Principal and interest paid for the current year and total occupation tax revenues were \$255,371 and 1,036,621 respectively.

The City of Norfolk Facilities Corporation (NFC) issued \$1,900,000 of building bonds on September 30, 2011 to purchase a building to be used as the City administration office. The City has entered into a Lease Purchase Agreement with the NFC. The terms of the agreement require the City to make lease payments to the NFC in an amount equal to debt service on the bonds until September 15, 2031, the date of final maturity of the bonds. Upon final payment of all lease-purchase obligations the building will be conveyed to the City.

On 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.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

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

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 7 years. The balance of the loan as of September 30, 2011 was \$59,524.

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 began 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, 2011 was \$195,835.

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

**NOTE 7 - TRANSFERS**

The following is a summary of transfers between funds:

	Governmental Fund Types				Total
	General	Debt Service	Capital Construction	Nonmajor Governmental	Transfer Out
General	\$ -	\$ 86,425	\$ 516,890	\$ 46,004	\$ 649,319
City Highway Allocation	415,000	-	-	-	415,000
Nonmajor Governmental	355,000	-	-	-	355,000
Debt Service	76,631	-	-	424,011	500,642
Transfer In	<u>\$ 846,631</u>	<u>\$ 86,425</u>	<u>\$ 516,890</u>	<u>\$ 470,015</u>	<u>\$1,919,961</u>

Transfers are used to:

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



City of Norfolk, NEBRASKA  
Notes to Financial Statements  
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**NOTE 8 – NET ASSETS/FUND BALANCES**

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

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Capital Construction	Other Governmental Funds	Total
<b>Nonspendable:</b>							
Inventory	\$ 51,342	-	-	-	-	-	\$ 51,342
Prepaid Items	-	-	-	-	-	9,505	9,505
<b>Restricted For:</b>							
Public Works	-	2,787,524	-	-	-	256,165	3,043,689
Public Safety	29,970	-	-	-	859	512,226	543,055
Parks & Recreation	175,552	-	-	-	10,004,405	-	10,179,957
Comm Impr & Dev	-	-	161,776	-	-	798,700	960,476
Debt Service	-	-	-	674,856	-	-	674,856
<b>Committed For:</b>							
Public Works	18,043	-	-	-	-	-	18,043
Public Safety	2,548	-	-	-	-	-	2,548
Public Library	2,347	-	-	-	-	-	2,347
Parks & Recreation	169,497	-	-	778,734	30,374	-	978,605
General Govt	152	-	-	-	-	-	152
<b>Assigned to:</b>							
Other purposes	1,848,271	-	-	-	717,619	-	2,565,890
<b>Unassigned:</b>							
	5,008,200	-	-	-	-	(269,619)	4,738,581
<b>Total</b>	<b>\$ 7,305,922</b>	<b>\$ 2,787,524</b>	<b>\$ 161,776</b>	<b>\$ 1,453,590</b>	<b>\$10,753,257</b>	<b>\$ 1,306,977</b>	<b>\$ 23,769,046</b>

**NOTE 9 - EMPLOYEE PENSION PLANS**

The City has three single-employer retirement systems covering City employees. The City and covered employees make contributions to these retirement plans. The total payroll for all employees during the period ended September 30, 2011 was \$10,554,563 of which \$9,574,330 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.

**NOTE 9 - EMPLOYEE PENSION PLANS (CONTINUED)**

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 \$336,115, and employee contributions totaled \$525,616.

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	19
Partially vested	13
Fully vested	<u>103</u>
Total membership	<u>152</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.

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

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**NOTE 9 – EMPLOYEE PENSION PLANS (CONTINUED)**

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	9	6	15
Partially vested	9	3	12
Fully vested	22	26	48
	40	35	75
Retirees and beneficiaries currently			
Receiving benefits from the plan	-	-	-
Terminated employees entitled to,			
But not yet receiving benefits	13	3	16
Total active and inactive participants	53	38	91

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

**NOTE 9 – 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)
<b>Fire</b>						
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%
2011	6,361,945	6,361,945	-	100.0%	1,685,413	0.00%
<b>Police</b>						
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%
2011	5,502,858	5,502,858	-	100.0%	2,052,810	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
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%
2011	237,709	100%	123,169	100%

**NOTE 9 - 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, 2011. 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 for Police and a 7% return on plan assets for Firemen 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 10 - COMMITMENTS AND CONTINGENCIES**

The City has received financial assistance from federal, state and local governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and the Single Audit Act, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds, however, such disallowed claims, if any, are not expected to have a materially adverse effect on the City's financial position at September 30, 2011.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$8,715,811. \$178,122 will be paid from the City Highway Allocation Fund and \$8,537,689 will be paid from the Capital Construction Fund. The City also entered into various contracts for Water Improvement Projects. The remaining commitment under these contracts is approximately \$692,707. \$492,002 will be paid by the Water Division, \$230,405 will be paid by the Sewer Division and \$3,300 will be paid by the Solid Waste 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, 2011 the City has paid \$350,000 towards the College of Nursing Northern Division Capital Campaign.

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

As 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, 2011

**NOTE 11 - INDIVIDUAL FUND DISCLOSURES**

Certain information concerning individual funds is as follows:

**A.** The following fund had a deficit balance as of September 30, 2011:

Capital Project Fund	Special Assessment	(\$269,619)
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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. Scheduled values for related buildings and contents were \$48,588,924.

The City carries a blanket limit of 69.4 million.

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

**CONDENSED STATEMENT OF NET ASSETS**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
<b>Assets:</b>				
Current assets	\$ 3,774,739	\$2,035,223	\$ 774,540	\$ 6,584,502
Restricted assets	157,427	1,045,891	59,292	1,262,610
Noncurrent assets	-	49,894	-	49,894
Capital assets	23,978,507	12,588,360	796,319	37,363,186
Total assets	<u>27,910,673</u>	<u>15,719,368</u>	<u>1,630,151</u>	<u>45,260,192</u>
<b>Liabilities:</b>				
Current liabilities	585,970	405,867	230,146	1,221,983
Noncurrent liabilities	646,029	3,101,522	154,978	3,902,529
Total liabilities	<u>1,231,999</u>	<u>3,507,389</u>	<u>385,124</u>	<u>5,124,512</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	23,268,499	9,297,735	594,819	33,161,053
Restricted	278,023	1,293,391	151,792	1,723,206
Unrestricted	3,132,152	1,620,853	498,416	5,251,421
Total net assets	<u>\$26,678,674</u>	<u>\$12,211,979</u>	<u>\$ 1,245,027</u>	<u>\$40,135,680</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

**NOTE 11 - 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	\$2,630,692	\$3,120,580	\$1,731,288	\$ 7,482,560
Depreciation and amortization	476,062	674,984	69,564	1,220,610
Other operating expenses	1,435,079	1,811,001	1,572,152	4,818,232
Operating income	719,551	634,595	89,572	1,443,718
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(78,977)	(131,352)	(8,183)	(218,512)
Interest income	6,571	30,790	-	37,361
Market Value Gain	-	(23,327)	-	(23,327)
(Loss) on disposal of Capital Assets	-	(27,638)	-	(27,638)
Change in net assets	647,145	438,068	81,389	1,211,602
Beginning net assets	26,031,529	11,728,911	1,163,638	38,924,078
Ending net assets	<u>\$26,678,674</u>	<u>\$12,211,979</u>	<u>\$1,245,027</u>	<u>\$40,135,680</u>

**CONDENSED STATEMENT OF CASH FLOWS**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Net cash provided (used) by:				
Operating activities	\$1,326,631	\$1,283,472	\$220,617	\$ 2,830,720
Capital and related financing activities	(3,422,505)	(1,414,311)	(146,568)	(4,983,384)
Investing activities	13,418	9,690	576	23,684
Net increase (decrease)	(2,082,456)	(121,149)	74,625	(2,128,980)
Beginning cash and cash equivalents	5,284,382	2,741,037	566,765	8,592,184
Ending cash and cash equivalents	<u>\$3,201,926</u>	<u>\$2,6619,888</u>	<u>\$641,390</u>	<u>\$ 6,463,204</u>

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

**COMBINING STATEMENT OF NET ASSETS**

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
<b>ASSETS</b>				
Guaranteed Insurance Contracts	\$2,951,494	\$2,782,584	\$5,722,983	\$11,457,061
Open Ended Mutual Funds	3,410,451	2,720,274	8,653,057	14,783,782
<b>Total Assets</b>	<u>6,361,945</u>	<u>5,502,858</u>	<u>14,376,040</u>	<u>26,240,843</u>
<b>NET ASSETS</b>				
Held in Trust for Pension Benefits	<u>6,361,945</u>	<u>5,502,858</u>	<u>14,376,040</u>	<u>26,240,843</u>
<b>Total Net Assets</b>	<u>\$6,361,945</u>	<u>\$5,502,858</u>	<u>\$14,376,040</u>	<u>\$26,240,843</u>

City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

**NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)**

**COMBINING STATEMENT OF CHANGES IN NET ASSETS**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 237,709	\$ 123,169	\$ 336,115	\$ 696,993
Employee	<u>109,554</u>	<u>123,169</u>	<u>525,616</u>	<u>758,339</u>
Total Contributions	<u>347,263</u>	<u>246,338</u>	<u>861,731</u>	<u>1,455,332</u>
Investment Income:				
Interest, Dividends and Market Gains	<u>67,459</u>	<u>49,883</u>	<u>94,861</u>	<u>212,203</u>
Total Additions	<u>414,722</u>	<u>296,221</u>	<u>956,592</u>	<u>1,667,535</u>
<b>DEDUCTIONS</b>				
Pension Benefits	317,540	290,679	64,500	672,719
Administration	1,436	1,770	3,663	6,869
Contribution Refunds	<u>207,500</u>	<u>63,435</u>	<u>290,349</u>	<u>561,284</u>
Total Deductions	<u>526,476</u>	<u>355,884</u>	<u>358,512</u>	<u>1,240,872</u>
Net Increase (Decrease)	(111,754)	(59,663)	598,080	426,663
Net Assets -- Beginning of Period	<u>6,473,699</u>	<u>5,562,521</u>	<u>13,777,960</u>	<u>25,814,180</u>
Net Assets -- End of Period	<u>\$6,361,945</u>	<u>\$5,502,858</u>	<u>\$14,376,040</u>	<u>\$26,240,843</u>



City of Norfolk, NEBRASKA  
Notes to Financial Statements  
September 30, 2011

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and group health and dental claims. Through an interlocal agreement, the City participates in the League Association of Risk Management (LARM) a public entity risk pool formed under the Intergovernmental Risk Management Act, *Neb. Rev. Stat. Sections 44-4301 et seq*, to cover the risk of loss except for health and dental coverage, which is 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 per occurrence and \$250,000 in annual aggregate for property, or in excess of \$300,000 per single loss for liability. Workers Compensation reinsurance covers claims in excess of \$500,000 for a single loss or an annual aggregate losses of \$5 million. The retentions meet the actuarially determined requirements of reducing the risk assessments over premiums. The policy period is October 1, 2010 to September 30, 2011. 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, 2011 claims liability of \$337,377 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, 2011 and the year ending September 30, 2010 are:

	<u>Beginning</u>	<u>Claims &amp; Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2010	\$259,049	\$2,149,794	\$1,731,024	\$677,819
2011	\$677,819	\$1,105,389	\$1,445,531	\$337,677

**NOTE 13 – SUBSEQUENT EVENTS**

On December 22, 2011 the City issued Combined Utilities Revenue Bonds in the amount of \$2,190,000 with interest rates ranging from .6% to 4.15% with a final maturity of December 15, 2031. Bond proceeds will be used to finance sanitary sewer system improvements and equipment.

On January 19, 2012 the City issued Combined Utilities Refunding Bonds in the amount of \$735,000 to refund its Combined Revenue Bonds issued in the form of a single note to Nebraska Department of Environmental Quality. The refunding bonds have interest rates ranging from .4% to 1.25% with a final maturity of December 15, 2016.

On October 11, 2011 the City issued General Obligation Bond Anticipation Notes in the amount of \$180,000 with an interest rate of 0.35% with a final maturity of September 1, 2012. Proceeds will be used to finance Water District 119.

## **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, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted		Actual	
	Original	Final		
Revenue:				
Taxes	\$ 8,769,197	\$ 8,769,197	\$ 9,257,376	\$ 488,179
Licenses and Permits	254,555	254,555	212,439	(42,116)
Intergovernmental Revenue	534,177	534,177	662,059	127,882
Charges for Services	1,382,857	1,399,317	1,432,701	33,384
Occupation and Franchise Taxes	717,800	717,800	776,357	58,557
Payments in Lieu of Taxes	78,000	78,000	86,829	8,829
Contributions	1,000	1,000	22,626	21,626
Loan Repayments	-	-	-	-
Rental Income	3,792,000	3,792,000	4,093,006	301,006
Interest	11,300	11,300	7,917	(3,383)
Keno Revenue	340,000	340,000	429,702	89,702
Miscellaneous	164,884	164,884	202,837	37,953
Total Revenue	<u>16,045,770</u>	<u>16,062,230</u>	<u>17,183,849</u>	<u>1,121,619</u>
Current Expenditures:				
Public Safety	8,185,485	8,185,485	7,798,386	387,099
Public Works	2,973,265	2,973,265	2,778,237	195,028
Public Library	1,267,571	1,267,571	1,165,442	102,129
Parks, Recreation and Public Property	1,624,601	1,624,601	1,473,059	151,542
Community Improvement and Development	441,005	441,005	410,634	30,371
General Government	2,623,916	3,023,916	2,413,449	610,467
Total Expenditures	<u>17,115,843</u>	<u>17,515,843</u>	<u>16,039,207</u>	<u>1,476,636</u>
Excess (deficiency) of revenues over expenditures	<u>(1,070,073)</u>	<u>(1,453,613)</u>	<u>1,144,642</u>	<u>2,598,255</u>
Other financing sources (uses):				
Transfers In	770,000	770,000	846,631	76,631
Transfers Out	(1,049,319)	(649,319)	(649,319)	-
Total other financing sources (uses)	<u>(279,319)</u>	<u>120,681</u>	<u>197,312</u>	<u>76,631</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,349,392)</u>	<u>\$ (1,332,932)</u>	<u>1,341,954</u>	<u>\$ 2,674,886</u>
Fund balances-beginning of year			<u>3,184,124</u>	
Fund balances- end of year			<u>\$ 4,526,078</u>	

City Highway Allocation Fund				Community Development Block Grant Fund			
Budgeted		Actual	Variance with Final Budget Positive (Negative)	Budgeted		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,800,000	3,800,000	2,445,038	(1,354,962)	894,410	894,410	328,157	(566,253)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	130,714	130,714	120,048	(10,666)
-	-	-	-	-	-	-	-
4,600	4,600	9,707	5,107	400	400	1,325	925
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,804,600</u>	<u>3,804,600</u>	<u>2,454,745</u>	<u>(1,349,855)</u>	<u>1,025,524</u>	<u>1,025,524</u>	<u>449,530</u>	<u>(575,994)</u>
-	-	-	-	-	-	-	-
5,118,500	5,118,500	2,427,158	2,691,342	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,179,630	1,179,630	467,129	712,501
-	-	-	-	-	-	-	-
<u>5,118,500</u>	<u>5,118,500</u>	<u>2,427,158</u>	<u>2,691,342</u>	<u>1,179,630</u>	<u>1,179,630</u>	<u>467,129</u>	<u>712,501</u>
<u>(1,313,900)</u>	<u>(1,313,900)</u>	<u>27,587</u>	<u>1,341,487</u>	<u>(154,106)</u>	<u>(154,106)</u>	<u>(17,599)</u>	<u>136,507</u>
-	-	-	-	-	-	-	-
(415,000)	(415,000)	(415,000)	-	-	-	-	-
(415,000)	(415,000)	(415,000)	-	-	-	-	-
<u>\$ (1,728,900)</u>	<u>\$ (1,728,900)</u>	<u>(387,413)</u>	<u>\$ 1,341,487</u>	<u>\$ (154,106)</u>	<u>\$ (154,106)</u>	<u>(17,599)</u>	<u>\$ 136,507</u>
		<u>2,954,754</u>				<u>187,521</u>	
		<u>\$ 2,567,341</u>				<u>\$ 169,922</u>	

City of Norfolk, NEBRASKA  
Notes to Required Supplementary Information Budgetary Reporting  
September 30, 2011

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**Budgets**

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

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

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

Appropriations lapse at year-end. Encumbrances outstanding at year-end are reported as 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, 2011

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	General	City Highway Allocation	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$1,341,954	( \$387,413)	( \$17,599)
Basis differences:			
To adjust revenues from recognition on a cash basis	(243,262)	492,446	(5,516)
To adjust total expenditures from recognition on a cash basis	(1,802,545)	274,691	24,063
To adjust bond proceeds	1,900,000	-	-
Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$1,196,147	\$379,724	\$948

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	\$(30,163,983)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	(4,381,742)
To adjust operating transfers out	391,464
Expenditures and other financing uses, on a GAAP basis	\$ (34,154,261)

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$39,310,395	\$30,163,983	\$(9,146,412)

## **OTHER SUPPLEMENTARY INFORMATION**

# GOVERNMENTAL NONMAJOR FUNDS

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

**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.

**ECONOMIC DEVELOPMENT** – This fund was created after Norfolk voters approved an LB 840 economic development program at the May 2010 primary. 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 businesses. This program authorizes collecting \$400,000 from property tax each year for ten years starting in FY 2010-2011 to be used for economic development.

**COMMUNITY DEVELOPMENT AGENCY FUND** – This fund is used to account for the construction of fixed assets financed by the issuance of tax increment financing bonds by the Community Development Agency of the City of Norfolk.

**SPECIAL ASSESSMENT FUND** – This fund is used to account for the construction of infrastructure fixed assets financed through the creation of special assessment districts.



**CITY OF NORFOLK, NEBRASKA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**September 30, 2011**

	<b>Special Revenue Funds</b>				
	<b>Vehicle Parking</b>	<b>Community Character Development Coalition</b>	<b>911</b>	<b>SNARE</b>	<b>Region 11</b>
<b>Assets</b>					
Cash and Equity in Pooled Investment Account	\$ 206,400	\$ 12,190	\$ 22,288	\$ 195,498	\$ 209,854
Cash at County Treasurer	13,362	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	2,374	-	45,526	12,884	-
Taxes	1,273	-	-	-	-
Accrued Interest	109	-	12	-	111
Notes Receivable	59,458	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	9,985
Prepaid Assets	-	1,000	-	-	-
<b>Total Assets</b>	<b>282,976</b>	<b>13,190</b>	<b>67,826</b>	<b>208,382</b>	<b>219,950</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	4,412	21	-	4,385	13,350
Due to Other Funds	-	-	-	-	-
Deferred Revenue	59,458	-	-	24,450	-
Bond Anticipation Notes	-	-	-	-	-
<b>Total Liabilities</b>	<b>63,870</b>	<b>21</b>	<b>-</b>	<b>28,835</b>	<b>13,350</b>
<b>Fund Balances:</b>					
Non Spendable:					
Prepaid Items	-	1,000	-	-	-
Restricted	219,106	12,169	67,826	179,547	206,600
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>219,106</b>	<b>13,169</b>	<b>67,826</b>	<b>179,547</b>	<b>206,600</b>
<b>Total Liabilities and Equity</b>	<b>\$ 282,976</b>	<b>\$ 13,190</b>	<b>\$ 67,826</b>	<b>\$ 208,382</b>	<b>\$ 219,950</b>

Special Revenue Funds			Capital Projects		Total Governmental Nonmajor Funds
Storm Water Management	Wireless 911	Economic Development	Community Development Agency	Special Assessments	
\$ 37,038	\$ 51,365	\$ 367,272	\$ 374,599	\$ -	\$ 1,476,504
-	-	43,837	-	-	57,199
-	6,860	-	-	157,709	225,353
-	-	4,469	-	-	5,742
20	27	194	-	-	473
-	-	-	-	-	59,458
-	-	-	-	-	9,985
-	8,505	-	-	-	9,505
<u>37,058</u>	<u>66,757</u>	<u>415,772</u>	<u>374,599</u>	<u>157,709</u>	<u>1,844,219</u>
-	-	3,840	-	28,940	54,948
-	-	-	-	260,076	260,076
-	-	-	-	-	83,908
-	-	-	-	138,312	138,312
-	-	3,840	-	427,328	537,244
-	8,505	-	-	-	9,505
37,058	58,252	411,932	374,599	-	1,567,089
-	-	-	-	(269,619)	(269,619)
<u>37,058</u>	<u>66,757</u>	<u>411,932</u>	<u>374,599</u>	<u>(269,619)</u>	<u>1,306,975</u>
\$ 37,058	\$ 66,757	\$ 415,772	\$ 374,599	\$ 157,709	\$ 1,844,219

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended September 30, 2011**

	<b>Special Revenue Funds</b>				
	<b>Vehicle Parking</b>	<b>Community Character Development Coalition</b>	<b>911</b>	<b>SNARE</b>	<b>Region 11</b>
Revenue:					
Taxes	\$ 81,073	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	253	9,869	-	163,456	149,068
Occupation & Franchise Taxes	-	-	332,726	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Rental Income	11,610	-	-	-	-
Loan Repayments	16,471	-	-	-	-
Interest	2,531	-	277	-	414
Miscellaneous	2	40	-	16,400	-
<b>Total Revenue</b>	<b>111,940</b>	<b>9,909</b>	<b>333,003</b>	<b>179,856</b>	<b>149,482</b>
Expenditures:					
Public Safety	-	-	-	176,883	207,025
Public Works	103,600	-	-	-	-
Community Improvement and Development	-	30,716	-	-	-
Debt Service	23,100	-	-	-	-
<b>Total Expenditures</b>	<b>126,700</b>	<b>30,716</b>	<b>-</b>	<b>176,883</b>	<b>207,025</b>
Excess (deficiency) of revenues over expenditures	(14,760)	(20,807)	333,003	2,973	(57,543)
Other financing sources (uses):					
Transfers In	-	-	-	-	36,293
Transfers Out	-	-	(355,000)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(355,000)</b>	<b>-</b>	<b>36,293</b>
Net Change in Fund Balance	(14,760)	(20,807)	(21,997)	2,973	(21,250)
Fund balances - beginning of year	233,866	33,976	89,823	176,574	227,850
Fund balances - end of year	<b>\$ 219,106</b>	<b>\$ 13,169</b>	<b>\$ 67,826</b>	<b>\$ 179,547</b>	<b>\$ 206,600</b>

Special Revenue Funds			Capital Projects		Total Governmental Nonmajor Funds
Storm Water Management	Wireless 911	Economic Development	Community Development Agency	Special Assessments	
\$ -	\$ -	\$ 388,431	\$ -	\$ -	\$ 469,504
48,554	78,759	1,019	-	-	450,978
-	-	-	-	-	332,726
-	-	22,025	-	-	22,025
-	-	-	-	-	11,610
-	-	-	-	-	16,471
187	124	457	-	-	3,990
-	-	-	-	-	16,442
48,741	78,883	411,932	-	-	1,323,746
-	23,911	-	-	-	407,819
56,625	-	-	-	349,078	509,303
-	-	-	255	-	30,971
-	-	-	-	8,862	31,962
56,625	23,911	-	255	357,940	980,055
(7,884)	54,972	411,932	(255)	(357,940)	343,691
9,711	-	-	-	424,011	470,015
-	-	-	-	-	(355,000)
9,711	-	-	-	424,011	115,015
1,827	54,972	411,932	(255)	66,071	458,706
35,231	11,785	-	374,854	(335,690)	848,269
\$ 37,058	\$ 66,757	\$ 411,932	\$ 374,599	\$ (269,619)	\$ 1,306,975

**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, 2011**

	Vehicle Parking				Community Character Development Coalition			
	Budgeted		Actual	Variance with Final Budget Positive (Negative)	Budgeted		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenue:								
Taxes	\$ 83,855	\$ 78,036	\$ 99,180	\$ 21,144	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-	-	-	-	56,563	56,563
Contributions	-	-	-	-	-	-	-	-
Loan Repayments	10,369	10,369	16,472	6,103	-	-	-	-
Rental Income	11,400	11,400	11,340	(60)	-	-	-	-
Interest	2,744	2,744	2,804	60	-	-	-	-
Miscellaneous	-	-	-	-	-	-	40	40
Total Revenue	<u>108,368</u>	<u>102,549</u>	<u>129,796</u>	<u>27,247</u>	<u>-</u>	<u>-</u>	<u>56,603</u>	<u>56,603</u>
Current Expenditures:								
Public Safety	-	-	-	-	-	-	-	-
Public Works	254,605	254,605	122,150	132,455	-	-	-	-
Community Improvement and Development	-	-	-	-	-	-	37,946	(37,946)
Debt Service	23,100	23,100	23,100	-	-	-	-	-
Total Expenditures	<u>277,705</u>	<u>277,705</u>	<u>145,250</u>	<u>132,455</u>	<u>-</u>	<u>-</u>	<u>37,946</u>	<u>(37,946)</u>
Excess (deficiency) of revenues over expenditures	<u>(169,337)</u>	<u>(175,156)</u>	<u>(15,454)</u>	<u>159,702</u>	<u>-</u>	<u>-</u>	<u>18,657</u>	<u>18,657</u>
Other financing sources (uses):								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (169,337)</u>	<u>\$ (175,156)</u>	<u>(15,454)</u>	<u>\$ 159,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>18,657</u>	<u>\$ 18,657</u>
Fund balances-beginning of year			<u>235,217</u>				<u>(6,467)</u>	
Fund balances- end of year			<u>\$ 219,763</u>				<u>\$ 12,190</u>	

911				SNARE				REGION 11			
Budgeted		Actual	Variance with Final Budget Positive (Negative)	Budgeted		Actual	Variance with Final Budget Positive (Negative)	Budgeted		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ 305,000	\$ 305,000	\$ 335,010	\$ 30,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	125,400	125,400	168,000	42,600	94,216	94,216	146,212	51,996
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
144	144	333	189	-	-	-	-	900	900	664	(236)
-	-	-	-	17,500	17,500	16,400	(1,100)	-	-	-	-
305,144	305,144	335,343	30,199	142,900	142,900	184,400	41,500	95,116	95,116	146,876	51,760
4,000	4,000	-	4,000	141,473	141,473	173,438	(31,965)	139,841	139,841	196,191	(56,350)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
4,000	4,000	-	4,000	141,473	141,473	173,438	(31,965)	139,841	139,841	196,191	(56,350)
301,144	301,144	335,343	34,199	1,427	1,427	10,962	9,535	(44,725)	(44,725)	(49,315)	(4,590)
-	-	-	-	-	-	-	-	36,293	36,293	36,293	-
(355,000)	(355,000)	(355,000)	-	-	-	-	-	-	-	-	-
(355,000)	(355,000)	(355,000)	-	-	-	-	-	36,293	36,293	36,293	-
<u>\$ (53,856)</u>	<u>\$ (53,856)</u>	(19,657)	<u>\$ 34,199</u>	<u>\$ 1,427</u>	<u>\$ 1,427</u>	10,962	<u>\$ 9,535</u>	<u>\$ (8,432)</u>	<u>\$ (8,432)</u>	(13,022)	<u>\$ (4,590)</u>
		41,945				184,537				222,876	
		<u>\$ 22,288</u>				<u>\$ 195,499</u>				<u>\$ 209,854</u>	

**CITY OF NORFOLK, NEBRASKA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, NONMAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS (CONTINUED)**  
**For the Year Ended September 30, 2011**

	Storm Water Management				Economic Development			
	Budgeted		Actual	Variance with Final Budget Positive (Negative)	Budgeted		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenue:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ 404,413	\$ 4,413
Intergovernmental Revenue	48,554	48,554	48,554	-	-	-	6,434	6,434
Contributions	-	-	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-	-
Interest	200	200	225	25	200	200	262	62
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenue	<u>48,754</u>	<u>48,754</u>	<u>48,779</u>	<u>25</u>	<u>400,200</u>	<u>400,200</u>	<u>411,109</u>	<u>10,909</u>
Current Expenditures:								
Public Safety	-	-	-	-	-	-	-	-
Public Works	107,744	107,744	57,577	50,167	320,200	320,200	-	320,200
Community Improvement and Development	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Total Expenditures	<u>107,744</u>	<u>107,744</u>	<u>57,577</u>	<u>50,167</u>	<u>320,200</u>	<u>320,200</u>	<u>-</u>	<u>320,200</u>
Excess (deficiency) of revenues over expenditures	<u>(58,990)</u>	<u>(58,990)</u>	<u>(8,798)</u>	<u>50,192</u>	<u>80,000</u>	<u>80,000</u>	<u>411,109</u>	<u>331,109</u>
Other financing sources (uses):								
Transfers In	9,711	9,711	9,711	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>9,711</u>	<u>9,711</u>	<u>9,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (49,279)</u>	<u>\$ (49,279)</u>	<u>913</u>	<u>\$ 50,192</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>411,109</u>	<u>\$ 331,109</u>
Fund balances-beginning of year			<u>36,125</u>				<u>-</u>	
Fund balances- end of year			<u>\$ 37,038</u>				<u>\$ 411,109</u>	

Wireless 911			
Budgeted		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
70,561	70,561	71,898	1,337
-	-	-	-
-	-	-	-
200	200	116	(84)
-	-	-	-
70,761	70,761	72,014	1,253
17,990	17,990	32,415	(14,425)
-	-	-	-
-	-	-	-
17,990	17,990	32,415	(14,425)
52,771	52,771	39,599	(13,172)
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 52,771</u>	<u>\$ 52,771</u>	39,599	<u>\$ (13,172)</u>
		<u>11,766</u>	
		<u>\$ 51,365</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, 2011**

	<b>Capital Construction</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenue:				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	31,698	31,698
Interest	2,000	25,000	33,965	8,965
Total Revenue	<u>2,000</u>	<u>25,000</u>	<u>65,663</u>	<u>40,663</u>
Expenditures:				
Public Safety	-	-	18,023	(18,023)
Public Works	262,000	262,000	217,932	44,068
Public Library	-	-	320,660	(320,660)
Parks, Recreation and Public Property	555,777	7,532,298	4,252,536	3,279,762
General Government	480,000	480,000	66,322	413,678
Debt Service	-	-	-	-
Total Expenditures	<u>1,297,777</u>	<u>8,274,298</u>	<u>4,875,473</u>	<u>3,398,825</u>
Excess (deficiency) of revenues over expenditures	<u>(1,295,777)</u>	<u>(8,249,298)</u>	<u>(4,809,810)</u>	<u>3,439,488</u>
Other financing sources (uses):				
Proceeds from Debt Financing	-	16,449,560	16,449,560	-
Transfers In	916,890	516,890	516,890	-
Total other financing sources (uses)	<u>916,890</u>	<u>16,966,450</u>	<u>16,966,450</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (378,887)</u>	<u>\$ 8,717,152</u>	<u>12,156,640</u>	<u>\$ 3,439,488</u>
Fund balances-beginning of year			<u>1,281,213</u>	
Fund balances- end of year			<u>\$ 13,437,853</u>	

<b>Special Assessments</b>			
<b>Budgeted</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
358	358	144	(214)
358	358	144	(214)
-	-	-	-
1,060,000	1,060,000	502,269	557,731
-	-	-	-
-	-	-	-
32,000	32,000	-	32,000
16,320	16,320	4,085	12,235
1,108,320	1,108,320	506,354	601,966
(1,107,962)	(1,107,962)	(506,210)	601,752
1,000,000	1,000,000	-	(1,000,000)
-	-	32,547	32,547
1,000,000	1,000,000	32,547	(967,453)
<u>\$ (107,962)</u>	<u>\$ (107,962)</u>	(473,663)	<u>\$ (365,701)</u>
		<u>213,587</u>	
		<u>\$ (260,076)</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, 2011**

	<b>Debt service</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenue:				
Taxes	\$ 730,676	\$ 730,676	\$ 864,686	\$ 134,010
Special Assessments	80,928	80,928	472,267	391,339
Intergovernmental Revenue	-	-	26,907	26,907
Occupation and Franchise Taxes	-	823,000	895,089	72,089
Interest	31,306	31,306	36,738	5,432
Total Revenue	<u>842,910</u>	<u>1,665,910</u>	<u>2,295,687</u>	<u>629,777</u>
Current Expenditures:				
Public Works	-	24,561	24,561	-
Parks, Recreation and Public Property	-	16,460	17,941	(1,481)
Debt Service	993,515	3,644,511	3,634,846	9,665
Total Expenditures	<u>993,515</u>	<u>3,685,532</u>	<u>3,677,348</u>	<u>8,184</u>
Excess (deficiency) of revenues over expenditures	<u>(150,605)</u>	<u>(2,019,622)</u>	<u>(1,381,661)</u>	<u>637,961</u>
Other financing sources (uses):				
Proceeds from Debt Financing	-	2,005,000	2,005,000	-
Transfers In	86,425	86,425	86,425	-
Transfers Out	-	-	(109,178)	(109,178)
Total other financing sources (uses)	<u>86,425</u>	<u>2,091,425</u>	<u>1,982,247</u>	<u>(109,178)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (64,180)</u>	<u>\$ 71,803</u>	<u>600,586</u>	<u>\$ 528,783</u>
Fund balances-beginning of year			<u>1,093,491</u>	
Fund balances- end of year			<u>\$ 1,694,077</u>	

## BUSINESS TYPE ACTIVITIES

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

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

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING DEPARTMENTAL SCHEDULE OF NET ASSETS**  
**COMBINED UTILITIES**  
**September 30, 2011**

<b>ASSETS</b>	<b>Water Division</b>	<b>Sewer Division</b>	<b>Solid Waste Management Division</b>	<b>Totals</b>
Current assets:				
Cash and equity in pooled investment account	\$2,917,676	\$1,319,714	\$489,341	\$4,726,731
Receivables:				
Accounts	488,163	448,218	192,103	1,128,484
Special assessments	-	1,597	-	1,597
Interest	1,693	11,411	339	13,443
Restricted Cash				
Cash & Cash Equivalents	126,823	254,283	92,757	473,863
Inventories:				
Fiber optic system held for resale	240,384	-	-	240,384
<b>Total current assets</b>	<b>3,774,739</b>	<b>2,035,223</b>	<b>774,540</b>	<b>6,584,502</b>
Noncurrent assets:				
Restricted assets:				
Restricted cash	157,427	1,045,891	59,292	1,262,610
Bond Acquisition Costs	-	49,894	-	49,894
Property, plant and equipment:				
Land	1,390,327	758,017	52,284	2,200,628
Water and pollution control plant	9,569,142	16,098,281	833,858	26,501,281
Water distribution and sewage system	18,016,829	8,001,888	-	26,018,717
Equipment	1,970,512	1,598,139	731,458	4,300,109
Construction in progress	470,749	147,324	38,900	656,973
	31,417,559	26,603,649	1,656,500	59,677,708
Less accumulated depreciation	7,439,052	14,015,289	860,181	22,314,522
<b>Total property, plant and equipment (net of accumulated depreciation)</b>	<b>23,978,507</b>	<b>12,588,360</b>	<b>796,319</b>	<b>37,363,186</b>
<b>Total noncurrent assets</b>	<b>24,135,934</b>	<b>13,684,145</b>	<b>855,611</b>	<b>38,675,690</b>
<b>Total assets</b>	<b>\$27,910,673</b>	<b>\$15,719,368</b>	<b>\$1,630,151</b>	<b>\$45,260,192</b>

<b>LIABILITIES AND EQUITY</b>	<b>Water Division</b>	<b>Sewer Division</b>	<b>Solid Waste Management Division</b>	<b>Totals</b>
Current liabilities:				
Accounts and contracts payable	\$408,511	\$101,980	\$108,550	\$619,041
Accrued compensated absences	50,636	49,604	28,839	129,079
Payables from restricted assets:				
Accrued interest payable	6,227	6,783	257	13,267
Revenue bonds - current	120,596	247,500	92,500	460,596
<b>Total current liabilities</b>	<b>585,970</b>	<b>405,867</b>	<b>230,146</b>	<b>1,221,983</b>
Noncurrent liabilities:				
Revenue bonds (Sewer division net of deferred loss on early retirement of \$57,875 in 2011)	589,412	3,043,125	109,000	3,741,537
Accrued compensated absences	56,617	58,397	45,978	160,992
<b>Total noncurrent liabilities</b>	<b>646,029</b>	<b>3,101,522</b>	<b>154,978</b>	<b>3,902,529</b>
<b>Total liabilities</b>	<b>1,231,999</b>	<b>3,507,389</b>	<b>385,124</b>	<b>5,124,512</b>
Net Assets				
Invested in Capital Assets, Net of Related Debt	23,268,499	9,297,735	594,819	33,161,053
Restricted for:				
Debt Service	278,023	579,242	151,792	1,009,057
Future Capital Assets	-	714,149	-	714,149
Unrestricted	3,132,152	1,620,853	498,416	5,251,421
<b>Total Net Assets</b>	<b>\$ 26,678,674</b>	<b>\$ 12,211,979</b>	<b>\$ 1,245,027</b>	<b>\$ 40,135,680</b>

**CITY OF NORFOLK, NEBRASKA**

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

**For the Year Ended September 30, 2011**

	<b>Water Division</b>	<b>Sewer Division</b>	<b>Solid Waste Management Division</b>	<b>Totals</b>
<b>Operating revenues:</b>				
User charges	\$2,578,938	\$3,110,538	\$1,698,106	\$7,387,582
Intergovernmental revenue	3,219	-	30,000	33,219
Miscellaneous Income	48,535	10,042	3,182	61,759
Total operating revenues	<u>2,630,692</u>	<u>3,120,580</u>	<u>1,731,288</u>	<u>7,482,560</u>
<b>Operating expenses:</b>				
Payroll and related taxes and benefits	750,934	779,769	420,372	1,951,075
Utilities	202,657	365,882	21,820	590,359
Repairs and maintenance	212,333	379,268	94,235	685,836
Purchased services	-	-	975,257	975,257
General and administration	269,155	286,082	60,468	615,705
Depreciation and amortization	476,062	674,984	69,564	1,220,610
Total operating expenses	<u>1,911,141</u>	<u>2,485,985</u>	<u>1,641,716</u>	<u>6,038,842</u>
Operating income	<u>719,551</u>	<u>634,595</u>	<u>89,572</u>	<u>1,443,718</u>
<b>Nonoperating revenues (expenses):</b>				
Interest on bonds and other debt	(78,977)	(131,352)	(8,183)	(218,512)
Interest income	6,571	30,790	-	37,361
Market Value (Loss)	-	(23,327)	-	(23,327)
(Loss) on disposal of Capital Assets	-	(27,638)	-	(27,638)
Total nonoperating revenues (expenses)	<u>(72,406)</u>	<u>(151,527)</u>	<u>(8,183)</u>	<u>(232,116)</u>
Change in Net Assets	647,145	483,068	81,389	1,211,602
Net Assets - Beginning of Period	<u>26,031,529</u>	<u>11,728,911</u>	<u>1,163,638</u>	<u>38,924,078</u>
Net Assets - End of Period	<u>\$26,678,674</u>	<u>\$12,211,979</u>	<u>\$1,245,027</u>	<u>\$40,135,680</u>

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**CITY OF NORFOLK, NEBRASKA**  
**COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS**  
**Combined Utilities**  
**For the Year Ended September 30, 2011**

	<b>Water Division</b>	<b>Sewer Division</b>	<b>Solid Waste Management Division</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 2,592,584	\$ 3,074,111	\$ 1,766,045	\$ 7,432,740
Cash Paid to Suppliers for Goods and Services	(521,172)	(1,013,041)	(1,144,420)	(2,678,633)
Cash Paid to Employees for Services	(744,781)	(777,598)	(401,008)	(1,923,387)
Net Cash Provided by Operating Activities	<u>1,326,631</u>	<u>1,283,472</u>	<u>220,617</u>	<u>2,830,720</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(1,615,347)	(325,968)	(10,890)	(1,952,205)
Proceeds of Bond Sales	-	3,348,500	201,500	3,550,000
Bond Issue Costs	-	(51,475)	-	(51,475)
Principal Paid on Notes and Bonds	(1,692,058)	(4,213,000)	(322,000)	(6,227,058)
Interest Paid on Notes and Bonds	(117,196)	(172,368)	(15,178)	(304,742)
Payments on Note Receivable	2,096	-	-	2,096
Net Cash (Used) for Capital and Related Financing Activities	<u>(3,422,505)</u>	<u>(1,414,311)</u>	<u>(146,568)</u>	<u>(4,983,384)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	<u>13,418</u>	<u>9,690</u>	<u>576</u>	<u>23,684</u>
Net Cash Provided for Investing Activities	13,418	9,690	576	23,684
Net Increase (Decrease) in Cash and Cash Equivalents	(2,082,456)	(121,149)	74,625	(2,128,980)
Cash and Cash Equivalents at Beginning of Year	<u>5,284,382</u>	<u>2,741,037</u>	<u>566,765</u>	<u>8,592,184</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,201,926</u>	<u>\$ 2,619,888</u>	<u>\$ 641,390</u>	<u>\$ 6,463,204</u>

(Continued)

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)**  
**Combined Utilities**  
**For the Year Ended September 30, 2011**

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 719,551	\$ 634,595	\$ 89,572	\$ 1,443,718
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	476,062	674,984	69,564	1,220,610
(Increase) decrease in Assets:				
Accounts Receivable	(38,108)	(46,469)	34,757	(49,820)
Increase (decrease) in Liabilities:				
Accounts and Contracts Payable	162,973	18,191	7,360	188,524
Accrued Compensated Absences	6,153	2,171	19,364	27,688
Total Adjustments	607,080	648,877	131,045	1,387,002
Net Cash Provided by Operating Activities	\$ 1,326,631	\$ 1,283,472	\$ 220,617	\$ 2,830,720

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

Accounts Payable Exchanged for Capital Assets	\$ 198,200	\$ 20,810	\$ 20,510	\$ 239,520
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**Reconciliation of Cash and Cash Equivalents to the Balance Sheet:**

Cash and Equity in Pooled Investment Account	\$ 2,917,676	\$ 1,319,714	\$ 489,341	\$ 4,726,731
Restricted Cash	284,250	1,300,174	152,049	1,736,473
	\$ 3,201,926	\$ 2,619,888	\$ 641,390	\$ 6,463,204

# FIDUCIARY FUNDS

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

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## **PENSION TRUST FUNDS:**

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

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

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

## **AGENCY FUND:**

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

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**CITY OF NORFOLK, NEBRASKA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Employee Retirement Funds**  
**September 30, 2011**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Guaranteed Insurance Contracts	\$ 2,951,494	\$ 2,782,584	\$ 5,722,983	\$ 11,457,061
Open Ended Mutual Funds	<u>3,410,451</u>	<u>2,720,274</u>	<u>8,653,057</u>	<u>14,783,782</u>
<b>Total Assets</b>	<u>6,361,945</u>	<u>5,502,858</u>	<u>14,376,040</u>	<u>26,240,843</u>
<b>NET ASSETS</b>				
Held in Trust for Pension Benefits	<u>6,361,945</u>	<u>5,502,858</u>	<u>14,376,040</u>	<u>26,240,843</u>
<b>Total Net Assets</b>	<u>\$ 6,361,945</u>	<u>\$ 5,502,858</u>	<u>\$ 14,376,040</u>	<u>\$ 26,240,843</u>

**CITY OF NORFOLK, NEBRASKA**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**Employee Retirement Funds**  
**For the Year Ended September 30, 2011**

	<b>Firemen's Retirement Fund</b>	<b>Police Retirement Fund</b>	<b>Civilian Retirement Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 237,709	\$ 123,169	\$ 336,115	\$ 696,993
Employee	109,554	123,169	525,616	758,339
Total Contributions	<u>347,263</u>	<u>246,338</u>	<u>861,731</u>	<u>1,455,332</u>
Investment Income:				
Interest, Dividends and Market Gains	67,459	49,883	94,861	212,203
Total Additions	<u>414,722</u>	<u>296,221</u>	<u>956,592</u>	<u>1,667,535</u>
<b>DEDUCTIONS</b>				
Pension Benefits	317,540	290,679	64,500	672,719
Contribution Refunds	207,500	63,435	290,349	561,284
Administration	1,436	1,770	3,663	6,869
Total Deductions	<u>526,476</u>	<u>355,884</u>	<u>358,512</u>	<u>1,240,872</u>
Net Increase (Decrease)	(111,754)	(59,663)	598,080	426,663
Net Assets -- Beginning of Period	<u>6,473,699</u>	<u>5,562,521</u>	<u>13,777,960</u>	<u>25,814,180</u>
Net Assets -- End of Period	<u>\$ 6,361,945</u>	<u>\$ 5,502,858</u>	<u>\$ 14,376,040</u>	<u>\$ 26,240,843</u>

**CITY OF NORFOLK, NEBRASKA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2011**

	Balance September 30, 2010	Additions	Deductions	Balance September 30, 2011
<b><u>COMMUNITY DEVELOPMENT AGENCY</u></b>				
<u>Assets</u>				
Cash	\$ 488,741	\$ 121,501	\$ 45,745	\$ 564,497
Taxes Receivable	38,329	1,024	38,329	1,024
Total Assets	527,070	122,525	84,074	565,521
<u>Liabilities</u>				
Due to Bondholders	527,070	122,525	84,074	565,521
Total Liabilities	\$ 527,070	\$ 122,525	\$ 84,074	\$ 565,521

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# STATISTICAL SECTION

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

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

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

**Source:**

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

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

**TABLE 1**

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

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

	2007	2006	2005	2004	2003
\$	34,084,125	\$ 35,743,248	\$ 16,357,346	\$ 13,724,889	\$ 9,617,883
	1,318,671	1,283,781	1,273,539	1,459,976	2,055,140
	-	-	-	-	-
	-	-	-	-	-
	13,935,043	11,243,475	9,872,675	8,982,873	9,932,272
	49,337,839	48,270,504	27,503,560	24,167,738	21,605,295
	28,660,480	27,771,725	24,975,734	24,456,367	23,065,838
	1,637,751	1,639,618	1,690,576	1,517,324	920,048
	6,467,537	5,873,732	6,762,586	6,090,984	6,508,540
	36,765,768	35,285,075	33,428,896	32,064,675	30,494,426
	62,744,605	63,514,973	41,333,080	38,181,256	32,683,721
	1,637,751	1,639,618	1,690,576	1,517,324	920,048
	20,402,580	17,117,207	16,635,261	15,073,857	16,440,812
\$	84,784,936	\$ 82,271,798	\$ 59,658,917	\$ 54,772,437	\$ 50,044,581

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>									
Governmental Activities									
General Government	\$ 1,660,197	\$ 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	8,473,093	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	6,877,940	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	1,203,191	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	1,468,214	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	686,717	1,287,249	999,898	543,549	1,133,491	1,213,623	779,952	928,781	789,323
Debt Service	565,025	218,415	272,480	296,199	258,179	265,219	258,982	275,672	426,984
Total Governmental Activities Expenses	20,934,377	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	1,990,118	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	2,644,975	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	1,649,899	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	6,284,992	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	\$ 27,219,369	\$ 27,166,566	\$ 25,906,451	\$ 23,771,829	\$ 23,763,486	\$ 23,663,091	\$ 20,605,632	\$ 20,788,767	\$ 19,040,773
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services									
General Government	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626	391,281	\$ 377,825	\$ 328,275	\$ 1,655,517
Public Safety	978,401	922,686	991,781	1,149,353	906,560	944,002	964,306	826,082	586,988
Public Works	109,797	122,459	132,948	125,042	80,856	93,846	77,702	82,029	114,294
Public Library	26,970	24,134	25,588	28,091	28,220	29,686	32,046	31,571	-
Parks, Recreation and Public Property	113,352	139,042	145,293	149,314	146,157	158,053	138,722	114,954	126,755
Community Improvement and Development	120,000	115,146	84,000	61,000	66,000	66,000	66,000	-	-
Operating Grants & Contributions	3,315,948	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	1,723,050	337,404	1,942,912	757,509	864,556	378,175	1,832,950	1,863,073	448,150
Total Governmental Activities Program Revenues	6,870,486	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	2,615,148	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	3,120,580	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	1,731,288	1,759,703	1,699,431	1,742,372	1,811,596	1,737,503	1,750,821	1,857,459	1,890,923
Operating Grants & Contributions	15,544	-	-	-	-	-	-	-	-
Capital Grants & Contributions	-	263,880	144,210	175,807	403,630	791,145	493,256	438,990	-
Total Business-Type Activities Program Revenues	7,482,560	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	\$ 14,353,046	\$ 12,521,794	\$ 13,000,915	\$ 11,924,519	\$ 12,724,247	\$ 13,105,315	\$ 13,468,732	\$ 13,189,187	\$ 12,486,026
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (14,063,891)	\$ (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	1,197,568	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	\$ (12,866,323)	\$ (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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	
<b>General Revenues and Other Changes In Net Assets</b>										
Governmental Activities:										
Taxes:										
Property Tax	\$ 3,097,588	\$ 2,694,271	\$ 1,944,230	\$ 1,694,912	\$ 1,625,182	\$ 1,392,282	\$ 893,417	\$ 899,918	\$ 1,913,198	
Sales Tax	7,072,877	6,919,663	6,760,144	6,750,098	6,427,716	6,548,082	6,593,166	6,445,480	-	
Other Taxes	254,665	240,021	199,591	199,225	191,073	209,536	184,404	175,420	5,799,684	
Occupation and Franchise Taxes	2,030,762	971,022	873,472	883,195	787,763	618,984	589,118	606,176	564,514	
Interest	99,146	106,069	251,126	430,171	561,205	461,182	325,101	212,803	301,965	
General Intergovernmental Revenues Unrestrict	295,309	289,270	260,190	282,997	248,438	242,041	224,482	503,560	955,569	
Unrestricted Keno Revenues	432,584	359,060	428,302	29,141	-	-	-	-	-	
Use of Property	4,186,984	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	17,747	57,219	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	51,113	153,345	363,181	47,709	33,088	68,035	64,353	30,476	109,628	
Interfund Transfers	-	-	(27,194)	-	-	-	-	-	-	
<b>Total Governmental Activities</b>	<b>\$ 17,538,775</b>	<b>\$ 15,612,901</b>	<b>\$ 14,516,001</b>	<b>\$ 13,606,017</b>	<b>\$ 13,189,038</b>	<b>\$ 12,794,139</b>	<b>\$ 11,641,266</b>	<b>\$ 11,630,520</b>	<b>\$ 12,362,701</b>	
Business Type of Activities:										
Interest	14,034	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	-	-	-	-	-	-	
<b>Total Business-Type Activities</b>	<b>14,034</b>	<b>66,938</b>	<b>192,580</b>	<b>286,953</b>	<b>398,229</b>	<b>341,111</b>	<b>195,677</b>	<b>101,752</b>	<b>202,663</b>	
<b>Total Primary Government</b>	<b>\$ 17,552,809</b>	<b>\$ 15,679,839</b>	<b>\$ 14,708,581</b>	<b>\$ 13,892,970</b>	<b>\$ 13,587,267</b>	<b>\$ 13,135,250</b>	<b>\$ 11,836,943</b>	<b>\$ 11,732,272</b>	<b>\$ 12,565,364</b>	
<b>Change in Net Assets</b>										
Governmental Activities	\$ 3,474,884	\$ (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	1,211,602	1,075,057	603,420	479,833	1,480,693	1,856,179	1,364,221	1,570,249	1,276,773	
<b>Total Primary Government</b>	<b>\$ 4,686,486</b>	<b>\$ 1,034,977</b>	<b>\$ 1,803,045</b>	<b>\$ 2,045,660</b>	<b>\$ 2,548,028</b>	<b>\$ 2,577,474</b>	<b>\$ 4,700,043</b>	<b>\$ 4,132,692</b>	<b>\$ 6,010,617</b>	

(1) The City Implemented GASB Statement No. 34 in fiscal year 2003, therefore, nine 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

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

<b>Fiscal Year</b>				
2006	2005	2004	2003	2002
\$ 95,529	\$ 118,407	\$ 176,929	\$ 208,963	\$ 242,598
-	-	-	-	-
-	-	-	-	-
4,725,445	4,506,250	4,364,021	4,813,484	4,394,369
-	-	-	-	-
-	-	-	-	-
<u>4,820,974</u>	<u>4,624,657</u>	<u>4,540,950</u>	<u>5,022,447</u>	<u>4,636,967</u>
1,541,024	2,376,709	3,200,208	1,772,362	2,130,580
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,222,836	1,838,962	730,183	2,340,454	1,751,170
(480,858)	(237,724)	(411,948)	266,917	(171,012)
-	-	-	-	-
-	-	-	-	-
<u>4,283,002</u>	<u>3,977,947</u>	<u>3,518,443</u>	<u>4,379,733</u>	<u>3,710,738</u>
1,636,553	118,407	176,929	208,963	242,598
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,467,423	4,506,250	4,364,021	4,813,484	4,394,369
-	-	-	-	-
-	-	-	-	-
<u>9,103,976</u>	<u>4,624,657</u>	<u>4,540,950</u>	<u>5,022,447</u>	<u>4,636,967</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				
	2011	2010	2009	2008	2007
<b>Revenues</b>					
Taxes	\$ 10,178,587	\$ 9,613,934	\$ 9,027,255	\$ 8,765,893	\$ 8,299,868
Special Assessments	472,266	151,392	685,607	82,426	238,417
Licenses & Permits	201,651	233,786	323,800	430,258	305,364
Intergovernmental Revenue	4,414,712	3,846,761	3,805,003	3,743,612	4,036,117
Keno Revenue	432,584	359,060	428,302	29,141	
Charges for Services	1,464,667	1,330,223	1,374,689	1,358,621	1,195,069
Occupation & Franchise Taxes	2,138,542	1,093,679	667,778	686,840	666,704
Contributions	54,228	72,234	81,360	100,005	-
Payments in Lieu of Taxes	146,885	117,364	82,402	74,697	65,162
Parking Fees and Rentals	4,204,014	3,830,046	3,422,615	3,272,094	3,211,734
Loan Repayments	136,519	82,419	120,700	289,700	103,469
Interest	90,235	71,269	186,036	338,732	432,788
Miscellaneous	105,741	232,156	434,854	112,561	177,839
<b>Total Revenue</b>	<b>24,040,631</b>	<b>21,034,323</b>	<b>20,640,401</b>	<b>19,284,580</b>	<b>18,732,531</b>
<b>Expenditures</b>					
General Government	4,263,408	2,419,970	2,580,140	2,409,948	2,434,218
Public Safety	8,238,009	7,974,899	7,475,999	7,367,551	7,659,058
Public Works	5,588,853	4,853,161	5,585,140	4,789,513	3,127,771
Public Library	1,329,905	1,485,872	1,139,770	1,097,450	1,039,277
Parks, Recreation & Public Property	8,267,527	1,519,769	1,828,716	1,392,253	1,193,539
Community Improvement & Developmen	794,940	1,560,058	976,102	805,175	1,156,157
Debt Service					
Principal Retirement	1,179,881	870,714	773,690	755,714	708,691
Interest	442,032	234,421	275,001	304,002	258,047
Capital Outlay	-	159,664	370,248	829,727	587,478
<b>Total Expenditure</b>	<b>30,104,555</b>	<b>21,078,528</b>	<b>21,004,806</b>	<b>19,751,333</b>	<b>18,164,236</b>
Excess (Deficiency) of Revenues over expenditures	<u>(6,063,924)</u>	<u>(44,205)</u>	<u>(364,405)</u>	<u>(466,753)</u>	<u>568,295</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Debt Financing	20,305,000	401,500	2,030,000	-	380,000
Premium on Bonds	49,560	-	-	-	-
Bonds Refunded	(2,130,000)	-	-	-	-
Transfers In	1,919,961	2,068,596	1,840,990	1,237,142	980,558
Transfers Out	(1,919,961)	(2,068,596)	(1,840,990)	(1,237,142)	(980,558)
<b>Total Other Financing Sources (Uses)</b>	<b>18,224,560</b>	<b>401,500</b>	<b>2,030,000</b>	<b>-</b>	<b>380,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 12,160,636</b>	<b>\$ 357,295</b>	<b>\$ 1,665,595</b>	<b>\$ (466,753)</b>	<b>\$ 948,295</b>
Debt Service as a Percentage of Noncapital Expenditures	7.81%	5.76%	5.59%	6.36%	5.90%

Note: 1) GASB 34 partially implemented.

Fiscal Year				
2006	2005	2004	2003 (1)	2002
\$ 8,089,424	\$ 7,640,946	\$ 7,487,814	\$ 7,589,570	\$ 6,033,614
170,769	539,200	268,341	746,591	392,419
347,386	369,424	313,124	216,378	203,729
3,878,013	4,439,050	4,760,706	3,046,905	2,788,094
1,236,475	1,184,021	1,033,465	1,141,526	1,016,392
618,984	589,118	606,176	564,514	559,751
-	3,154	5,451	725	-
60,477	30,851	33,004	102,337	92,733
3,173,556	2,728,535	2,627,681	2,621,812	2,568,571
131,383	24,778	28,124	57,830	-
364,385	272,344	189,878	276,096	438,990
227,609	163,005	238,154	448,681	456,502
<u>18,298,461</u>	<u>17,984,426</u>	<u>17,591,918</u>	<u>16,812,965</u>	<u>14,550,795</u>
2,348,104	1,761,517	1,644,901	1,502,019	1,443,918
7,263,047	6,948,410	7,124,232	5,605,110	4,955,052
3,209,134	4,250,718	4,832,602	2,017,880	1,876,188
1,014,735	1,006,569	922,952	878,571	828,165
1,126,493	1,237,366	1,333,068	923,151	984,522
-	-	-	-	25,091
1,430,551	874,048	969,638	781,823	523,769
840,952	770,000	1,070,000	3,975,000	1,875,000
268,402	268,360	280,456	416,192	413,729
295,671	954,227	1,901,354	3,034,314	3,938,442
<u>17,797,089</u>	<u>18,071,215</u>	<u>20,079,203</u>	<u>19,134,060</u>	<u>16,863,876</u>
<u>501,372</u>	<u>(86,789)</u>	<u>(2,487,285)</u>	<u>(2,321,095)</u>	<u>(2,313,081)</u>
-	630,000	1,145,000	3,375,000	845,000
-	-	-	-	-
-	-	-	-	-
900,999	1,569,494	1,413,988	905,702	-
<u>(900,999)</u>	<u>(1,569,494)</u>	<u>(1,413,988)</u>	<u>(905,702)</u>	<u>-</u>
<u>-</u>	<u>630,000</u>	<u>1,145,000</u>	<u>3,375,000</u>	<u>845,000</u>
<u>\$ 501,372</u>	<u>\$ 543,211</u>	<u>\$ (1,342,285)</u>	<u>\$ 1,053,905</u>	<u>\$ (1,468,081)</u>
6.34%	6.07%	7.43%	27.27%	17.71%

**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
2011	\$ 467,925,125	1.50%
2010	459,698,781	1.50%
2009	448,552,315	1.50%
2008	445,836,912	1.50%
2007	422,052,129	1.50%
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%

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	
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
2008	1.50%	5.50%	7.00%
2007	1.50%	5.50%	7.00%
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%

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	2010		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 266,886,158	1	54.31%
Utilities	47,814,441	2	9.73
Accommodation & Food Services	43,637,435	3	8.88
Other	133,074,519	-	27.08
Total	<u>\$ 491,412,553</u>		100.00%

Note: Amounts shown are net taxable sales, which includes refunds and does not include motor vehicle net sales. The numbers are only available on a calendar year basis. 2011 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
2011	\$ 1,140,003,464	\$ 44,061,854	\$ 1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
2008	1,097,676,042	44,580,420	1,142,256,462	0.4830
2007	1,053,427,738	42,317,597	1,095,745,335	0.4628
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

(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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
CITY OF NORFOLK										
GENERAL FUND	0.1341	0.1341	0.1345	0.0689	0.0460	0.0433	0.0251	0.0286	0.0900	0.0958
DEBT SERVICE	0.0618	0.0618	0.0620	0.0641	0.0668	0.0696	0.0726	0.0191	0.0818	0.087
ECONOMIC DEVELOPMENT FUND	0.0358	0.0358	0.0000	0.0000	0.0000	0.0000	0.0000	0.000	0.0000	0.000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3476	0.3442	0.3183	0.3213	0.3068
TOTAL CITY OF NORFOLK	<u>0.5817</u>	<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>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.4211	0.4090	0.3990	0.3872	0.4250	0.4049	0.4083	0.3905	0.3496	0.3097
SCHOOL DISTRICT NO 2	1.3182	1.3240	1.3062	1.2230	1.2336	1.2112	1.2176	1.1377	1.1026	1.1293
NORTHEAST COMMUNITY COLLEGE	0.0953	0.0985	0.0935	0.0900	0.0823	0.0904	0.0896	0.0811	0.0700	0.0685
NORFOLK AIRPORT AUTHORITY	0.0315	0.0330	0.0228	0.0236	0.0236	0.0236	0.0447	0.0487	0.0554	0.0393
LOWER ELKHORN NRD	0.0340	0.0379	0.0341	0.0339	0.0356	0.0354	0.0369	0.0348	0.0370	0.0382
AGRICULTURAL SOCIETY MADISON COUNTY	0.0144	0.0145	0.0144	0.0147	0.0155	0.0158	0.0168	0.0185	0.0186	0.0190
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0149	0.0149	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150	0.0150
NORFOLK SANITARY DISTRICT	0.0095	0.0091	0.0087	0.0066	0.0067	0.0067	0.0068	0.0070	0.0072	0.0071
RAILROAD TRANSPORTATION SAFETY DIST.	0.0106	0.0036	0.0039	0.0040	0.0041	0.0046	0.0046	0.0000	0.0000	0.0000
TOTAL OVERLAPPING RATES	<u>1.9496</u>	<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>
TOTAL PROPERTY TAXES	2.5313	2.5262	2.4441	2.2810	2.3042	2.2680	2.2821	2.0993	2.1485	2.1157

(1) TAX RATES ARE PER \$100 OF ASSESSED VALUATION, AND EFFECTIVE ON SEPTEMBER 1 OF EACH YEAR

(2) OVERLAPPING RATES ARE THOSE OF LOCAL AND COUNTY GOVERNMENTS THAT APPLY TO PROPERTY OWNERS WITHIN THE CITY OF NORFOLK NE.

(3) TAX APPLIES TO PROPERTY IN VEHICLE PARKING DISTRICT IN DOWNTOWN NORFOLK NEBRASKA. DISTRICT ASSESSED VALUATION IS ABOUT 2% OF THE CITY ASSESSED VALUATION.

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

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2011			2002		
		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%	\$ 11,732,025	1	1.45%
WAL-MART STORES INC	RETAIL STORE	10,180,058	2	0.86%	10,124,513	3	1.25%
HEARTLAND PANTRY INC (HY-VEE)	RETAIL STORE	9,579,200	3	0.81%	7,470,607	4	0.92%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,394,512	4	0.79%	6,322,460	6	0.78%
HERITAGE OF NORFOLK INC	NURSING HOME	6,298,274	5	0.53%	-	-	0.00%
MENARD INC	RETAIL STORE	5,990,081	6	0.51%	5,293,888	7	0.65%
WIS-PAK	BOTTLINGS DISTRIBUTION	5,266,340	7	0.44%	7,105,880	5	0.88%
QWEST CORPORATION	TELEPHONE COMPANY	4,999,929	8	0.42%	-	-	0.00%
MCMEADOWS LLC	REAL ESTATE	4,996,159	9	0.42%	-	-	0.00%
DAYTON HUDSON CORP	RETAIL STORE	4,516,181	10	0.38%	-	-	0.00%
QWEST CORPORATION	TELEPHONE COMPANY	-	-	0.00%	10,640,295	2	1.31%
PEOPLES NATURAL GAS CO	GAS COMPANY	-	-	0.00%	3,727,806	10	0.46%
DAYTON HUDSON CORP	RETAIL STORE	-	-	0.00%	3,803,850	9	0.47%
THE MEADOWS INC	APARTMENTS	-	-	0.00%	4,202,551	8	0.52%
<b>TOTAL</b>		<b>\$ 75,041,517</b>		<b>6.34%</b>	<b>\$ 70,423,875</b>		<b>8.68%</b>

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
2011	\$ 2,572,578	\$ 2,473,124	96.13%	\$ -	\$ 2,473,124	96.13%
2010	2,184,060	2,098,722	96.09%	82,690	2,181,412	99.88%
2009	1,494,451	1,448,341	96.91%	45,118	1,493,459	99.93%
2008	1,226,497	1,176,673	95.94%	49,038	1,225,711	99.94%
2007	1,231,992	1,176,241	95.47%	55,261	1,231,502	99.96%
2006	1,031,204	991,811	96.18%	38,245	1,030,056	99.89%
2005	496,999	474,792	95.53%	22,151	496,943	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%	65,270	1,615,952	99.99%
2002	1,595,918	1,515,243	94.94%	80,337	1,595,580	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	
2011	\$ 21,210,000	\$ 1,415,000	\$ 525,000	\$ 255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954
2008	3,895,000	935,000	2,335,000	169,644
2007	4,365,000	1,185,000	2,320,000	205,358
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	-	-

Notes: (1) See Table 16 for income and population data. 2011 population and 2011 and 2010 personal income numbers are unavailable.

TABLE 12

BUSINESS-TYPE ACTIVITIES					
REVENUE	STATE	CAPITAL	TOTAL	DEBT PER	PERCENTAGE
BONDS	REVOLVING	LEASES	PRIMARY	CAPITA (1)	OF PERSONAL
	LOAN		GOVERNMENT		INCOME (1)
\$ 3,550,000	\$ 710,008	-	\$ 27,665,367	N/A	N/A
6,110,000	827,066	-	13,347,306	551.31	N/A
6,820,000	940,690	-	14,356,644	616.91	1.20
7,510,000	1,050,980	-	15,895,624	692.92	1.35
8,175,000	1,158,035	-	17,408,393	752.11	1.60
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

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

TABLE 13

FISCAL YEAR	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS-GENERAL OBLIGATION PORTION	GENERAL BONDED DEBT	LESS: AMOUNTS RESTRICTED FOR DEBT SERVICE	NET GENERAL BONDED DEBT	NET BONDED DEBT PER CAPITA (1)	VALUATION OF TAXABLE REAL PROPERTY
2011	\$ 21,210,000	\$ 371,013	\$ 21,581,013	\$ 504,468	\$ 21,076,545	N/A	1.89%
2010	3,480,000	618,952	4,098,952	1,193,594	2,905,358	120.01	0.26%
2009	3,720,000	729,722	4,449,722	1,218,131	3,231,591	138.86	0.29%
2008	3,895,000	394,928	4,289,928	1,255,485	3,034,443	132.28	0.29%
2007	4,365,000	508,914	4,873,914	1,318,671	3,555,243	153.60	0.35%
2006	4,410,000	620,399	5,030,399	1,283,781	3,746,618	156.99	0.38%
2005	4,805,000	852,040	5,657,040	1,273,539	4,383,501	182.89	0.49%
2004	5,200,000	757,985	5,957,985	1,459,976	4,498,009	187.36	0.54%
2003	4,415,000	948,335	5,363,335	2,055,140	3,308,195	136.80	0.41%
2002	4,615,000	1,127,784	5,742,784	1,246,589	4,496,195	188.46	0.59%

Notes: (1) See Table 16 for population data. 2011 population numbers are unavailable.

**CITY OF NORFOLK, NEBRASKA**  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF SEPTEMBER 30, 2011

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 19,795,906	100.00%	\$ 19,795,906
OVERLAPPING:			
Norfolk School District #2	\$ 23,800,000	48.29%	\$ 11,493,447

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 REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2011	\$ 7,482,560	\$ 4,818,232	\$ 2,664,328	\$852,058	\$218,512	\$1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76
2008	6,593,376	4,685,259	1,908,117	772,055	336,859	1,108,914	1.72
2007	7,226,561	4,627,357	2,599,204	753,914	358,648	1,112,562	2.34
2006	7,097,288	4,483,310	2,613,978	730,863	377,722	1,108,585	2.36
2005	6,854,416	4,406,612	2,447,804	717,906	399,002	1,116,908	2.19
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

1) TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION AND AMORTIZATION

**CITY OF NORFOLK, NEBRASKA**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

TABLE 16

Fiscal Year	Population(1)	Personal Income (2) (000's)	Per Capita Personal Income(2)	Public School Enrollment(3)	Unemployment Rate(4)
2011	N/A	N/A	N/A	4,009	3.6%
2010	24,210	N/A	N/A	4,023	3.8%
2009	23,272	1,198,153	34,724	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%

- Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2011 numbers are unavailable.  
 (2) State of Nebraska, NE Dept of Economic Development. 2011 and 2010 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	2011			2002		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,275	1	5.59%	1,000	2	4.28%
Norfolk Public Schools	705	2	3.09%	561	5	2.40%
Affiliated Foods Midwest	654	3	2.87%	501	7	2.15%
Covidien	500	4	2.19%			
Vulcraft Division of Nucor Steel	478	5	2.09%	355	10	1.52%
Nucor Steel Division	423	6	1.85%	492	8	2.11%
Wal-Mart	407	7	1.78%			
Veyance Technologies	350	8	1.53%			
Norfolk Iron & Metal	320	9	1.40%			
Wis-Pak	102	10	0.45%			
IBP (1)				1,100	1	4.71%
Dale Electronics				777	3	3.33%
IBP				645	4	2.76%
Sherwood Medical Industries				520	6	2.23%
Goodyear Tire & Rubber				385	9	1.65%
Total	5,214		22.84%	6,336		27.13%

(1) THIS PLANT WAS PURCHASED BY IBP FROM BEEF AMERICA 9-28-99

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	26.18	25.55	23.55	24.60	24.80	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	58.00	60.00	60.50	60.50	65.50	65.50	64.50	59.23	58.23
Fire	38.00	38.00	38.00	37.00	37.00	38.00	38.00	38.00	32.00	32.00
Region 11	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
SNARE	0.50	0.50	0.50	0.50	0.50	0.63	0.50	0.50	0.00	0.00
Streets	22.25	22.00	22.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00
Culture & Recreation										
Parks	20.00	22.00	22.00	18.00	18.00	18.00	18.00	17.00	17.00	17.00
Recreation	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Auditorium	2.43	2.43	2.43	2.43	1.68	1.68	1.68	1.68	1.00	1.00
Library	14.97	14.97	14.97	14.96	15.69	16.69	15.80	15.80	15.80	15.80
Housing	5.75	5.75	5.75	5.63	5.73	5.73	5.73	5.73	5.73	5.73
Community Character Development Coalition	0.00	4.25	5.00	4.88	4.88	0.00	4.50	3.03	2.15	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water Pollution Control	9.50	9.50	13.50	13.50	13.50	13.50	13.50	13.50	13.25	13.25
Solid Waste Management	5.88	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
<b>Total</b>	<b>225.46</b>	<b>230.70</b>	<b>236.45</b>	<b>232.75</b>	<b>233.01</b>	<b>236.46</b>	<b>238.95</b>	<b>235.48</b>	<b>221.90</b>	<b>218.75</b>

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Purchase Ordered Processed	1,393	1,365	1,773	1,887	2,025	2,100	2,537	2,845	2,893	2,830
Water/Sewer Customers Billed	9,392	9,306	9,276	9,118	9,049	9,000	8,850	8,910	8,750	8,545
Engineering										
Miles of Paving Districts	0.20	0.20	0.51	0.20	1.20	1.10	0.80	0.90	0.90	0.90
Miles of Street Reconstruction	0.75	0.30	0.35	0.50	1.20	1.00	1.50	0.80	0.80	1.00
Public Safety										
Police:										
Criminal Arrests	1701	1,655	1,932	1,679	1,858	2,500	2,738	2,303	2,150	2,395
Traffic Arrests	2804	2,313	2,348	2,514	2,480	3,550	3,718	3,688	3,474	3,558
Drug/Alcohol Arrests	762	556	715	782	817	1,200	1,065	1,376	869	862
Fire:										
Rescue Calls	1,861	1,678	1,714	1,744	1,682	1,715	1,925	1,657	1,432	1,857
Building and Safety										
Building Permits	375	386	382	392	412	549	575	497	478	471
Culture and Recreation										
Library										
Total Circulation	324,042	319,997	338,308	314,489	318,284	334,736	333,602	339,374	329,462	336,562
Water:										
Water Inspections	42	48	39	40	39	62	47	45	49	40
Locates	2,521	2,743	2,406	2,589	2,928	2,708	2,502	2,583	2,257	2,474
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.189	1.269	1.017	1.105	1.127	1.000	1.265	1.254	1.278	1.368
Sewer Maintenance										
Sewer Inspections	20	32	22	37	22	46	39	38	23	23
Solid Waste Management										
Average Daily Tonnage	108	113	110	116	117	117	121	128	129	130

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
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
Administrative Offices (2)	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	2.00	1.00	1.00	1.00
Streets										
Streets (Miles)	144.29	144.29	143.88	142.30	142.30	137.26	135.90	135.90	135.84	134.50
Streetlights	2,327	2,244	2,236	2,237	2,266	2,246	2,204	2,192	2,162	2,153
Parks										
Parks Acreage	403.50	403.50	396.00	378.00	364.00	364.00	364.00	364.00	335.00	335.00
Parks #	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Swimming Pools	1.00	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)	123.00	122.00	121.00	120.00	120.00	145.00	142.00	141.00	140.00	139.00
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	127.00	126.00	125.00	125.00	155.00	153.00	152.00	150.00	149.00
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

(2) Future Administrative and Engineering Offices

Sources: Various City Departments