

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2012

**COMPREHENSIVE
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NORFOLK
NEBRASKA**

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September 30, 2012

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fiscal year
ended
September 30, 2012*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 28, 2013

**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, 2012 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, 2012.

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, 2012, 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, 2012, 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 four service levels. The first level assumes a 1% increase in funding authorized in the prior year. The second level assumes a 2% increase. Both of these levels are reduced service levels since budgets must absorb inflation and growth to maintain service. The third level is a 3.5% increase over the prior year and is the maintenance level. This increase should approximately match growth and inflation over the long-term. The fourth level normally allows an increase of up to 6% and is the level the department or division head feels is ideal.

If expenditures grow at 3.5% to maintain service levels, revenues must also grow at 3.5%. 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 eight out of the last twelve 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 \$5,040,082 in the fiscal year ended September 30, 2012, a 25% increase over the last twelve 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 3.5% rate. From May 2002 through fiscal year 2011-2012, receipts for the half-cent sales tax lagged the 3.5% growth rate by a cumulative \$2.8 million. Total City sales tax lagged behind the 3.5% annual growth rate by a cumulative \$11 million between 2001 and 2012.

Sales tax receipts for the fiscal year ending September 30, 2012 show improvement. Receipts are up 7.7% from fiscal year September 30, 2011. Receipts for the first six months of fiscal year 2012-2013 vary greatly from month to month. Receipts are up almost 4% from the same period in 2011-2012 with three months of increased sales tax and three months of decreased sales tax, the largest single month increase being \$80,930 or 12.9% and the largest single month decrease being \$38,908 or 5%.

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. The last quarterly payment is due November 2014. These funds come from revenue previously committed to fund other organizations as these funding commitments have ended.

Construction has been completed 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 building includes a visitor's center, a community family room, and business incubator space.

The first phase of a three part, \$11 million project to create Northeast Industrial Highway was completed in July 2012. The first phase links Highway 35 to Victory Road via the Ethanol Road. The next phase will be constructing two more miles west to 1st Street, including a viaduct over the railroad and Victory Road. The last phase will be connecting 1st Street to US Highway 81. The roads will provide a solid means of transportation for trucks from the three industries in the area and greatly improve road safety. Funding is from: the City, the Madison County Railroad Transportation Safety District, Madison County, and Stanton County.

Covidien officials have announced a \$6 million expansion project at Covidien's Norfolk facility that manufactures syringes and other medical products. Construction is currently under way on the 35,700 square feet of space needed to accommodate the three product lines to be added as a result of the expansion. The expansion will create 30 new jobs with a payroll exceeding \$1 million per year. The expansion is made possible by a grant from the Nebraska Department of Economic Development to the City and the City's LB 840 economic development program. These funds will be loaned to Covidien and partially forgiven if the company fulfills all the grant requirements.

Other economic indicators appear mainly positive. Norfolk's population increased from 24,210 in the 2010 census to an estimated 24,248 in 2011. Madison County's unemployment rate decreased .4% from 3.6% in 2011 to 3.2% in 2012 and area plants have been increasing production as the economy recovers. School enrollment increased from 4,009 in 2011 to 4,110 in 2012. The most recent assessed valuation which was released August 20, 2012, shows taxable property in Norfolk valued at \$1,189,671,585, 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 4, 2012 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, 7% in October 2011, and 4% in October 2012.

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 has been completed on the football field with the first game played on the field in August 2011. The new swimming facilities opened in mid June 2012. As a result, the City hired 49 lifeguards, 17 swimmers aides, 8 cashiers, and 15 concession workers. The final improvements relating to the recreation project, primarily at Ta-Ha-Zouka Park, are expected to be completed in fiscal year 2012-2013.

In July 2011 the City entered into a purchase agreement with Supertel Limited Partnership to purchase property at 309 N. 5th Street to be the new City administration offices. The City created the City of Norfolk Facilities Corporation to purchase the property and the City is making 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 did light remodeling of office space and then employees moved into the building in March 2012. Also part of the project was remodeling the west end of the building to become the new council chambers. The remodeling was completed in early January 2013 and the City council had their first meeting in the new chambers on January 7, 2013.

Two significant changes came from the Nebraska legislature in 2012. The governor approved LB 1114 which changes the Municipal Equalization Fund distribution formula. For Norfolk this amounts to about \$90,000 of new revenue annually. Also approved by the governor was LB 357 which allows a city to increase city sales tax up to 2% to fund infrastructure projects with the approval of the local voters. Previously the maximum rate was 1 ½% and Norfolk's rate remains at 1 ½%, but LB 357 provides an additional funding option for the future.

The City hired an economic development director and economic development coordinator to administer the City's economic development program including the LB 840 economic development program 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.

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 loaned to 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 has resulted in more than 21 new jobs.

The City and Community Development Agency approved a Redevelopment Agreement in December 2012 which provides for using tax increment financing for infrastructure development and other costs in the redevelopment project area generally located on the southeast corner of 13th Street and Omaha Avenue. The redeveloper intends to construct a 4,813 square foot commercial building which will house a Perkins restaurant. The building will seat 176 people, with two smaller private gathering rooms. Extensive concrete parking and landscaping will surround the building. The Redevelopment Agreement provides for a maximum of \$185,000 of tax increment financing bonds.

In December 2012 the City finished converting 25th Street into a three lane roadway with a shared center left turn lane from U.S. Highway 275 north to Benjamin Avenue. Project improvements included reworked intersections, bridge replacement, a storm sewer, water main reconstruction, and increased size of sidewalks. This was a joint project between the Nebraska Department of Roads and the City with approximately 80% of the project paid with federal highway dollars administered by the Nebraska Department of Roads.

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, 2011. This was the twenty-fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

DISTINGUISHED BUDGET PRESENTATION AWARD. In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last twenty years, the most recent for the 2012-2013 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

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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, 2011.

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, 2011

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.



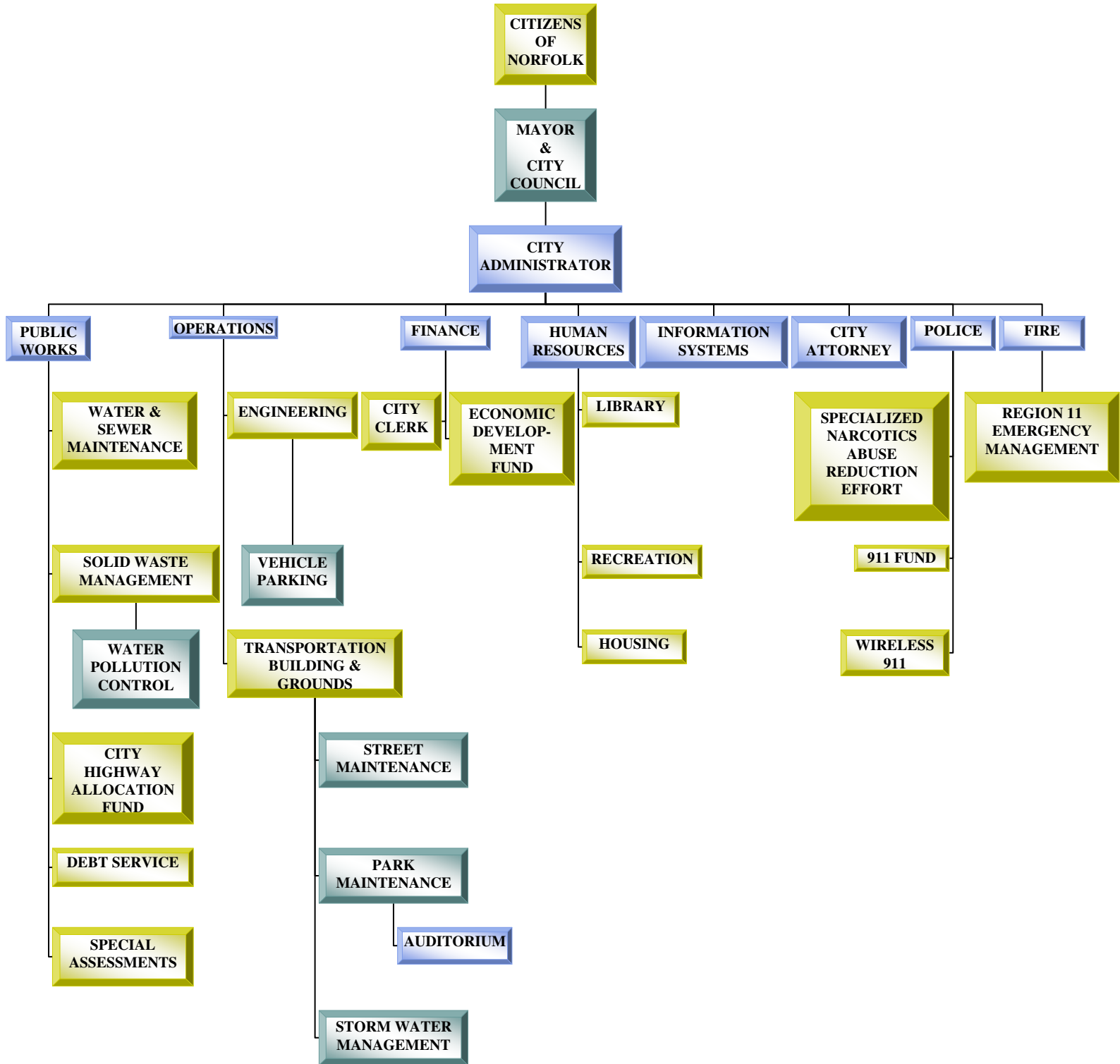
Christopher P. Moynell

President

Jeffrey R. Emen

Executive Director

**City of Norfolk, Nebraska
Organizational Chart**



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2012

<u>Title</u>	<u>Name</u>
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
Wastewater Plant Superintendent	Todd Boling
Water and Sewer Director	Dennis Watts



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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, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013 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, budgetary comparison information, and schedule of funding progress 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 28, 2013

FINANCIAL SECTION

Management Discussion and Analysis

September 30, 2012

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, 2012. 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, 2012, by \$101,542,421. Of this amount, \$21,632,024 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$5,897,787 during the year. Of this amount, the assets of Governmental Activities increased \$3,371,810 and the assets of Business Activities increased \$2,525,977.
- Bonds payable increased \$1,093,401. Outstanding revenue bonds total \$6,016,771, general obligation bonds \$20,167,562, and special assessment bonds \$1,745,000 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, 2012, net assets were as follows:

City of Norfolk's Net Assets

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 25,820,794	\$ 34,752,679	\$ 11,417,062	\$ 7,897,006	\$ 37,237,856	\$ 42,649,685
Capital assets	59,168,778	49,958,640	37,935,657	37,363,186	97,104,435	87,321,826
Total assets	84,989,572	84,711,319	49,352,719	45,260,192	134,342,291	129,971,511
Long-Term Liabilities	23,633,360	25,013,871	6,308,721	4,492,204	29,942,081	29,506,075
Other liabilities	2,475,448	4,188,494	382,341	632,308	2,857,789	4,820,802
Total liabilities	26,108,808	29,202,365	6,691,062	5,124,512	32,799,870	34,326,877
Net assets:						
Invested in capital assets, net of related debt	37,538,073	36,664,204	33,789,528	33,161,053	71,327,601	69,825,257
Restricted	6,349,410	5,161,760	2,233,386	1,723,206	8,582,796	6,884,966
Unrestricted	14,993,281	13,682,990	6,638,743	5,251,421	21,632,024	18,934,411
Total net assets	\$ 58,880,764	\$ 55,508,954	\$ 42,661,657	\$ 40,135,680	\$ 101,542,421	\$ 95,644,634

A portion of net assets (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$21,632,024 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 \$2,697,613 increase in unrestricted net assets. The increase in this net asset category is split between the Business-Type Activities, which increased \$1,387,322, and the Governmental Activities, which increased \$1,310,291. This increase is due to City operations during the year.

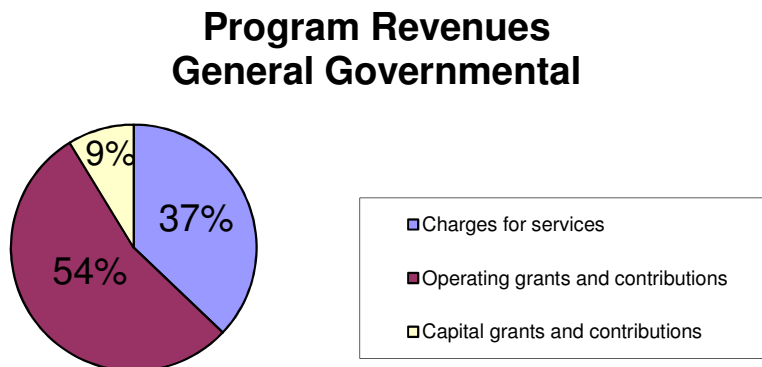
Total revenue reported in fiscal year 2012 was \$33,655,824. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

City of Norfolk's Changes in Net Assets

	General Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 2,249,949	\$ 1,831,488	\$ 8,480,562	\$ 7,467,016	\$ 10,730,511	\$ 9,298,504
Operating grants and contributions	3,285,816	3,315,948	23,545	15,544	3,309,361	3,331,492
Capital grants and contributions	530,453	1,723,050	263,456	-	793,909	1,723,050
Total Program Revenues	6,066,218	6,870,486	8,767,563	7,482,560	14,833,781	14,353,046
General Revenues:						
Property taxes	3,129,497	3,097,588	-	-	3,129,497	3,097,588
Sales taxes	7,629,397	7,072,877	-	-	7,629,397	7,072,877
Other taxes	270,292	254,665	-	-	270,292	254,665
Occupation and franchise taxes	2,514,570	2,030,762	-	-	2,514,570	2,030,762
Interest	123,026	99,146	18,008	14,034	141,034	113,180
General intergovernmental revenues	124,392	295,309	-	-	124,392	295,309
Keno Revenues	494,447	432,584	-	-	494,447	432,584
Use of property	4,471,873	4,186,984	-	-	4,471,873	4,186,984
Revenue from Sale of Uncapitalized Property	14,162	17,747	-	-	14,162	17,747
Miscellaneous	32,379	51,113	-	-	32,379	51,113
Interfund Transfers	(158,646)	-	158,646	-	-	-
Total General Revenues and Transfers	18,645,389	17,538,775	176,654	14,034	18,822,043	17,552,809
Total Revenues	24,711,607	24,409,261	8,944,217	7,496,594	33,655,824	31,905,855
Expenses:						
General Government	2,435,780	1,660,197	-	-	2,435,780	1,660,197
Public Safety	8,508,643	8,473,093	-	-	8,508,643	8,473,093
Public Works	5,426,530	6,877,940	-	-	5,426,530	6,877,940
Public Library	1,258,780	1,203,191	-	-	1,258,780	1,203,191
Parks, Recreation and Public Property	2,185,146	1,468,214	-	-	2,185,146	1,468,214
Community Improvement and Development	825,295	686,717	-	-	825,295	686,717
Debt Service	699,623	565,025	-	-	699,623	565,025
Water System	-	-	2,070,903	1,990,118	2,070,903	1,990,118
Sewer System	-	-	2,687,976	2,644,975	2,687,976	2,644,975
Solid Waste	-	-	1,659,361	1,649,899	1,659,361	1,649,899
Total Expenses	21,339,797	20,934,377	6,418,240	6,284,992	27,758,037	27,219,369
Increase in Net Assets	3,371,810	3,474,884	2,525,977	1,211,602	5,897,787	4,686,486
Net Assets - Beginning	55,508,954	52,034,070	40,135,680	38,924,078	95,644,634	90,958,148
Net Assets - Ending	\$ 58,880,764	\$ 55,508,954	\$ 42,661,657	\$ 40,135,680	\$ 101,542,421	\$ 95,644,634

Program revenues totaled \$14,833,781. \$8,767,563 was program revenues from Business-Type Activities and \$6,066,218 was program revenues from General Governmental Activities. Program revenues from Business-Type Activities increased \$1,285,003 or 17% while program revenues from General Governmental Activities decreased \$804,268 or 12%. The increase in Business-Type Activities is primarily due to a \$1,013,546 increase in charges for services and a \$263,456 increase in capital grants and contributions. Contributing to the increase in charges for services was a 7% increase in sewer rates effective October 1, 2011 and an increase in water use fees due to the extremely dry summer. Capital grants and contributions included a grant for a household hazardous waste facility, Federal Emergency Management Agency grants related to sewer damage from flooding in June 2010, and developer contributions of water and sewer infrastructure. The decrease in General Governmental Activities is due to a \$1,192,597 decrease in capital grants and contributions. In the prior year downtown property owners were assessed their portion of the expense of the large downtown improvement project. Also in the prior year, approximately \$980,000 of federal grants was recorded for the 25th Street project. These two projects resulted in capital grants and contributions being higher than normal last year.

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

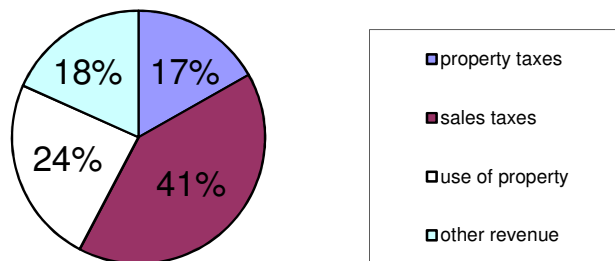


General revenues and transfers for Governmental Activities went from \$17,538,775 in 2011 to \$18,645,389 in 2012, an increase of \$1,106,614 or 6.3%. The largest general revenue source is sales tax which, as discussed in the transmittal letter, increased 7.7% from the prior year. Sales tax went from 40.3% of general revenues in the prior year to 40.9% in the current year, the largest increase of all general revenues. The second largest increase in general revenues for General Governmental Activities was occupation and franchise taxes which went from \$2,030,762 last year to \$2,514,570 in the current year, an increase of \$483,808 or 23.8%. 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. The fiscal year ending September 30, 2011 had only a partial year

of occupation tax receipts while the fiscal year ending September 30, 2012 had a full year of occupation tax receipts. Use of property, the second largest general revenue source, increased \$284,889 or 6.8%. 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, 2012 NPPD increased their rates which resulted in increased revenue for the City. The largest decrease in general revenues is in intergovernmental revenues which went from \$295,309 in the prior year to \$124,392 in the current year, a decrease of \$170,917. The decrease is due to a change in Nebraska state statutes that eliminated state aid to municipalities, counties, and natural resource districts. For the City this was \$191,224 that was received in fiscal year 2011 and not in fiscal year 2012.

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

**General Revenues
General Governmental**



Total expenses increased slightly going from \$27,219,369 last year to \$27,758,037 this year, an increase of \$538,668 or 2%. Expenses in Governmental Activities increased \$405,420 or 1.9% while Business-Type Activities increased \$133,248 or 2.1%.

The biggest increase in expenses was in general government which went from \$1,660,197 last year to \$2,435,780 in the current year, an increase of \$775,583. This increase is primarily due to a \$911,682 increase in group benefit claims in the Internal Service Fund and the corresponding decrease in operating results included in general government expense.

The second largest increase in expenses was in parks, recreation and public property which went from \$1,468,214 last year to \$2,185,146 in the current year, an increase of \$716,932. The increase is primarily due to costs to operate the new recreation facilities. Personnel costs in the Recreation Division increased \$332,081 with the addition of 49 lifeguards, 17 swimmers aides, 8 cashiers, and 15 concession workers at AquaVenture waterpark. Other costs that increased due to the new recreation facilities include: pool supplies, pool chemicals, concession supplies, utilities, and advertising.

The largest decrease in expenses was in public works which went from \$6,877,940 last year to \$5,426,530 in the current year, a decrease of \$1,451,410. This decrease is primarily due to the downtown improvement project that was completed in fiscal year 2010-2011. This multiyear project improved downtown sidewalks, lighting, and medians. When the project was completed, 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. This was a one-time expense to public works in fiscal year 2010-2011.

Expenses for Business-Type Activities increased \$133,248 going from \$6,284,992 last year to \$6,418,240 this year. Approximately 60% of the increase was in the Water Division which increased \$80,785. Depreciation expense in the Water Division increased \$89,011 primarily due to the Regional Center booster station that was added to capital assets in September 2011. Expenses in the Sewer Division increased \$43,001 while the Solid Waste Division increased \$9,462.

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

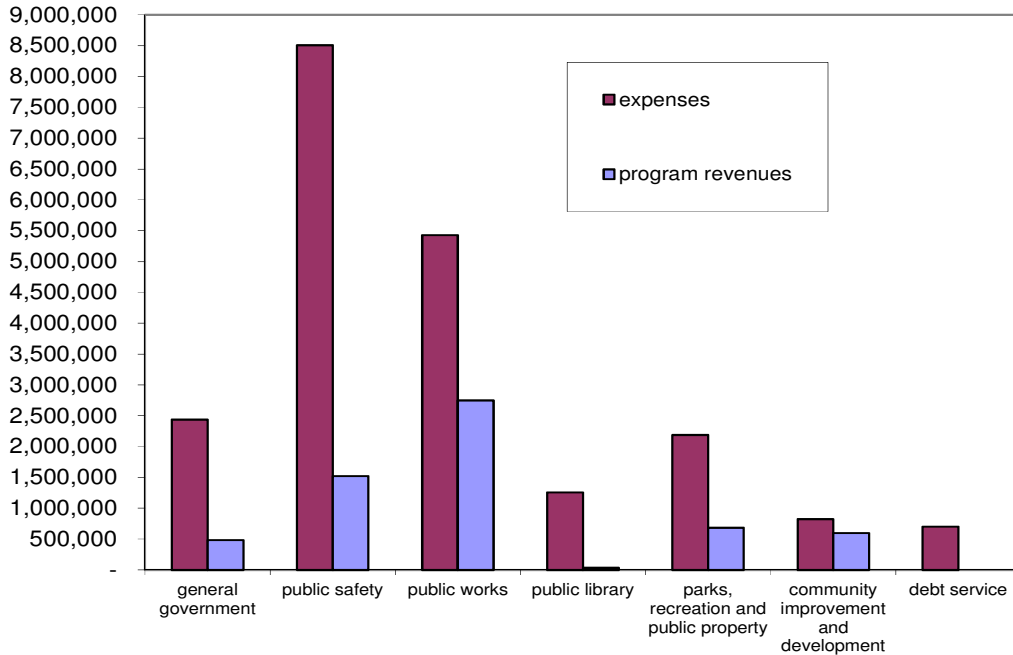
Governmental Activities

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 \$8,508,643 and total program revenues of only \$1,518,321 comprised of \$965,103 of charges for services, \$510,950 of operating grants and contributions, and \$42,268 of

capital grants and contributions. The net cost of public safety was \$6,990,322 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

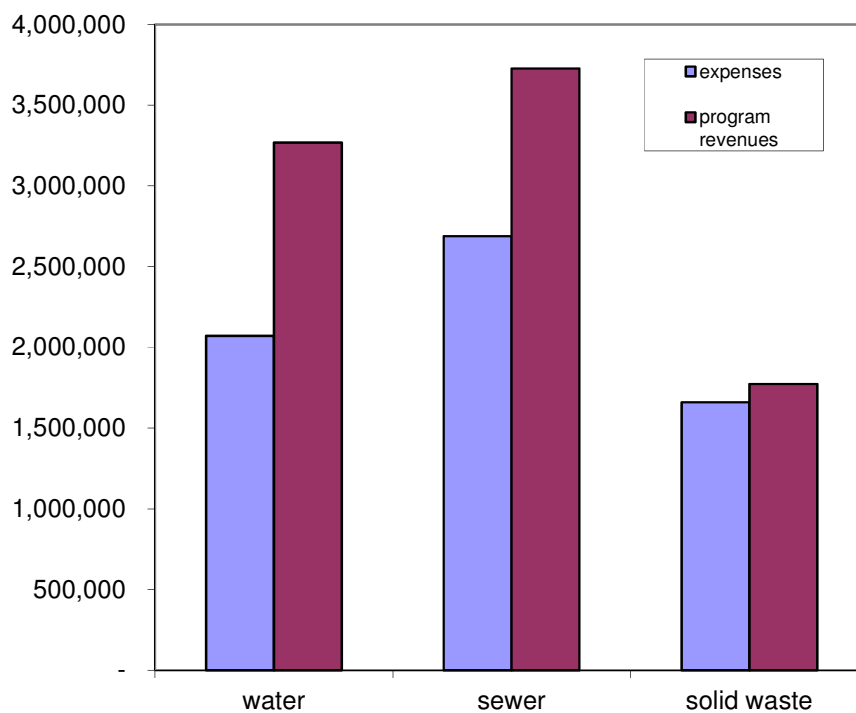
Business-Type Activities

Business-Type Activities net assets increased \$2,525,977, accounting for 43% 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 \$1,197,434. Water use fees increased approximately \$500,000 from the prior year due to the extremely dry

summer of 2012. 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, 2012 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 2012 Sewer Division revenues exceeded expenses by \$1,039,026 and Solid Waste Division revenues exceeded expenses by \$112,863.

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 \$17,363,017. The combined Governmental Fund balance decreased \$6,406,027 from the prior year.

The primary decrease in fund balance was in the Capital Construction Fund which decreased \$8,875,840. As of September 30, 2011, approximately \$9.9 million was remaining of the \$16.4 million bond proceeds received in December 2010 for the recreation facilities. The majority of this was spent in the current fiscal year which accounts for the decrease in fund balance in the Capital Construction Fund. Construction was completed on the football field in the fall of 2011 and in June 2012 the new swimming facilities opened. At September 30, 2012 approximately \$280,000 of bond proceeds was remaining. The final improvements relating to the recreation project, primarily at Ta-Ha-Zouka Park, are expected to be completed in fiscal year 2012-2013.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$416,782 increasing fund balance from \$7,305,922 last year to \$7,722,704 this year. It is the third largest increase in fund balance of all the City's governmental funds. As discussed in the letter of transmittal, sales tax receipts increased this fiscal year. Sales tax receipts increased \$556,520 from the prior year having a positive impact on fund balance.

The Debt Service Fund had the largest increase in fund balance, increasing \$1,180,325. Of this increase approximately \$560,000 is occupation taxes. As explained earlier, occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2010-2011. The fiscal year ending September 30, 2011 had only a partial year of occupation tax receipts while the fiscal year ending September 30, 2012 had a full year of occupation tax receipts. The remaining increase is property taxes and special assessment collections to be used on future debt service.

The only major special revenue fund, the Community Development Block Grant Fund, had an increase in fund balance of \$23,527. The increase is primarily loan repayments on various community improvement and development loans.

Another significant increase in fund balance is in the LB840 Economic Development Fund. Fund balance increased \$448,034 going from \$411,932 last year to \$859,966 in the current year. As mentioned earlier, voters approved an LB 840 economic development program in May 2010 which authorizes collecting \$400,000 from property tax for ten years. As of September 30, 2012 no disbursements have been made, so the increase in fund balance is the current year property tax and interest received.

Four special revenue funds had a decrease in fund balance. The decreases ranged from \$1,500 to \$25,689. The largest decrease was in the City Highway Allocation Fund due to 25th Street improvements and Northeast Industrial Highway Phase I being completed in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$17.4 million of revenue and \$19.2 million of expenditures resulting in a budgeted decrease in fund balance of \$1.8 million. Fund balance increased \$294,369 because revenues exceeded budget by \$.8 million and expenditures were under budget by \$1.3 million. This combined with beginning fund balance exceeding budget by \$1 million, resulted in an ending fund balance of about \$2.1 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$619,208. The majority of this excess is from sales tax receipts which exceeded budget by \$590,084. A general upturn in the economy has boosted sales tax receipts. Sales tax receipts increased 7.7% over the prior year. The second largest amount of revenues over budget was in charges for services which exceeded budget by \$287,279. At the time the budget was prepared, the new waterpark was not open and pool admissions were unknown. The hot, dry summer seemed to have a positive effect on pool admissions. Pool admissions exceeded budget by \$170,419. Also part of charges for services was \$74,822 of miscellaneous labor that was not budgeted. The Capital Projects Fund reimbursed the General Fund for labor performed by the Street Division personnel relating to the new recreation facilities at Veterans Memorial Park. Only one revenue category, excluding transfers in, was under budget this year. Occupation and franchise taxes was under budget by \$65,498. Due to the unseasonable warm winter, natural gas occupation tax was \$46,882 under budget.

Expenditures in all categories, excluding transfers out, were under budget resulting in \$1,466,148 less expenditures than budgeted. Public safety had the largest amount of under budget expenditures followed by parks and recreation and then public works. This year a number of long-time employees retired and their positions remained vacant for a period contributing to personnel costs being under budget by more than \$500,000. The City always budgets conservatively and expenditures are normally under budget.

Transfers in was \$415,000 under budget due to not making a budgeted transfer from the City Highway Allocation Fund to the General Fund for street maintenance. It remained in the City Highway Allocation Fund to fund significant upcoming road projects. In prior years the City and Madison County each contributed \$100,000 to the Elkhorn Valley Economic Development Council (EVEDC), a nonprofit organization promoting economic development. This contribution was budgeted as a general government expenditure. During the year the City brought the economic development function in-house and instead of contributing to EVEDC transferred \$100,000 from the General Fund to the Economic Development Operating Fund resulting in transfers out being over budget by \$99,760.

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, 2012, was \$71,327,601 (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			
	2012	2011	2012	2011	2012	2011
Land	\$ 7,344	\$ 335,860	\$ 929,032	\$ 247,047	\$ 936,376	\$ 582,907
Buildings and improvements	10,629,935	2,263,612	-	-	10,629,935	2,263,612
Water distribution and sewage system	-	-	691,806	1,916,785	691,806	1,916,785
Equipment, furniture and fixtures	1,732,144	654,336	195,242	38,144	1,927,386	692,480
Infrastructure	4,608,768	1,380,978	-	-	4,608,768	1,380,978
Construction in progress	11,418,223	6,818,691	694,257	1,846,565	12,112,480	8,665,256
Total Gross Additions	\$ 28,396,414	\$ 11,453,477	\$ 2,510,337	\$ 4,048,541	\$ 30,906,751	\$ 15,502,018

Gross additions to capital assets for Governmental Activities were \$28,396,414 compared to \$11,453,477 of additions in the prior year. Of the \$28.4 million of additions, approximately \$9.6 million is current year cost that is recorded in construction in progress before being reclassified to building and improvement additions. The majority of current year additions are from the large construction project at Veterans Memorial Park and Ta-Ha-Zouka Park to improve baseball, football, and swimming facilities. Another significant addition is 25th Street improvements in construction in progress.

Total gross additions to capital assets for Business-Type activities were \$2,510,337 compared to \$4,048,541 the prior year. The largest addition this year was a purchase of land for \$929,032 for wellhead protection. \$694,257 of the gross additions is in construction in progress which is primarily construction on a household hazardous waste facility, work to replace SBR blowers, and sanitary sewer improvements. Other significant additions to capital assets include: oversize costs for a water line in Water District 119, water main improvements, a trailer, and two pickups.

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

DEBT ADMINISTRATION

At year-end the City had \$27,929,333 of bonded debt outstanding, net of original issue discounts/premiums and deferrals. This is an increase of \$1,093,401 from the prior year. During the year the City issued \$2,190,000 of combined utilities revenue bonds to fund sanitary sewer improvements and equipment. To realize interest savings, the City issued \$735,000 of combined utilities revenue refunding bonds to refund the Series 1999 combined revenue bond issued as a single note to Nebraska Department of

Environmental Quality. As a result of the refunding, the City reduced its debt service payments over the next four years by \$44,364 and obtained an economic gain of \$42,895. The City also issued \$490,000 of special assessment bonds to refund bond anticipation notes issued for infrastructure improvements in various special assessment districts.

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 .41% in 2003 to 1.81% currently due to the large bond issue in fiscal year 2010-2011. Total debt per capita was \$812.17 in 2003 compared to \$1,140.93 in 2011, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 3.05.

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

ECONOMIC FACTORS

The City's sales tax collections have remained relatively flat since the fiscal year ended September 30, 2000. However, for fiscal year 2011-2012, sales tax receipts were up 7.7%. This is probably driven by the strong agricultural economy. Sales tax receipts for the first six months of fiscal year 2012-2013 are up almost 4% from the same period in 2011-2012 with three months of increased sales tax and three months of decreased sales tax.

Two significant changes came from the Nebraska legislature in 2012. The governor approved LB 114 which changes the Municipal Equalization Fund distribution formula. For Norfolk this amounts to about \$90,000 of new revenue annually. Also approved by the governor was LB 357 which allows a city to increase city sales tax up to 2% to fund infrastructure projects with the approval of the local voters. Previously the maximum rate was 1 ½% and Norfolk's rate remains at 1 ½%, but LB 357 provides an additional funding option for the future.

Economic indicators appear mainly positive. Norfolk's population increased from 24,210 in the 2010 census to an estimated 24,248 in 2011. Madison County's unemployment rate decreased .4% from 3.6% in 2011 to 3.2% in 2012 and area plants have been increasing production as the economy recovers. School enrollment increased from 4,009 in 2011 to 4,110 in 2012. The most recent assessed valuation which was released August 20, 2012, shows taxable property in Norfolk valued at \$1,189,671,585, 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. Construction has been completed 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 hired an economic development director and economic development coordinator to administer the City's economic development program including the LB 840 economic development program 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. Recently the City has loaned Premier Senior Marketing \$155,750 of the City's LB 840 economic development funds. Premier Senior Marketing's expansion has resulted in more than 21 new jobs. Currently the City is working with Covidien to provide LB840 funds to facilitate the addition of 30 jobs at its local plant. The payroll for these additional jobs will exceed \$1 million per year.

The City and Community Development Agency approved a Redevelopment Agreement in December 2012 which provides for using tax increment financing for infrastructure development and other costs in the redevelopment project area generally located on the southeast corner of 13th Street and Omaha Avenue. The redeveloper intends to construct a 4,813 square foot commercial building which will house a Perkins restaurant. The building will seat 176 people, with two smaller private gathering rooms. Extensive concrete parking and landscaping will surround the building. The Redevelopment Agreement provides for a maximum of \$185,000 of tax increment financing bonds.

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 has been completed on the football field with the first game played on the field in August 2011. The new swimming facilities opened in mid June 2012. As a result, the City hired 49 lifeguards, 17 swimmers aides, 8 cashiers, and 15 concession workers. The final improvements relating to the recreation project, primarily at Ta-Ha-Zouka Park, are expected to be completed in fiscal year 2012-2013.

In July 2011 the City entered into a purchase agreement with Supertel Limited Partnership to purchase property at 309 N. 5th Street to be the new City administration offices. The City created the City of Norfolk Facilities Corporation to purchase the property and the City is making 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 did light remodeling of office space and then employees moved into the building in March 2012. Also part of the project was

remodeling the west end of the building to become the new council chambers. The remodeling was completed in early January 2013 and the City council had their first meeting in the new chambers on January 7, 2013.

The first phase of a three part, \$11 million project to create Northeast Industrial Highway was completed in July 2012. The first phase links Highway 35 to Victory Road via the Ethanol Road. The next phase will be constructing two more miles west to 1st Street, including a viaduct over the railroad and Victory Road. The last phase will be connecting 1st Street to US Highway 81. The roads will provide a solid means of transportation for trucks from the three industries in the area and greatly improve road safety. Funding is from: the City, the Madison County Railroad Transportation Safety District, Madison County, and Stanton County.

In December 2012 the City finished converting 25th Street into a three lane roadway with a shared center left turn lane from U.S. Highway 275 north to Benjamin Avenue. Project improvements included reworked intersections, bridge replacement, a storm sewer, water main reconstruction, and increased size of sidewalks. This was a joint project between the Nebraska Department of Roads and the City with approximately 80% of the project paid with federal highway dollars administered by the Nebraska Department of Roads.

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, 2012

With Summarized Financial Information as of September 30, 2011

	Primary Government		Totals	
	Governmental	Business-Type	2012	2011
	Activities	Activities		
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 18,560,336	\$ 7,304,982	\$ 25,865,318	\$31,811,580
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	232,579	1,521,540	1,754,119	1,470,666
Taxes	1,597,279	-	1,597,279	1,508,266
Accrued Interest	1,843	11,334	13,177	27,292
Special Assessments	1,046,285	11,221	1,057,506	1,170,093
Notes Receivable	1,953,576	-	1,953,576	2,141,348
Due from Other Governmental Agencies	2,135,127	3,699	2,138,826	2,177,718
Inventories	42,528	221,190	263,718	291,726
Prepaid Assets	8,561	-	8,561	9,505
Restricted Assets:				
Cash and Cash Equivalents	-	2,263,844	2,263,844	1,736,473
Bond Issue Costs	242,680	79,252	321,932	305,018
Land	8,022,492	3,129,660	11,152,152	10,215,776
Construction in Progress	2,775,100	749,748	3,524,848	8,463,816
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	48,371,186	34,056,249	82,427,435	68,642,234
Total Assets	84,989,572	49,352,719	134,342,291	129,971,511
LIABILITIES				
Accounts Payable	2,284,085	351,883	2,635,968	4,612,697
Unearned Revenue	23,417	-	23,417	24,450
Accrued Interest Payable	167,946	-	167,946	170,388
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	30,458	30,458	13,267
Revenue Bonds - Current	-	905,000	905,000	460,596
Noncurrent Liabilities:				
Due within one year:				
Notes Payable	23,809	-	23,809	81,549
General Obligation Bonds	1,220,000	-	1,220,000	1,030,000
Various Purpose Bonds	210,000	-	210,000	160,000
Bond Anticipation Notes	-	-	-	525,000
Compensated Absences and Benefits	810,660	128,006	938,666	909,035
Due in more than one year:				
Notes Payable	-	-	-	173,810
Revenue Bonds Payable	-	5,111,771	5,111,771	3,741,537
General Obligation Bonds	18,947,562	-	18,947,562	20,188,799
Various Purpose Bonds	1,535,000	-	1,535,000	1,255,000
Compensated Absences and Benefits	886,329	163,944	1,050,273	980,749
Total Liabilities	26,108,808	6,691,062	32,799,870	34,326,877
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	37,538,073	33,789,528	71,327,601	69,825,257
Restricted for:				
Debt Service	1,117,646	1,491,516	2,609,162	1,513,525
Future Capital Assets	-	741,870	741,870	714,149
Road Projects	2,761,835	-	2,761,835	2,787,524
Community Programs & Services	2,469,929	-	2,469,929	1,869,768
Unrestricted	14,993,281	6,638,743	21,632,024	18,934,411
Total Net Assets	\$ 58,880,764	\$ 42,661,657	\$101,542,421	\$95,644,634

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2012

With Summarized Financial Information for the Year Ended September 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Capital	Governmental Activities	Business-Type Activities	Totals	
		Charges for Services	Grants and Contributions	Grants and Contributions			2012	2011
Primary Government:								
Governmental Activities:								
General Government	\$ 2,435,780	\$ 484,150	\$ -	\$ -	\$ (1,951,630)		\$ (1,951,630)	\$ (1,177,229)
Public Safety	8,508,643	965,103	510,950	42,268	(6,990,322)		(6,990,322)	(6,853,506)
Public Works	5,426,530	182,375	2,265,001	301,774	(2,677,380)		(2,677,380)	(2,794,819)
Public Library	1,258,780	27,149	6,390	-	(1,225,241)		(1,225,241)	(1,168,727)
Parks, Recreation and Public Property	2,185,146	471,172	24,837	186,411	(1,502,726)		(1,502,726)	(1,270,590)
Community Improvement and Development	825,295	120,000	478,638	-	(226,657)		(226,657)	(233,995)
Debt Service	699,623	-	-	-	(699,623)		(699,623)	(565,025)
Total governmental activities	<u>21,339,797</u>	<u>2,249,949</u>	<u>3,285,816</u>	<u>530,453</u>	<u>(15,273,579)</u>		<u>(15,273,579)</u>	<u>(14,063,891)</u>
Business-Type Activities:								
Water Division	2,070,903	3,201,639	23,545	43,153		1,197,434	1,197,434	640,574
Sewer Division	2,687,976	3,562,527	-	164,475		1,039,026	1,039,026	475,605
Solid Waste Division	1,659,361	1,716,396	-	55,828		112,863	112,863	81,389
Total Business-Type Activities:	<u>6,418,240</u>	<u>8,480,562</u>	<u>23,545</u>	<u>263,456</u>		<u>2,349,323</u>	<u>2,349,323</u>	<u>1,197,568</u>
Total Primary Government	<u>\$27,758,037</u>	<u>\$10,730,511</u>	<u>\$ 3,309,361</u>	<u>\$ 793,909</u>	<u>(15,273,579)</u>	<u>2,349,323</u>	<u>(12,924,256)</u>	<u>(12,866,323)</u>
General Revenues:								
Property taxes					3,129,497	-	3,129,497	3,097,588
Sales Taxes					7,629,397	-	7,629,397	7,072,877
Other taxes					270,292	-	270,292	254,665
Occupation and Franchise Taxes					2,514,570	-	2,514,570	2,030,762
Interest					123,026	18,008	141,034	113,180
General Intergovernmental Revenues Unrestricted					124,392	-	124,392	295,309
Unrestricted Keno Revenue					494,447	-	494,447	432,584
Use of property					4,471,873	-	4,471,873	4,186,984
Revenue from Sale of Uncapitalized Property					14,162	-	14,162	17,747
Miscellaneous					32,379	-	32,379	51,113
Interfund Transfers					(158,646)	158,646	-	-
Total general revenues and transfers					<u>18,645,389</u>	<u>176,654</u>	<u>18,822,043</u>	<u>17,552,809</u>
Change in net assets					<u>3,371,810</u>	<u>2,525,977</u>	<u>5,897,787</u>	<u>4,686,486</u>
Net assets - beginning					<u>55,508,955</u>	<u>40,135,680</u>	<u>95,644,635</u>	<u>90,958,148</u>
Net assets - ending					<u>\$ 58,880,765</u>	<u>\$ 42,661,657</u>	<u>\$101,542,422</u>	<u>\$ 95,644,634</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2012

	General	Community Development Block Grant	Debt Service	Capital Construction	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Equity in Pooled Investment Account	\$ 4,684,722	\$ 161,038	\$ 2,401,878	\$ 3,105,952	\$ 4,622,866	\$ 14,976,456
Cash at County Treasurer	207,273	-	80,644	-	53,439	341,356
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	134,624	-	-	403	97,552	232,579
Taxes	1,437,645	-	154,079	-	5,555	1,597,279
Accrued Interest	482	17	252	325	427	1,503
Special Assessments	145,703	-	900,582	-	-	1,046,285
Notes Receivable	-	1,872,734	-	-	80,842	1,953,576
Due from Other Funds	955	-	-	-	-	955
Due from Other Governmental Agencies	1,557,535	59,088	-	-	518,504	2,135,127
Inventories	42,528	-	-	-	-	42,528
Prepaid Assets	-	-	-	-	8,561	8,561
Total Assets	8,211,467	2,092,877	3,537,435	3,106,680	5,387,746	22,336,205
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	343,060	33,885	2,938	1,229,263	339,809	1,948,955
Due to Other Funds	-	955	-	-	-	955
Deferred Revenue	145,703	1,872,734	900,582	-	104,259	3,023,278
Total Liabilities	488,763	1,907,574	903,520	1,229,263	444,068	4,973,188
Fund Balances:						
Non Spendable:						
Inventory	42,528	-	-	-	-	42,528
Prepaid Items	-	-	-	-	8,561	8,561
Restricted	111,041	185,303	1,285,592	568,623	4,935,417	7,085,976
Committed	196,394	-	1,348,323	88,514	-	1,633,231
Assigned	1,934,062	-	-	1,220,280	-	3,154,342
Unassigned	5,438,679	-	-	-	(300)	5,438,379
Total Fund Balances	7,722,704	185,303	2,633,915	1,877,417	4,943,678	17,363,017
Total Liabilities and Equity	\$ 8,211,467	\$ 2,092,877	\$ 3,537,435	\$ 3,106,680	\$ 5,387,746	\$ 22,336,205

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, 2012

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

Total Fund Balance - Governmental Funds (page 32)	\$ 17,363,017
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	59,168,778
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.	2,907,734
Deferred revenues that provide current financial resources for governmental activities	2,999,861
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(167,946)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	242,680
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(23,633,360)</u>
Total Net Assets - Governmental Activities (page 30)	<u><u>\$ 58,880,764</u></u>

CITY OF NORFOLK, NEBRASKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

For the Year Ended September 30, 2012

	General	Community Development Block Grant	Debt Service	Capital Construction	Other Governmental Funds	Total Governmental Funds
Revenue:						
Taxes	\$ 9,573,145	\$ -	\$ 700,108	\$ -	\$ 485,639	\$ 10,758,892
Special Assessments	54,212	-	270,924	-	-	325,136
Licenses and Permits	224,947	-	-	-	-	224,947
Intergovernmental Revenue	401,023	533,150	29,704	81,439	2,574,623	3,619,939
Charges for Services	1,863,308	-	-	-	-	1,863,308
Keno Revenue	494,447	-	-	-	-	494,447
Occupation and Franchise Taxes	691,312	-	1,596,421	-	334,184	2,621,917
Contributions	24,837	-	-	10,456	-	35,293
Payments in Lieu of Taxes	96,184	-	42,344	-	24,416	162,944
Parking Fees and Rentals	4,462,480	-	-	-	11,543	4,474,023
Loan Repayments	-	528,833	-	-	28,615	557,448
Interest	43,570	409	48,509	10,331	11,493	114,312
Miscellaneous	80,784	1,155	-	-	2,641	84,580
Total Revenue	18,010,249	1,063,547	2,688,010	102,226	3,473,154	25,337,186
Current Expenditures:						
Public Safety	7,859,489	-	500	858	333,696	8,194,543
Public Works	2,733,892	87,764	141	187,326	2,344,141	5,353,264
Public Library	1,204,614	-	-	-	-	1,204,614
Parks, Recreation and Public Property	1,851,667	-	32,243	9,771,566	-	11,655,476
Community Improvement and Development	425,439	470,708	-	-	67,119	963,266
General Government	2,491,369	-	-	-	-	2,491,369
Debt Service:						
Debt Service	-	481,548	1,858,635	-	30,498	2,370,681
Total Expenditures	16,566,470	1,040,020	1,891,519	9,959,750	2,775,454	32,233,213
Excess (deficiency) of revenues over expenditures	1,443,779	23,527	796,491	(9,857,524)	697,700	(6,896,027)
Other financing sources (uses):						
Bonds Issued	-	-	-	-	490,000	490,000
Transfers In	320,000	-	383,834	981,684	147,271	1,832,789
Transfers Out	(1,346,997)	-	-	-	(485,792)	(1,832,789)
Total other financing sources (uses)	(1,026,997)	-	383,834	981,684	151,479	490,000
Net Change in Fund Balance	416,782	23,527	1,180,325	(8,875,840)	849,179	(6,406,027)
Fund balances beginning of year	7,305,922	161,776	1,453,590	10,753,257	4,094,499	23,769,044
Fund balances end of year	\$ 7,722,704	\$ 185,303	\$ 2,633,915	\$ 1,877,417	\$ 4,943,678	\$ 17,363,017

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012

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

Net change in fund balances - total governmental funds (page 34) \$ (6,406,027)

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:

Expenditures for capital assets	\$ 11,946,448	
Depreciation expense	<u>(2,673,045)</u>	9,273,403

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. (63,265)

Revenues reported in the funds that are not available to provide current financial resources (309,983)

Accrued interest expense that does not require current financial resources 2,442

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: (97,276)

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. 32,173

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: (490,000)

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities (12,444)

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 21,237

The issuance of notes payable provides current financial resources to the governmental funds without affecting the net assets. The statement of activities does not reflect the proceeds from the issuance of note payable. The proceeds from the issuance of notes payable for the year was: (250,000)

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: 1,671,550

Change in net assets of governmental activities (page 31) \$ 3,371,810

CITY OF NORFOLK, NEBRASKA

STATEMENT OF NET ASSETS

Proprietary Funds

September 30, 2012

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 7,304,982	\$ 3,242,524
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,521,540	-
Accrued Interest	11,334	340
Special Assessments	11,221	-
Due from Other Governmental Agencies	3,699	
Restricted Cash		
Cash and Cash Equivalents	935,458	-
Inventories	221,190	-
Total current assets	<u>10,009,424</u>	<u>3,242,864</u>
Noncurrent assets:		
Restricted Assets:		
Cash and Cash Equivalents	1,328,386	-
Bond Acquisition Costs	79,252	-
Capital assets:		
Land	3,129,660	-
Construction in Progress	749,748	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	34,056,249	-
Total noncurrent assets	<u>39,343,295</u>	<u>-</u>
Total Assets	<u>49,352,719</u>	<u>3,242,864</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	351,883	335,130
Accrued Wages and Compensated Absences	128,006	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	30,458	-
Revenue Bonds - Current	905,000	-
Total current liabilities	<u>1,415,347</u>	<u>335,130</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	5,111,771	-
Compensated Absences and Benefits, Long-Term	163,944	-
Total noncurrent liabilities	<u>5,275,715</u>	<u>-</u>
Total Liabilities	<u>6,691,062</u>	<u>335,130</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	33,789,528	-
Restricted for:		
Debt Service	1,491,516	-
Future Capital Assets	741,870	-
Unrestricted	6,638,743	2,907,734
Total Net Assets	<u>\$ 42,661,657</u>	<u>\$ 2,907,734</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, 2012

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 8,345,255	\$ 2,401,121
Intergovernmental Revenue	173,131	-
Miscellaneous Income	158,852	-
Total Operating Revenue	8,677,238	2,401,121
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,022,946	-
Purchased Services	992,597	-
General and Administration	613,535	2,378,232
Repairs and Maintenance	663,538	-
Utilities	672,861	-
Depreciation and Amortization	1,323,974	-
Total Operating Expenses	6,289,451	2,378,232
Operating Income	2,387,787	22,889
Non-Operating Income (Expense):		
Interest Income	43,889	9,284
Market Value (Loss)	(25,881)	-
(Loss) on Disposal of Capital Assets	(33,271)	-
Interest Expense	(95,518)	-
Total Non-Operating Income (Expenses)	(110,781)	9,284
Income before Contributions	2,277,006	32,173
Capital contributions	248,971	-
Change in Net Assets	2,525,977	32,173
Net Assets - Beginning	40,135,680	2,875,561
Net Assets - Ending	\$ 42,661,657	\$ 2,907,734

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2012

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 8,101,427	\$ 2,401,121
Cash Paid to Suppliers for Goods and Services	(3,089,701)	(2,419,826)
Cash Paid to Employees for Services	(2,021,067)	-
Net Cash Provided by Operating Activities	<u>2,990,659</u>	<u>(18,705)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,760,676)	-
Proceeds of Grants	169,432	-
Bond Issue Costs	(40,575)	-
Principal Paid on Notes and Bonds	(1,120,008)	-
Proceeds of Bond Sales	2,925,000	-
Interest Paid on Notes and Bonds	(78,327)	-
Net Cash Provided for Capital and Related Financing Activities	<u>94,846</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>20,117</u>	<u>10,663</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,105,622	(8,042)
Cash and Cash Equivalents at Beginning of Year	<u>6,463,204</u>	<u>3,250,566</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,568,826</u>	<u>\$ 3,242,524</u>

(Continued)

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2012

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,387,787	\$ 22,889
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,323,974	-
Intergovernmental Revenue	(173,131)	-
(Increase) Decrease in Assets:		
Accounts Receivable	(393,056)	-
Special Assessments	(9,624)	-
Inventories	19,194	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(166,364)	(41,594)
Accrued Compensated Absences	1,879	-
Total Adjustments	<u>602,872</u>	<u>(41,594)</u>
Net Cash Provided by Operating Activities	<u>2,990,659</u>	<u>(18,705)</u>

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Developers Contribution of Distribution System	<u>248,971</u>	<u>-</u>
Accounts Payable Exchanged for Capital Assets	<u>138,726</u>	<u>-</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	7,304,982	3,242,524
Restricted Cash - Current	935,458	-
Restricted Cash - Noncurrent	1,328,386	-
	<u>\$ 9,568,826</u>	<u>\$ 3,242,524</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds
September 30, 2012

	<u>Pension Trust Funds</u> Employee Retirement Funds	<u>Agency Fund</u> Community Development Agency
ASSETS		
Current Assets:		
Cash	\$ -	\$ 504,567
Guaranteed Insurance Contracts Managed by Trustee	12,084,583	-
Open Ended Mutual Funds Managed by Trustee	18,520,236	-
Receivables (Net, where applicable, of allowance for uncollectibles)		
Taxes	-	26,946
Total Current Assets	<u>30,604,819</u>	<u>531,513</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	531,513
Total Current Liabilities	<u>-</u>	<u>531,513</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 30,604,819</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, 2012

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 751,211
Employee	759,131
	<hr/>
Total Contributions	1,510,342
	<hr/>
Investment Income:	
Interest, Dividends and Market Gain	4,072,200
	<hr/>
Total Additions	5,582,542
	<hr/>
DEDUCTIONS	
Pension Benefits	576,004
Contribution Refunds	636,566
Administrative Costs	5,996
	<hr/>
Total Deductions	1,218,566
	<hr/>
Net Increase	4,363,976
	<hr/>
Net Assets -- Beginning of Period	26,240,843
	<hr/>
Net Assets -- End of Period	<u>\$ 30,604,819</u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

For financial reporting purposes, the City of Norfolk, Nebraska, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

Blended Component 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 309 North Fifth 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

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.

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

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

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

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

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

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, 2012, 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, 2012. 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 pursuant to ordinances adopted by formal action of the Mayor and Council. Amendments or modifications of the commitments must also be approved by ordinances adopted by the Mayor and Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes as determined by the City's Finance Officer or his or her designee. Resolution 2011-43 adopted by the Mayor and Council on October 3, 2011 authorizes the City's Finance Officer or his or her designee to determine assigned amounts. General fund amounts that are encumbered by departments are classified as assigned.

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

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, 2012

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

At September 30, 2012, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$13,055,425
Money Market Account (at cost)	11,827,864
Certificates of Deposit (Cost = Fair Value)	1,000,000
Unites States Treasury Note (at Fair Value)	<u>2,245,873</u>
	<u>\$ 28,129,162</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, 2012 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	\$691,252
Notes	02/15/13	\$1,554,621

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, 2012, \$12,084,583 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, 2012, amounted to \$18,520,236.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

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

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2012:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Bond reserve account	\$ 581,885
Revenue bond account	585,089
Operation and maintenance account	<u>355,000</u>
	1,521,974
 Pursuant to grant agreements:	
Improvement and extension account	<u>714,870</u>
	<u>\$2,263,844</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, 2012 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, 2012, are net of allowance for uncollectibles. The allowance for uncollectibles in the general fund was \$193,000 at September 30, 2012.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2012, short-term interfund borrowings were as follows:

<u>Fund Due to</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Non-major Governmental Funds	<u>\$955</u>

The purpose of this interfund balance is to reflect short-term payables.

As of September 30, 2012, there was no long-term advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,015,148	\$ 7,344	\$ -	\$ 8,022,492
Construction in Progress	7,806,843	11,418,223	16,449,966	2,775,100
Total capital assets not being depreciated	<u>15,821,991</u>	<u>11,425,567</u>	<u>16,449,966</u>	<u>10,797,592</u>
Capital assets being depreciated:				
Buildings and improvements	11,830,463	10,629,935	465,916	21,994,482
Equipment, furniture and fixtures	10,654,581	1,732,144	457,553	11,929,172
Infrastructure	40,135,782	4,608,768	-	44,744,550
Total capital assets being depreciated	<u>62,620,826</u>	<u>16,970,847</u>	<u>923,469</u>	<u>78,668,204</u>
Less: Accumulated Depreciation for:				
Buildings and improvements	5,340,783	510,748	410,496	5,441,035
Equipment, furniture and fixtures	7,658,962	708,852	449,708	7,918,106
Infrastructure	15,484,432	1,453,445	-	16,937,877
Total accumulated depreciation	<u>28,484,177</u>	<u>2,673,045</u>	<u>860,204</u>	<u>30,297,018</u>
Total capital assets being depreciated, net	<u>34,136,649</u>	<u>14,297,802</u>	<u>63,265</u>	<u>48,371,186</u>
Governmental activities capital assets, net	<u>\$ 49,958,640</u>	<u>\$25,723,369</u>	<u>\$ 16,513,231</u>	<u>\$ 59,168,778</u>

Construction in progress at September 30, 2012 for the governmental activities consisted of costs associated with 25th St Improvement, Aquatic Center, TaHaZouka Park Improvements, Trail Projects, new City Council Chambers, Central Park Improvements and Norfolk Ave Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2011	Additions	Deletions	Balance September 30, 2012
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,200,628	\$ 929,032	\$ -	\$ 3,129,660
Construction in Progress	656,973	694,257	601,482	749,748
Total capital assets not being depreciated	<u>2,857,601</u>	<u>1,623,289</u>	<u>601,482</u>	<u>3,879,408</u>
Capital assets being depreciated:				
Water and pollution control plant	26,501,281	-	44,136	26,457,145
Water distribution and sewage system	26,018,717	691,806	-	26,710,523
Equipment	4,300,109	195,242	238,103	4,257,249
Total capital assets being depreciated	<u>56,820,107</u>	<u>887,048</u>	<u>282,239</u>	<u>57,424,917</u>
Less: Accumulated Depreciation for:				
Water and pollution control plant	15,670,723	809,622	37,068	16,443,277
Water distribution and sewage system	4,517,428	311,222	-	4,828,650
Equipment, furniture and fixtures	2,126,371	182,267	211,898	2,096,740
Total accumulated depreciation	<u>22,314,522</u>	<u>1,303,111</u>	<u>248,966</u>	<u>23,368,667</u>
Total capital assets being depreciated, net	<u>34,505,585</u>	<u>(416,063)</u>	<u>33,273</u>	<u>34,056,249</u>
Business-type activities capital assets, net	<u>\$ 37,363,186</u>	<u>\$ 1,207,226</u>	<u>\$ 634,755</u>	<u>\$ 37,935,657</u>

Construction in progress at September 30, 2012 consisted of costs associated with the Southwest Interceptor Routing Study, Replace SBR Blowers, Sewer line Fifth St & McKinley Ave to Jackson Ave and Household Hazardous Waste Facility.

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

Governmental Activities:	
General Government	\$ 136,721
Public Safety	479,095
Public Works	1,501,459
Parks, Recreation, and Public Property	479,949
Public Library	66,317
Community Improvement and Development	9,504
Total depreciation expense – governmental activities	<u>\$ 2,673,045</u>
Business-Type Activities:	
Solid Waste Management	\$ 74,256
Water	565,073
Sewer	663,782
Total depreciation expense – business-type activities	<u>\$ 1,303,111</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 8,022,492	\$ 3,129,660
Construction in Progress	2,775,100	749,748
Capital Assets (Net of Accumulated Depreciation)	48,371,186	34,056,249
Unspent Bond Proceeds for Capital Assets	281,857	1,870,642
Deferred Refunding on Early Retirement of Debt	14,655	48,229
Less: General Obligation Bonds Payable	20,180,000	-
Various Purpose Bonds Payable	1,745,000	-
Revenue Bonds Payable	-	6,065,000
Unamortized Bond Premium	2,217	-
Invested in Capital Assets, Net of Related Debt	<u>\$ 37,538,073</u>	<u>\$ 33,789,528</u>

NOTE 6 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

Changes in bond anticipation notes for the period ended September 30, 2012 were as follows:

	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012	Due Within One Year
.90% to 1.80%, maturity September 2012	\$ 525,000	\$ 180,000	\$ 705,000	\$ -	\$ -

Changes in bonds payable and other long-term obligations for the period ended September 30, 2012 were as follows:

	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assess- ment bonds) .70% to 5.30%, Various maturities through 2031	\$21,210,000	\$ -	\$1,030,000	\$20,180,000	\$ 1,220,000
Bond Issuance Premium	26,385	-	24,168	2,217	-
Total General Obligation Bonds	21,236,385	-	1,054,168	20,182,217	1,220,000
Special assessment bonds, with City commitment, .40% to 3.70%, various maturities through 2022	1,415,000	490,000	160,000	1,745,000	210,000
Note Payable	255,359	250,000	481,550	23,809	23,809
Accrued compensated absences	1,599,713	877,232	779,956	1,696,989	810,660
Total Governmental Activities	<u>\$24,506,457</u>	<u>\$1,617,232</u>	<u>\$2,475,674</u>	<u>\$23,648,015</u>	<u>\$2,264,469</u>

The general obligation bonds are shown net of deferred refunding asset of \$14,655.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

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

Business Type Activities:	Balance October 1, 2011	Additions	Retirements	Balance September 30, 2012	Due Within One Year
Revenue Bonds, .45% to 4.05%, various maturities through 2032	\$ 3,550,000	\$2,925,000	\$410,000	\$6,065,000	\$905,000
State Revolving Loan Fund Bond, 3.00%	710,008	-	710,008	-	-
Accrued Compensated absences	290,071	130,958	129,079	291,950	128,006
Total Business Type Activities	4,550,079	3,055,958	1,249,087	6,356,950	1,033,006
Grand Total	\$29,056,536	\$4,673,190	\$3,724,761	\$30,004,965	\$3,297,475

The revenue bonds are shown net of deferred refunding asset of \$48,229.

Annual debt service requirements as of September 30, 2012 for general obligation and enterprise fund debt, including interest of \$8,225,334 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
2013	\$1,220,000	\$ 632,496	\$ 210,000	\$ 44,556	\$ 905,000	\$ 101,940
2014	1,235,000	609,332	215,000	40,676	855,000	95,521
2015	1,165,000	586,239	220,000	36,031	865,000	87,354
2016	1,190,000	562,790	225,000	30,838	845,000	76,277
2017	1,150,000	535,268	235,000	25,100	860,000	63,030
2018	840,000	505,613	240,000	18,495	95,000	55,335
2019	865,000	482,397	245,000	11,125	95,000	53,578
2020	885,000	456,212	50,000	3,135	100,000	51,478
2021	910,000	428,642	50,000	2,235	100,000	49,028
2022	935,000	398,842	55,000	1,210	105,000	46,284
2023	940,000	366,990	-	-	105,000	43,318
2024	980,000	333,776	-	-	110,000	40,090
2025	1,010,000	297,626	-	-	115,000	36,488
2026	1,045,000	259,151	-	-	115,000	32,606
2027	1,085,000	217,751	-	-	120,000	28,463
2028	1,125,000	173,501	-	-	125,000	23,990
2029	1,170,000	127,409	-	-	130,000	19,208
2030	1,190,000	79,361	-	-	135,000	14,105
2031	1,240,000	28,835	-	-	140,000	8,673
2032	-	-	-	-	145,000	2,936
	\$20,180,000	7,082,231	\$ 1,745,000	\$ 213,401	\$6,065,000	\$ 929,702

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

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 2012 the City issued \$735,000 of revenue refunding bonds to refund one existing bond issue. As a result of the refunding the City reduced its debt service payments over the next four years by \$44,364 and obtained an economic gain of \$42,895. On December 22, 2011 the City issued \$2.19 million of revenue bonds for sanitary sewer system improvements and equipment. The City has pledged future utility customer revenues to repay \$6.1 million in various Water, Sewer, and Solid Waste bonds issued in July 2011, December 2011 & December 2012. The bonds are paid solely from utility revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 12% of net revenues. The total principal and interest remaining to be paid on the bonds is \$6,994,702. Principal and interest paid for the current year, excluding refunded principal, and total customer net revenues were \$469,849 and \$8,721,127, respectively.

The City has pledged a portion of future sales tax revenues to repay \$700,000 in revenue bonds issued in October 2003 to finance the construction of the 2nd fire station including equipment and continued staffing. The bonds are paid solely from the half cent sales tax revenues and are payable through 2014. Annual principal and interest payments on the bonds are expected to require less than 2% of net revenues. The total principal and interest remaining to be paid on the bonds is \$166,840. Principal and interest paid for the current year and total sales tax revenues were \$88,400 and \$7,629,397, 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. The total principal and interest remaining to be paid on the bonds is \$21,957,591. Principal and interest paid for the current year and total occupation tax revenues were \$1,026,409 and \$1,596,421 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. Principal and interest paid for the current year is \$129,642.

On August 22, 2012 the City issued \$490,000 Various Purpose Bonds to finance costs of Paving District 493, 501 and 502 along with Water District 119 with interest rate ranging from .40% to 2.20% and final maturity of September 1, 2022.

On October 11, 2011 the City issued \$180,000 special assessment bond anticipation notes with a maturity of September 1, 2012 and an interest rate of .35%. This bond was to pay for improvements for Water District #119.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

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, 2012 was \$23,809.

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. On December 23, 2011 Milk Specialties was sold. According to their MOU the forgivable \$250,000 note payable was then due in full. On January 9, 2012 Milk Specialties paid the loan back in full.

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	\$ -	\$238,400	\$ 961,326	\$ 147,271	\$1,346,997
Nonmajor Governmental	320,000	145,434	20,358	-	485,792
Transfer In	<u>\$ 320,000</u>	<u>\$ 383,834</u>	<u>\$ 981,684</u>	<u>\$ 147,271</u>	<u>\$1,832,789</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
September 30, 2012

NOTE 8 – NET ASSETS/FUND BALANCES

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

	General	Community Development Block Grant	Debt Service	Capital Construction	Other Governmental Funds	Total
Nonspendable:						
Inventory	\$ 42,528	\$ -	\$ -	\$ -	\$ -	\$ 42,528
Prepaid Items	-	-	-	-	8,561	8,561
Restricted For:						
Public Works	-	-	-	-	3,022,571	3,022,571
Public Safety	29,970	-	-	-	598,885	628,855
Parks & Recreation	9,523	-	-	568,623	-	578,146
Comm Impr & Dev	-	185,303	-	-	1,313,961	1,499,264
General Govt.	71,548	-	-	-	-	71,548
Debt Service	-	-	1,285,592	-	-	1,285,592
Committed For:						
Public Works	34,499	-	-	-	-	34,499
Public Safety	35	-	-	-	-	35
Parks & Recreation	125,102	-	-	88,514	-	213,616
General Govt	36,758	-	-	-	-	36,758
Debt Service	-	-	1,348,323	-	-	1,348,323
Assigned to:						
Other purposes	1,934,062	-	-	1,220,280	-	3,154,342
Unassigned:	5,438,679	-	-	-	(300)	5,438,379
Total	\$ 7,722,704	\$ 185,303	\$ 2,633,915	\$ 1,877,417	\$ 4,943,678	\$ 17,363,017

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, 2012 was \$10,788,702 of which \$9,791,797 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 \$354,746, and employee contributions totaled \$531,975.

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	19
Active Employees:	
Non-vested	16
Partially vested	15
Fully vested	<u>104</u>
Total membership	<u>154</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. State statutes require that beginning October 1, 2013 until October 1, 2015, police officers contribute 6 ½ % of compensation to the plan and then 7% of compensation after October 1, 2015. 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, 2012

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 seven years of service. Current membership is comprised of the following:

	Police Retirement System	Firemen's Retirement System	Total
Current covered employees:			
Non-vested	6	6	12
Partially vested	11	5	16
Fully vested	21	24	45
	38	35	73
Retirees and beneficiaries currently			
Receiving benefits from the plan	-	-	-
Terminated employees entitled to, But not yet receiving benefits	13	5	18
Total active and inactive participants	51	40	91

Schedule of Employer Contributions

Fiscal Year Ended	<u>Fire</u>		<u>Police</u>	
	Annual Required	Percentage	Annual Required	Percentage
	Contribution	Contributed	Contribution	Contributed
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%
2012	236,834	100%	159,630	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.

The Schedule of Funding Progress, presented as RSI following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2012.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$561,109. \$21,795 will be paid from the General Fund, \$216,559 will be paid from City Highway Allocation Fund, \$101,329 will be paid from Community Development Block Grant Fund and \$221,426 will be paid from the Capital Construction Fund. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$1,839,940. \$314,893 will be paid by the Water Division, \$1,421,257 will be paid by the Sewer Division and \$103,790 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, 2012 the City has paid \$550,000 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

As more fully discussed in Note 1. A., the City has guaranteed one-third of the Northeast Nebraska Solid Waste Coalition \$2,325,000 Revenue Bonds dated June 8, 2010. These issues are expected to be paid from landfill revenues or future bond issues and do not require any City funding.

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, 2012:

Capital Project Fund Special Assessment (\$300)

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
Assets:				
Current assets	\$ 4,155,268	\$5,121,588	\$ 732,568	\$ 10,009,424
Restricted assets	58,246	1,194,431	75,709	1,328,386
Noncurrent assets	7,568	71,684	-	79,252
Capital assets	24,643,106	12,411,022	881,529	37,935,657
Total assets	<u>28,864,188</u>	<u>18,798,725</u>	<u>1,689,806</u>	<u>49,352,719</u>
Liabilities:				
Current liabilities	248,884	914,065	252,398	1,415,347
Noncurrent liabilities	574,813	4,621,638	79,264	5,275,715
Total liabilities	<u>823,697</u>	<u>5,535,703</u>	<u>331,662</u>	<u>6,691,062</u>
Net assets:				
Invested in capital assets, net of related debt	24,165,170	8,851,829	772,529	33,789,528
Restricted	198,246	1,880,431	154,709	2,233,386
Unrestricted	3,677,075	2,530,762	430,906	6,638,743
Total net assets	<u>\$28,040,491</u>	<u>\$13,263,022</u>	<u>\$ 1,358,144</u>	<u>\$42,661,657</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

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	\$3,225,184	\$3,679,830	\$1,772,224	\$ 8,677,238
Depreciation and amortization	566,325	683,393	74,256	1,323,974
Other operating expenses	1,494,068	1,913,803	1,557,606	4,965,477
Operating income	1,164,791	1,082,634	140,362	2,387,787
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(10,510)	(83,712)	(1,296)	(95,518)
Interest income	5,737	37,898	254	43,889
Market Value Gain	-	(25,881)	-	(25,881)
(Loss) on disposal of Capital Assets	-	(7,068)	(26,203)	(33,271)
Contributions	201,799	47,172	-	248,971
Change in net assets	1,361,817	1,051,043	113,117	2,525,977
Beginning net assets	26,678,674	12,211,979	1,245,027	40,135,680
Ending net assets	\$28,040,491	\$13,263,022	\$1,358,144	\$42,661,657

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Net cash provided (used) by:				
Operating activities	\$1,364,014	\$1,487,625	\$139,020	\$ 2,990,659
Capital and related financing activities	(1,294,061)	1,574,747	(185,840)	94,846
Investing activities	7,087	12,499	531	20,117
Net increase (decrease)	77,040	3,074,871	(46,289)	3,105,622
Beginning cash and cash equivalents	3,201,926	2,619,888	641,390	6,463,204
Ending cash and cash equivalents	\$3,278,966	\$5,694,759	\$595,101	\$ 9,568,826

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

Individual Fund Information for the Employee Retirement Funds follows:

COMBINING STATEMENT OF NET ASSETS

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$2,731,335	\$2,920,707	\$6,432,541	\$12,084,583
Open Ended Mutual Funds	3,911,358	3,568,020	11,040,858	18,520,236
Total Assets	<u>6,642,693</u>	<u>6,488,727</u>	<u>11,473,399</u>	<u>30,604,819</u>
NET ASSETS				
Held in Trust for Pension Benefits	6,642,693	6,488,727	17,473,399	30,604,819
Total Net Assets	<u>\$6,642,693</u>	<u>\$6,488,727</u>	<u>\$17,473,399</u>	<u>\$30,604,819</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

NOTE 11 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

COMBINING STATEMENT OF CHANGES IN NET ASSETS

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 236,834	\$ 159,631	\$ 354,746	\$ 751,211
Employee	<u>105,226</u>	<u>121,930</u>	<u>531,975</u>	<u>759,131</u>
Total Contributions	<u>342,060</u>	<u>281,561</u>	<u>886,721</u>	<u>1,510,342</u>
Investment Income:				
Interest, Dividends and Market Gains	<u>943,999</u>	<u>761,757</u>	<u>2,366,444</u>	<u>4,072,200</u>
Total Additions	<u>1,286,059</u>	<u>1,043,318</u>	<u>3,253,165</u>	<u>5,582,542</u>
DEDUCTIONS				
Pension Benefits	480,253	14,400	81,351	576,004
Administration	1,557	1,726	2,713	5,996
Contribution Refunds	<u>523,501</u>	<u>41,323</u>	<u>71,742</u>	<u>636,566</u>
Total Deductions	<u>1,005,311</u>	<u>57,449</u>	<u>155,806</u>	<u>1,218,566</u>
Net Increase	280,748	985,869	3,097,359	4,363,976
Net Assets -- Beginning of Period	<u>6,361,945</u>	<u>5,502,858</u>	<u>14,376,040</u>	<u>26,240,843</u>
Net Assets -- End of Period	<u><u>\$6,642,693</u></u>	<u><u>\$6,488,727</u></u>	<u><u>\$17,473,399</u></u>	<u><u>\$30,604,819</u></u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2012

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 \$350,000 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, 2011 to September 30, 2012. 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, 2012 claims liability of \$297,782 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, 2012 and the year ending September 30, 2011 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2011	\$677,819	\$1,105,389	\$1,445,531	\$337,677
2012	\$337,677	\$2,112,324	\$2,152,219	\$297,782

NOTE 13 – SUBSEQUENT EVENTS

On December 20, 2012 the City issued Combined Utility Revenue Bonds in the amount of \$4,000,000 with interest rates ranging from .80% to 3.4% with final maturity on December 15, 2032. Bond proceeds will be used for improvement to the waterworks system and sanitary sewer system.

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 FUND - BUDGETARY BASIS
For the Year Ended September 30, 2012

	General Fund			Community Development Block Grant Fund		
	Budgeted	Actual	Variance with	Budgeted	Actual	Variance with
	Original & Final		Final Budget Positive (Negative)	Original & Final		Final Budget Positive (Negative)
Revenue:						
Taxes	\$ 8,882,947	\$ 9,502,155	\$ 619,208	\$ -	\$ -	\$ -
Special Assessments	-	54,213	54,213	-	-	-
Licenses and Permits	191,060	224,300	33,240	-	-	-
Intergovernmental Revenue	320,111	398,950	78,839	1,128,535	487,189	(641,346)
Charges for Services	1,558,285	1,845,564	287,279	-	-	-
Occupation and Franchise Taxes	744,800	679,302	(65,498)	-	-	-
Payments in Lieu of Taxes	85,000	96,184	11,184	-	-	-
Contributions	1,000	24,837	23,837	-	-	-
Loan Repayments	-	-	-	119,714	528,833	409,119
Rental Income	4,366,017	4,367,245	1,228	-	-	-
Interest	11,400	45,372	33,972	500	482	(18)
Keno Revenue	405,000	492,453	87,453	-	-	-
Miscellaneous	55,000	81,297	26,297	-	1,155	1,155
Total Revenue	<u>16,620,620</u>	<u>17,811,872</u>	<u>1,191,252</u>	<u>1,248,749</u>	<u>1,017,659</u>	<u>(231,090)</u>
Current Expenditures:						
Public Safety	8,454,174	7,888,659	565,515	-	-	-
Public Works	3,065,826	2,794,314	271,512	-	-	-
Public Library	1,315,202	1,206,088	109,114	-	-	-
Parks, Recreation and Public Property	2,056,422	1,746,037	310,385	-	-	-
Communtiy Improvement and Development	456,440	426,597	29,843	1,436,749	1,026,543	410,206
General Government	2,608,590	2,428,811	179,779	-	-	-
Total Expenditures	<u>17,956,654</u>	<u>16,490,506</u>	<u>1,466,148</u>	<u>1,436,749</u>	<u>1,026,543</u>	<u>410,206</u>
Excess (deficiency) of revenues over expenditures	<u>(1,336,034)</u>	<u>1,321,366</u>	<u>2,657,400</u>	<u>(188,000)</u>	<u>(8,884)</u>	<u>179,116</u>
Other financing sources (uses):						
Proceeds from Debt Financing	-	-	-	-	-	-
Transfers In	735,000	320,000	(415,000)	-	-	-
Transfers Out	(1,247,237)	(1,346,997)	(99,760)	-	-	-
Total other financing sources (uses)	<u>(512,237)</u>	<u>(1,026,997)</u>	<u>(514,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,848,271)</u>	<u>\$ 294,369</u>	<u>\$ 2,142,640</u>	<u>\$ (188,000)</u>	<u>\$ (8,884)</u>	<u>\$ 179,116</u>
Fund balances-beginning of year		<u>4,526,078</u>			<u>169,922</u>	
Fund balances- end of year		<u>\$ 4,820,447</u>			<u>\$ 161,038</u>	

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City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Budgetary Reporting
September 30, 2012

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, 2012

	General	Community Development Block Grant
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$294,369	(\$8,884)
Basis differences:		
To adjust revenues from recognition on a cash basis	198,377	45,888
To adjust total expenditures from recognition on a cash basis	(75,964)	(13,477)
Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$416,782	\$23,527

	Total Governmental Funds
Expenditures and other financing uses, on a budgetary basis	\$(35,684,285)
Basis Differences:	
To adjust total expenditures from recognition on a cash Basis	1,621,899
To adjust operating transfers out	(3,045)
Expenditures and other financing uses, on a GAAP basis	\$ (34,056,431)

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

	Budget	Actual	Variance Over (Under) Budget
Fund Governmental Funds Expenditures	\$42,493,653	\$35,684,285	\$(6,809,368)

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information Funding Progress
September 30, 2012

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date(1) Fiscal Year Ending	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Fire						
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%
2012	6,642,693	6,642,693	-	100.0%	1,618,850	0.00%
Police						
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%	1,845,749	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%
2012	6,488,727	6,488,727	-	100.0%	2,032,175	0.00%

OTHER SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

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

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.

LB840 ECONOMIC DEVELOPMENT FUND – This fund is used to account for receipts from the levy of property taxes on real and personal property for the LB 840 economic development program. LB 840 was the legislative bill approved by the Nebraska Legislature in 1991 adopting the Local Option Municipal Economic Development Act. This Act authorizes cities to spend local sales or property tax revenue for economic development including offering incentives to attract business.

ECONOMIC DEVELOPMENT OPERATING FUND -- This fund was created to account for the operations of the Economic Development Fund. Madison County and the City of Norfolk both contribute \$100,000 to fund personnel costs, travel, and other necessary operating expenses relating to economic development.

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

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, 2012

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11
Assets						
Cash and Equity in Pooled Investment Account	\$ 2,583,983	\$ 201,812	-	\$ 6,892	\$183,283	\$ 220,810
Cash at County Treasurer	-	6,762	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	-	2,598	-	65,270	19,232	-
Taxes	-	1,413	-	-	-	-
Accrued Interest	271	21	-	1	-	24
Notes Receivable	-	80,842	-	-	-	-
Due from Other Governmental Agencies	500,115	-	-	-	-	18,389
Prepaid Assets	-	-	-	-	-	-
Total Assets	3,084,369	293,448	-	72,163	202,515	239,223
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	322,534	8,161	-	254	1,051	1,765
Deferred Revenue	-	80,842	-	-	23,417	-
Total Liabilities	322,534	89,003	-	254	24,468	1,765
Fund Balances:						
Non Spendable:						
Prepaid Items	-	-	-	-	-	-
Restricted	2,761,835	204,445	-	71,909	178,047	237,458
Unassigned	-	-	-	-	-	-
Total Fund Balances	2,761,835	204,445	-	71,909	178,047	237,458
Total Liabilities and Equity	\$ 3,084,369	\$ 293,448	-	\$ 72,163	\$202,515	\$ 239,223

Special Revenue Funds				Capital Projects		Total Governmental Nonmajor Funds
Storm Water Management	Wireless 911	LB 840 Economic Development	Economic Development Operating	Community Development Agency	Special Assessments	
\$ 60,835	\$ 101,601	\$ 809,062	\$ 80,560	\$ 374,028	\$ -	\$ 4,622,866
-	-	46,677	-	-	-	53,439
-	10,452	-	-	-	-	97,552
-	-	4,142	-	-	-	5,555
6	11	85	8	-	-	427
-	-	-	-	-	-	80,842
-	-	-	-	-	-	518,504
-	8,561	-	-	-	-	8,561
60,841	120,625	859,966	80,568	374,028	-	5,387,746
4,550	593	-	601	-	300	339,809
-	-	-	-	-	-	104,259
4,550	593	-	601	-	300	444,068
-	8,561	-	-	-	-	8,561
56,291	111,471	859,966	79,967	374,028	-	4,935,417
-	-	-	-	-	(300)	(300)
56,291	120,032	859,966	79,967	374,028	(300)	4,943,678
\$ 60,841	\$ 120,625	\$ 859,966	\$ 80,568	\$ 374,028	\$ -	\$ 5,387,746

CITY OF NORFOLK, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Nonmajor Funds

For the Year Ended September 30, 2012

	Special Revenue Funds					
	City Highway Allocation	Vehicle Parking	Community Character Development Coalition	911	SNARE	Region 11
Revenue:						
Taxes	\$ -	\$ 80,561	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,123,687	296	-	-	142,586	141,677
Occupation & Franchise Taxes	-	-	-	334,184	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Rental Income	-	11,543	-	-	-	-
Loan Repayments	-	28,615	-	-	-	-
Interest	6,047	3,040	-	222	-	463
Miscellaneous	-	401	-	-	2,240	-
Total Revenue	2,129,734	124,456	-	334,406	144,826	142,140
Expenditures:						
Public Safety	-	-	-	10,323	146,326	151,171
Public Works	2,155,423	116,297	-	-	-	-
Community Improvement and Development	-	-	13,169	-	-	-
Debt Service	-	22,820	-	-	-	-
Total Expenditures	2,155,423	139,117	13,169	10,323	146,326	151,171
Excess (deficiency) of revenues over expenditures	(25,689)	(14,661)	(13,169)	324,083	(1,500)	(9,031)
Other financing sources (uses):						
Bonds Issued	-	-	-	-	-	-
Transfers In	-	-	-	-	-	39,889
Transfers Out	-	-	-	(320,000)	-	-
Total other financing sources (uses)	-	-	-	(320,000)	-	39,889
Net Change in Fund Balance	(25,689)	(14,661)	(13,169)	4,083	(1,500)	30,858
Fund balances - beginning of year	2,787,524	219,106	13,169	67,826	179,547	206,600
Fund balances - end of year	\$ 2,761,835	\$ 204,445	-	\$ 71,909	\$178,047	\$ 237,458

Special Revenue Funds				Capital Projects		Total Governmental Nonmajor Funds
Storm Water Management	Wireless 911	LB 840 Economic Development	Economic Development	Community Development Agency	Special Assessments	
\$ -	\$ -	\$ 405,078	\$ -	\$ -	\$ -	\$ 485,639
36,912	78,940	17,273	33,252	-	-	2,574,623
-	-	-	-	-	-	334,184
-	-	24,416	-	-	-	24,416
-	-	-	-	-	-	11,543
-	-	-	-	-	-	28,615
149	211	1,267	94	-	-	11,493
-	-	-	-	-	-	2,641
37,061	79,151	448,034	33,346	-	-	3,473,154
-	25,876	-	-	-	-	333,696
25,210	-	-	-	-	47,211	2,344,141
-	-	-	53,379	571	-	67,119
-	-	-	-	-	7,678	30,498
25,210	25,876	-	53,379	571	54,889	2,775,454
11,851	53,275	448,034	(20,033)	(571)	(54,889)	697,700
-	-	-	-	-	490,000	490,000
7,382	-	-	100,000	-	-	147,271
-	-	-	-	-	(165,792)	(485,792)
7,382	-	-	100,000	-	324,208	151,479
19,233	53,275	448,034	79,967	(571)	269,319	849,179
37,058	66,757	411,932	-	374,599	(269,619)	4,094,499
\$ 56,291	\$ 120,032	\$ 859,966	\$ 79,967	\$ 374,028	\$ (300)	\$ 4,943,678

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, 2012

	City Highway Allocation Fund			Vehicle Parking			Community Character Development Coalition		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Taxes	\$ -	\$ -	\$ -	\$ 74,642	\$ 80,421	\$ 5,779	\$ -	\$ -	\$ -
Intergovernmental Revenue	4,884,000	2,317,572	(2,566,428)	-	-	-	-	-	-
Contributions	-	-	-	300	296	(4)	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-
Loan Repayments	-	-	-	10,684	28,616	17,932	-	-	-
Rental Income	-	-	-	11,400	11,318	(82)	-	-	-
Interest	7,900	7,134	(766)	2,429	3,128	699	-	-	-
Miscellaneous	-	-	-	-	400	400	-	-	-
Total Revenue	<u>4,891,900</u>	<u>2,324,706</u>	<u>(2,567,194)</u>	<u>99,455</u>	<u>124,179</u>	<u>24,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Expenditures:									
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	6,068,500	2,308,064	(3,760,436)	233,425	112,548	120,877	-	-	-
Community Improvement and Development	-	-	-	-	-	-	-	12,190	(12,190)
Debt Service	-	-	-	22,820	22,820	-	-	-	-
Total Expenditures	<u>6,068,500</u>	<u>2,308,064</u>	<u>(3,760,436)</u>	<u>256,245</u>	<u>135,368</u>	<u>120,877</u>	<u>-</u>	<u>12,190</u>	<u>(12,190)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,176,600)</u>	<u>16,642</u>	<u>1,193,242</u>	<u>(156,790)</u>	<u>(11,189)</u>	<u>145,601</u>	<u>-</u>	<u>(12,190)</u>	<u>(12,190)</u>
Other financing sources (uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(415,000)	-	415,000	-	-	-	-	-	-
Total other financing sources (uses)	<u>(415,000)</u>	<u>-</u>	<u>415,000</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>\$ (1,591,600)</u>	<u>\$ 16,642</u>	<u>\$ 1,608,242</u>	<u>\$ (156,790)</u>	<u>\$ (11,189)</u>	<u>\$ 145,601</u>	<u>\$ -</u>	<u>\$ (12,190)</u>	<u>\$ (12,190)</u>
Fund balances-beginning of year		<u>2,567,341</u>			<u>219,763</u>			<u>12,190</u>	
Fund balances- end of year		<u>\$ 2,583,983</u>			<u>\$ 208,574</u>			<u>\$ -</u>	

911			SNARE			REGION 11		
Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
\$ 315,000	\$ 314,439	\$ (561)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	138,851	135,206	(3,645)	84,834	133,273	48,439
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
50	233	183	-	-	-	1,200	549	(651)
-	-	-	17,500	2,239	(15,261)	-	-	-
315,050	314,672	(378)	156,351	137,445	(18,906)	86,034	133,822	47,788
10,581	10,068	513	143,456	149,661	(6,205)	144,723	162,755	(18,032)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
10,581	10,068	513	143,456	149,661	(6,205)	144,723	162,755	(18,032)
304,469	304,604	135	12,895	(12,216)	(25,111)	(58,689)	(28,933)	(29,756)
-	-	-	-	-	-	39,889	39,889	-
(320,000)	(320,000)	-	-	-	-	-	-	-
(320,000)	(320,000)	-	-	-	-	39,889	39,889	-
<u>\$ (15,531)</u>	<u>\$ (15,396)</u>	<u>\$ 135</u>	<u>\$ 12,895</u>	<u>\$ (12,216)</u>	<u>\$ (25,111)</u>	<u>\$ (18,800)</u>	<u>\$ 10,956</u>	<u>\$ (29,756)</u>
	<u>22,288</u>			<u>195,499</u>			<u>209,854</u>	
	<u>\$ 6,892</u>			<u>\$ 183,283</u>			<u>\$ 220,810</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, 2012

	Storm Water Management			Wireless 911		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	38,112	36,912	(1,200)	52,238	75,348	23,110
Contributions	-	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-	-
Loan Repayments	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-
Interest	-	163	163	200	227	27
Miscellaneous	-	-	-	-	-	-
Total Revenue	<u>38,112</u>	<u>37,075</u>	<u>(1,037)</u>	<u>52,438</u>	<u>75,575</u>	<u>23,137</u>
Current Expenditures:						
Public Safety	-	-	-	27,209	25,339	1,870
Public Works	64,410	20,660	43,750	-	-	-
Community Improvement and Development	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Expenditures	<u>64,410</u>	<u>20,660</u>	<u>43,750</u>	<u>27,209</u>	<u>25,339</u>	<u>1,870</u>
Excess (deficiency) of revenues over expenditures	<u>(26,298)</u>	<u>16,415</u>	<u>42,713</u>	<u>25,229</u>	<u>50,236</u>	<u>25,007</u>
Other financing sources (uses):						
Transfers In	7,622	7,382	(240)	-	-	-
Transfers Out	-	-	-	(52,600)	-	52,600
Total other financing sources (uses)	<u>7,622</u>	<u>7,382</u>	<u>(240)</u>	<u>(52,600)</u>	<u>-</u>	<u>52,600</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (18,676)</u>	<u>\$ 23,797</u>	<u>\$ 42,473</u>	<u>\$ (27,371)</u>	<u>\$ 50,236</u>	<u>\$ 77,607</u>
Fund balances-beginning of year		<u>37,038</u>			<u>51,365</u>	
Fund balances- end of year		<u>\$ 60,835</u>			<u>\$ 101,601</u>	

<u>LB 840 Economic Development</u>			<u>Economic Development Operating</u>		
<u>Budgeted</u>		<u>Variance with</u>	<u>Budgeted</u>		<u>Variance with</u>
<u>Original &</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Original &</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Final</u>		<u>Positive</u>	<u>Final</u>		<u>Positive</u>
		<u>(Negative)</u>			<u>(Negative)</u>
\$ 409,000	\$ 401,564	\$ (7,436)	\$ -	\$ -	\$ -
-	17,273	17,273	-	-	-
-	-	-	-	-	-
13,000	24,416	11,416	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,377	1,377	-	86	86
-	-	-	-	33,252	33,252
<u>422,000</u>	<u>444,630</u>	<u>22,630</u>	<u>-</u>	<u>33,338</u>	<u>33,338</u>
-	-	-	-	-	-
-	-	-	-	-	-
422,000	-	422,000	-	52,778	(52,778)
-	-	-	-	-	-
<u>422,000</u>	<u>-</u>	<u>422,000</u>	<u>-</u>	<u>52,778</u>	<u>(52,778)</u>
-	444,630	444,630	-	(19,440)	(19,440)
-	-	-	-	100,000	100,000
-	-	-	-	-	-
-	-	-	-	100,000	100,000
<u>\$ -</u>	<u>\$ 444,630</u>	<u>\$ 444,630</u>	<u>\$ -</u>	<u>\$ 80,560</u>	<u>\$ 80,560</u>
	<u>411,109</u>			<u>-</u>	
	<u>855,739</u>			<u>80,560</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, 2012

	Capital Construction			Special Assessments		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ -	\$ 81,439	\$ 81,439	\$ -	\$ -	\$ -
Contributions	6,000	10,466	4,466	-	-	-
Interest	25,000	17,112	(7,888)	-	-	-
Total Revenue	<u>31,000</u>	<u>109,017</u>	<u>78,017</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Public Safety	118,000	858	117,142	-	-	-
Public Works	473,000	166,314	306,686	1,020,000	(91,167)	1,111,167
Parks, Recreation and Public Property	9,565,200	11,255,430	(1,690,230)	-	-	-
General Government	790,000	-	790,000	32,000	9,309	22,691
Debt Service	-	-	-	27,236	170,619	(143,383)
Total Expenditures	<u>10,946,200</u>	<u>11,422,602</u>	<u>(476,402)</u>	<u>1,079,236</u>	<u>88,761</u>	<u>990,475</u>
Excess (deficiency) of revenues over expenditures	<u>(10,915,200)</u>	<u>(11,313,585)</u>	<u>(398,385)</u>	<u>(1,079,236)</u>	<u>(88,761)</u>	<u>990,475</u>
Other financing sources (uses):						
Proceeds from Debt Financing	65,400	-	(65,400)	1,000,000	180,000	(820,000)
Transfers In	1,013,926	981,684	(32,242)	-	168,837	168,837
Total other financing sources (uses)	<u>1,079,326</u>	<u>981,684</u>	<u>(97,642)</u>	<u>1,000,000</u>	<u>348,837</u>	<u>(651,163)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u><u>\$ (9,835,874)</u></u>	<u><u>\$ (10,331,901)</u></u>	<u><u>\$ (496,027)</u></u>	<u><u>\$ (79,236)</u></u>	<u><u>\$ 260,076</u></u>	<u><u>\$ 339,312</u></u>
Fund balances-beginning of year		<u>13,437,853</u>			<u>(260,076)</u>	
Fund balances- end of year		<u><u>\$ 3,105,952</u></u>			<u><u>\$ -</u></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, 2012

	Debt service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 690,676	\$ 694,700	\$ 4,024
Special Assessments	122,618	270,924	148,306
Intergovernmental Revenue	-	34,322	34,322
Occupation and Franchise Taxes	1,410,000	1,591,037	181,037
Payments in Lieu of Taxes	40,000	42,344	2,344
Interest	61,159	49,069	(12,090)
Total Revenue	<u>2,324,453</u>	<u>2,682,396</u>	<u>357,943</u>
Current Expenditures:			
Public Works	-	142	(142)
Parks, Recreation and Public Property	28,200	32,320	(4,120)
Debt Service	1,874,653	1,910,694	(36,041)
Depreciation	-	-	-
Total Expenditures	<u>1,902,853</u>	<u>1,943,156</u>	<u>(40,303)</u>
Excess (deficiency) of revenues over expenditures	<u>421,600</u>	<u>739,240</u>	<u>317,640</u>
Other financing sources (uses):			
Transfers In	238,400	218,042	(20,358)
Transfers Out	-	(168,837)	(168,837)
Total other financing sources (uses)	<u>238,400</u>	<u>49,205</u>	<u>(189,195)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 660,000</u>	<u>\$ 788,445</u>	<u>\$ 128,445</u>
Fund balances-beginning of year		<u>1,694,077</u>	
Fund balances- end of year		<u>\$ 2,482,522</u>	

BUSINESS TYPE ACTIVITIES

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

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

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CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET ASSETS
COMBINED UTILITIES
For the Year Ended September 30, 2012

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current assets:				
Cash and equity in pooled investment account	\$3,078,967	\$3,785,907	\$440,108	\$7,304,982
Receivables:				
Accounts	703,391	605,035	213,114	1,521,540
Special assessments	9,624	1,597	-	11,221
Interest	343	10,929	62	11,334
Due from Other Governmental Agencies	-	3,699	-	3,699
Restricted Cash				
Cash & Cash Equivalents	141,753	714,421	79,284	935,458
Inventories:				
Fiber optic system held for resale	221,190	-	-	221,190
Total current assets	4,155,268	5,121,588	732,568	10,009,424
Noncurrent assets:				
Restricted assets:				
Restricted cash	58,246	1,194,431	75,709	1,328,386
Bond Acquisition Costs	7,568	71,684	-	79,252
Property, plant and equipment:				
Land	2,319,359	758,017	52,284	3,129,660
Water and pollution control plant	9,569,140	16,054,145	833,858	26,457,143
Water distribution and sewage system	18,661,464	8,049,059	-	26,710,523
Equipment	2,007,357	1,580,194	669,699	4,257,250
Construction in progress	88,321	499,519	161,908	749,748
Total property, plant and equipment	32,645,641	26,940,934	1,717,749	61,304,324
Less accumulated depreciation	8,002,535	14,529,912	836,220	23,368,667
Total property, plant and equipment (net of accumulated depreciation)	24,643,106	12,411,022	881,529	37,935,657
Total noncurrent assets	24,708,920	13,677,137	957,238	39,343,295
Total assets	\$28,864,188	\$18,798,725	\$1,689,806	\$49,352,719

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Totals
Current liabilities:				
Accounts and contracts payable	\$60,472	\$147,775	\$143,636	\$351,883
Accrued compensated absences	46,659	51,869	29,478	128,006
Payables from restricted assets:				
Accrued interest payable	1,753	28,421	284	30,458
Revenue bonds - current	140,000	686,000	79,000	905,000
Total current liabilities	248,884	914,065	252,398	1,415,347
Noncurrent liabilities:				
Revenue bonds (Sewer division net of deferred loss on early retirement of \$48,229 in 2012)	525,000	4,556,771	30,000	5,111,771
Accrued compensated absences	49,813	64,867	49,264	163,944
Total noncurrent liabilities	574,813	4,621,638	79,264	5,275,715
Total liabilities	823,697	5,535,703	331,662	6,691,062
Net Assets				
Invested in Capital Assets, Net of Related Debt	24,165,170	8,851,829	772,529	33,789,528
Restricted for:				
Debt Service	198,246	1,138,561	154,709	1,491,516
Future Capital Assets	-	741,870	-	741,870
Unrestricted	3,677,075	2,530,762	430,906	6,638,743
Total Net Assets	\$ 28,040,491	\$ 13,263,022	\$ 1,358,144	\$ 42,661,657

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMBINED UTILITIES
For the Year Ended September 30, 2012

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Operating revenues:				
User charges	\$3,080,192	\$3,551,779	\$1,713,284	\$8,345,255
Intergovernmental revenue	-	117,303	55,828	173,131
Miscellaneous Income	144,992	10,748	3,112	158,852
Total operating revenues	<u>3,225,184</u>	<u>3,679,830</u>	<u>1,772,224</u>	<u>8,677,238</u>
Operating expenses:				
Payroll and related taxes and benefits	755,714	840,523	426,709	2,022,946
Utilities	265,766	382,483	24,612	672,861
Repairs and maintenance	221,379	385,720	56,439	663,538
Purchased services	-	-	992,597	992,597
General and administration	251,209	305,077	57,249	613,535
Depreciation and amortization	566,325	683,393	74,256	1,323,974
Total operating expenses	<u>2,060,393</u>	<u>2,597,196</u>	<u>1,631,862</u>	<u>6,289,451</u>
Operating income	<u>1,164,791</u>	<u>1,082,634</u>	<u>140,362</u>	<u>2,387,787</u>
Nonoperating revenues (expenses):				
Interest on bonds and other debt	(10,510)	(83,712)	(1,296)	(95,518)
Interest income	5,737	37,898	254	43,889
Market Value (Loss)	-	(25,881)	-	(25,881)
(Loss) on disposal of Capital Assets	-	(7,068)	(26,203)	(33,271)
Total nonoperating revenues (expenses)	<u>(4,773)</u>	<u>(78,763)</u>	<u>(27,245)</u>	<u>(110,781)</u>
Income before Capital Contributions	<u>1,160,018</u>	<u>1,003,871</u>	<u>113,117</u>	<u>2,277,006</u>
Capital contributions	<u>201,799</u>	<u>47,172</u>	<u>-</u>	<u>248,971</u>
Change in Net Assets	<u>1,361,817</u>	<u>1,051,043</u>	<u>113,117</u>	<u>2,525,977</u>
Net Assets - Beginning of Period	<u>26,678,674</u>	<u>12,211,979</u>	<u>1,245,027</u>	<u>40,135,680</u>
Net Assets - End of Period	<u>\$28,040,491</u>	<u>\$13,263,022</u>	<u>\$1,358,144</u>	<u>\$42,661,657</u>

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CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2012

	Water Division	Sewer Division	Solid Waste Management Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 3,000,332	\$ 3,405,710	\$ 1,695,385	\$ 8,101,427
Cash Paid to Suppliers for Goods and Services	(869,823)	(1,086,297)	(1,133,581)	(3,089,701)
Cash Paid to Employees for Services	(766,495)	(831,788)	(422,784)	(2,021,067)
Net Cash Provided by Operating Activities	1,364,014	1,487,625	139,020	2,990,659
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(1,225,249)	(387,528)	(147,899)	(1,760,676)
Proceeds of Grants	-	113,604	55,828	169,432
Proceeds of Bond Sales	735,000	2,190,000	-	2,925,000
Bond Issue Costs	(8,820)	(31,755)	-	(40,575)
Principal Paid on Notes and Bonds	(780,008)	(247,500)	(92,500)	(1,120,008)
Interest Paid on Notes and Bonds	(14,984)	(62,074)	(1,269)	(78,327)
Net Cash (Used) for Capital and Related Financing	(1,294,061)	1,574,747	(185,840)	94,846
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	7,087	12,499	531	20,117
Net Cash Provided for Investing Activities	7,087	12,499	531	20,117
Net Increase (Decrease) in Cash and Cash Equivalents	77,040	3,074,871	(46,289)	3,105,622
Cash and Cash Equivalents at Beginning of Year	3,201,926	2,619,888	641,390	6,463,204
Cash and Cash Equivalents at End of Year	\$ 3,278,966	\$ 5,694,759	\$ 595,101	\$ 9,568,826

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2012

	Water Division	Sewer Division	Solid Waste Management Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 1,164,791	\$ 1,082,634	\$ 140,362	\$ 2,387,787
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	566,325	683,393	74,256	1,323,974
Intergovernmental Revenue	-	(117,303)	(55,828)	(173,131)
(Increase) Decrease in Assets:				
Accounts Receivable	(215,228)	(156,817)	(21,011)	(393,056)
Special Assessments	(9,624)	-	-	(9,624)
Inventories	19,194	-	-	19,194
Increase (decrease) in Liabilities:				
Accounts and Contracts Payable	(150,663)	(13,017)	(2,684)	(166,364)
Accrued Compensated Absences	(10,781)	8,735	3,925	1,879
Total Adjustments	199,223	404,991	(1,342)	602,872
Net Cash Provided by Operating Activities	<u>\$ 1,364,014</u>	<u>\$ 1,487,625</u>	<u>\$ 139,020</u>	<u>\$ 2,990,659</u>

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

Developers Contribution of Distribution System	\$ 201,799	\$ 47,172	\$ -	\$ 248,971
Accounts Payable Exchanged for Capital Assets	<u>\$ 824</u>	<u>\$ 79,622</u>	<u>\$ 58,280</u>	<u>\$ 138,726</u>

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

Cash and Equity in Pooled Investment Account	\$ 3,078,967	\$ 3,785,907	\$ 440,108	\$ 7,304,982
Restricted Cash - Current	141,753	714,421	79,284	935,458
Restricted Cash - Noncurrent	58,246	1,194,431	75,709	1,328,386
	<u>\$ 3,278,966</u>	<u>\$ 5,694,759</u>	<u>\$ 595,101</u>	<u>\$ 9,568,826</u>

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS:

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

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

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

AGENCY FUND:

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

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CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF NET ASSETS
Employee Retirement Funds
For the Year Ended September 30, 2012

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS				
Guaranteed Insurance Contracts	\$ 2,731,335	\$ 2,920,707	\$ 6,432,541	\$ 12,084,583
Open Ended Mutual Funds	3,911,358	3,568,020	11,040,858	18,520,236
Total Assets	<u>6,642,693</u>	<u>6,488,727</u>	<u>17,473,399</u>	<u>30,604,819</u>
NET ASSETS				
Held in Trust for Pension Benefits	6,642,693	6,488,727	17,473,399	30,604,819
Total Net Assets	<u>\$ 6,642,693</u>	<u>\$ 6,488,727</u>	<u>\$ 17,473,399</u>	<u>\$ 30,604,819</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Employee Retirement Funds
For the Year Ended September 30, 2012

	Firemen's Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 236,834	\$ 159,631	\$ 354,746	\$ 751,211
Employee	105,226	121,930	531,975	759,131
Total Contributions	342,060	281,561	886,721	1,510,342
Investment Income:				
Interest, Dividends and Market Gains	943,999	761,757	2,366,444	4,072,200
Total Additions	1,286,059	1,043,318	3,253,165	5,582,542
DEDUCTIONS				
Pension Benefits	480,253	14,400	81,351	576,004
Contribution Refunds	523,501	41,323	71,742	636,566
Administration	1,557	1,726	2,713	5,996
Total Deductions	1,005,311	57,449	155,806	1,218,566
Net Increase	280,748	985,869	3,097,359	4,363,976
Net Assets -- Beginning of Period	6,361,945	5,502,858	14,376,040	26,240,843
Net Assets -- End of Period	\$ 6,642,693	\$ 6,488,727	\$ 17,473,399	\$ 30,604,819

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2012

	Balance September 30, 2011	Additions	Deductions	Balance September 30, 2012
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 564,497	\$ 68,002	\$ 127,932	\$ 504,567
Taxes Receivable	1,024	26,946	1,024	26,946
 Total Assets	 565,521	 94,948	 128,956	 531,513
<u>Liabilities</u>				
Due to Bondholders	565,521	94,948	128,956	531,513
 Total Liabilities	 \$ 565,521	 \$ 94,948	 \$ 128,956	 \$ 531,513

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

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

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

Source:

Unless otherwise noted the information in these tables is derived from the annual financial report for the revelant year.

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

TABLE 1

	Fiscal Year				
	2012	2011	2010	2009	2008
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 37,538,073	\$ 36,664,204	\$ 36,774,090	\$ 36,650,941	\$ 35,777,924
Restricted for:					
Debt Service	1,117,646	504,468	1,193,594	1,218,131	1,255,485
Road Projects	2,761,835	2,787,524	-	-	-
Community Programs and Services	2,469,929	1,869,768	-	-	-
Unrestricted	14,993,281	13,682,990	14,066,386	14,205,078	13,841,116
Total Governmental Activities Net Assets	58,880,764	55,508,954	52,034,070	52,074,150	50,874,525
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	33,789,528	33,161,053	29,797,795	28,504,434	28,220,779
Restricted	2,233,386	1,723,206	2,570,858	2,513,381	2,479,789
Unrestricted	6,638,743	5,251,421	6,555,425	6,831,206	6,545,033
Total Business-Type Activities Net Assets	42,661,657	40,135,680	38,924,078	37,849,021	37,245,601
Primary Government:					
Invested in Capital Assets, Net of Related Debt	71,327,601	69,825,257	66,571,885	65,155,375	63,998,703
Restricted	8,582,796	6,884,966	2,570,858	2,513,381	2,479,789
Unrestricted	21,632,024	18,934,411	20,621,811	21,036,284	20,386,149
Total Primary Government Net Assets	\$ 101,542,421	\$ 95,644,634	\$ 89,764,554	\$ 88,705,040	\$ 86,864,641

	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 TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental Activities										
General Government	\$ 2,435,780	\$ 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	8,508,643	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	5,426,530	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	1,258,780	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	2,185,146	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	825,295	686,717	1,287,249	999,898	543,549	1,133,491	1,213,623	779,952	928,781	789,323
Debt Service	699,623	565,025	218,415	272,480	296,199	258,179	265,219	258,982	275,672	426,984
Total Governmental Activities Expenses	21,339,797	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	2,070,903	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	2,687,976	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	1,659,361	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	6,418,240	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	\$ 27,758,037	\$ 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
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 484,150	\$ 482,968	\$ 386,342	\$ 431,612	\$ 366,850	\$ 368,626	391,281	\$ 377,825	\$ 328,275	\$ 1,655,517
Public Safety	965,103	978,401	922,686	991,781	1,149,353	906,560	944,002	964,306	826,082	586,988
Public Works	182,375	109,797	122,459	132,948	125,042	80,856	93,846	77,702	82,029	114,294
Public Library	27,149	26,970	24,134	25,588	28,091	28,220	29,686	32,046	31,571	-
Parks, Recreation and Public Property	471,172	113,352	139,042	145,293	149,314	146,157	158,053	138,722	114,954	126,755
Community Improvement and Development	120,000	120,000	115,146	84,000	61,000	66,000	66,000	66,000	-	-
Operating Grants & Contributions	3,285,816	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	530,453	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	6,066,218	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	3,201,639	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	3,562,527	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	1,716,396	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	23,545	15,544	-	-	-	-	-	-	-	-
Capital Grants & Contributions	263,456	-	263,880	144,210	175,807	403,630	791,145	493,256	438,990	-
Total Business-Type Activities Program Revenues	8,767,563	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	\$ 14,833,781	\$ 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
Net (Expense)/Revenue										
Governmental Activities	\$ (15,273,579)	\$ (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	2,349,323	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	\$ (12,924,256)	\$ (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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes In Net Assets										
Governmental Activities:										
Taxes:										
Property Tax	\$ 3,129,497	\$ 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	7,629,397	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	270,292	254,665	240,021	199,591	199,225	191,073	209,536	184,404	175,420	5,799,684
Occupation and Franchise Taxes	2,514,570	2,030,762	971,022	873,472	883,195	787,763	618,984	589,118	606,176	564,514
Interest	123,026	99,146	106,069	251,126	430,171	561,205	461,182	325,101	212,803	301,965
General Intergovernmental Revenues Unrestricted	124,392	295,309	289,270	260,190	282,997	248,438	242,041	224,482	503,560	955,569
Unrestricted Keno Revenues	494,447	432,584	359,060	428,302	29,141	-	-	-	-	-
Use of Property	4,471,873	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	14,162	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	32,379	51,113	153,345	363,181	47,709	33,088	68,035	64,353	30,476	109,628
Interfund Transfers	(158,646)	-	-	(27,194)	-	-	-	-	-	-
Total Governmental Activities	\$ 18,645,389	\$ 17,538,775	\$ 15,612,901	\$ 14,516,001	\$ 13,606,017	\$ 13,189,038	\$ 12,794,139	\$ 11,641,266	\$ 11,630,520	\$ 12,362,701
Business Type of Activities:										
Interest	18,008	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	158,646	-	-	27,194	-	-	-	-	-	-
Total Business-Type Activities	176,654	14,034	66,938	192,580	286,953	398,229	341,111	195,677	101,752	202,663
Total Primary Government	\$ 18,822,043	\$ 17,552,809	\$ 15,679,839	\$ 14,708,581	\$ 13,892,970	\$ 13,587,267	\$ 13,135,250	\$ 11,836,943	\$ 11,732,272	\$ 12,565,364
Change in Net Assets										
Governmental Activities	\$ 3,371,810	\$ 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	2,525,977	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
Total Primary Government	\$ 5,897,787	\$ 4,686,486	\$ 1,034,977	\$ 1,803,045	\$ 2,045,660	\$ 2,548,028	\$ 2,577,474	\$ 4,700,043	\$ 4,132,692	\$ 6,010,617

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

TABLE 3

	Fiscal Year				
	2012	2011	2010	2009	2008
General Fund					
Reserved	\$ -	\$ -	\$ 120,187	\$ 132,221	\$ 225,910
Non Spendable	42,528	51,342	-	-	-
Restricted	111,041	205,522	-	-	-
Committed	196,394	192,587	-	-	-
Unreserved	-	-	5,989,588	5,568,550	5,322,046
Assigned	1,934,062	1,848,271	-	-	-
Unassigned	5,438,679	5,008,200	-	-	-
Total General Fund	7,722,704	7,305,922	6,109,775	5,700,771	5,547,956
All Other Governmental Funds					
Reserved	-	-	1,943,994	1,609,878	2,107,669
Non Spendable	8,561	9,505	-	-	-
Restricted	6,974,935	15,196,509	-	-	-
Committed	1,436,837	809,108	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	-	-	2,817,380	3,400,398	3,521,157
Capital Project Funds	-	-	737,259	540,066	(1,591,264)
Assigned	1,220,280	717,619	-	-	-
Unassigned	(300)	(269,619)	-	-	-
Total All Other Governmental Funds	\$ 9,640,313	\$ 16,463,122	\$ 5,498,633	\$ 5,550,342	\$ 4,037,562
Total Governmental Funds					
Reserved	-	-	2,064,181	1,742,099	2,333,579
Non Spendable	51,089	60,847	-	-	-
Restricted	7,085,976	15,402,031	-	-	-
Committed	1,633,231	1,001,695	-	-	-
Unreserved	-	-	9,544,227	9,509,014	7,251,939
Assigned	3,154,342	2,565,890	-	-	-
Unassigned	5,438,379	4,738,581	-	-	-
Total Governmental Fund	\$ 17,363,017	\$ 23,769,044	\$ 11,608,408	\$ 11,251,113	\$ 9,585,518

Fiscal Year				
<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 177,324	\$ 95,529	\$ 118,407	\$ 176,929	\$ 208,963
-	-	-	-	-
-	-	-	-	-
5,122,971	4,725,445	4,506,250	4,364,021	4,813,484
-	-	-	-	-
<u>5,300,295</u>	<u>4,820,974</u>	<u>4,624,657</u>	<u>4,540,950</u>	<u>5,022,447</u>
1,451,727	1,541,024	2,376,709	3,200,208	1,772,362
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,251,381	3,222,836	1,838,962	730,183	2,340,454
(951,132)	(480,858)	(237,724)	(411,948)	266,917
-	-	-	-	-
-	-	-	-	-
<u>4,751,976</u>	<u>4,283,002</u>	<u>3,977,947</u>	<u>3,518,443</u>	<u>4,379,733</u>
1,629,051	1,636,553	118,407	176,929	208,963
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,423,220	7,467,423	4,506,250	4,364,021	4,813,484
-	-	-	-	-
-	-	-	-	-
<u>10,052,271</u>	<u>9,103,976</u>	<u>4,624,657</u>	<u>4,540,950</u>	<u>5,022,447</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				
	2012	2011	2010	2009	2008
Revenues					
Taxes	\$ 10,758,892	\$ 10,178,587	\$ 9,613,934	\$ 9,027,255	\$ 8,765,893
Special Assessments	325,136	472,266	151,392	685,607	82,426
Licenses & Permits	224,947	201,651	233,786	323,800	430,258
Intergovernmental Revenue	3,619,939	4,414,712	3,846,761	3,805,003	3,743,612
Keno Revenue	494,447	432,584	359,060	428,302	29,141
Charges for Services	1,863,308	1,464,667	1,330,223	1,374,689	1,358,621
Occupation & Franchise Taxes	2,621,917	2,138,542	1,093,679	667,778	686,840
Contributions	35,293	54,228	72,234	81,360	100,005
Payments in Lieu of Taxes	162,944	146,885	117,364	82,402	74,697
Parking Fees and Rentals	4,474,023	4,204,014	3,830,046	3,422,615	3,272,094
Loan Repayments	557,448	136,519	82,419	120,700	289,700
Interest	114,312	90,235	71,269	186,036	338,732
Miscellaneous	84,580	105,741	232,156	434,854	112,561
Total Revenue	<u>25,337,186</u>	<u>24,040,631</u>	<u>21,034,323</u>	<u>20,640,401</u>	<u>19,284,580</u>
Expenditures					
General Government	2,491,369	4,263,408	2,419,970	2,580,140	2,409,948
Public Safety	8,194,543	8,238,009	7,974,899	7,475,999	7,367,551
Public Works	5,353,264	5,588,853	4,853,161	5,585,140	4,789,513
Public Library	1,204,614	1,329,905	1,485,872	1,139,770	1,097,450
Parks, Recreation & Public Property	11,655,476	8,267,527	1,519,769	1,828,716	1,392,253
Community Improvement & Developmen	963,266	794,940	1,560,058	976,102	805,175
Debt Service					
Principal Retirement	1,928,649	1,179,881	870,714	773,690	755,714
Interest	442,032	442,032	234,421	275,001	304,002
Capital Outlay	-	-	159,664	370,248	829,727
Total Expenditure	<u>32,233,213</u>	<u>30,104,555</u>	<u>21,078,528</u>	<u>21,004,806</u>	<u>19,751,333</u>
Excess (Deficiency) of Revenues over expenditures	<u>(6,896,027)</u>	<u>(6,063,924)</u>	<u>(44,205)</u>	<u>(364,405)</u>	<u>(466,753)</u>
Other Financing Sources (Uses)					
Proceeds from Debt Financing	490,000	20,305,000	401,500	2,030,000	-
Premium on Bonds	-	49,560	-	-	-
Bonds Refunded	-	(2,130,000)	-	-	-
Transfers In	1,832,789	1,919,961	2,068,596	1,840,990	1,237,142
Transfers Out	(1,832,789)	(1,919,961)	(2,068,596)	(1,840,990)	(1,237,142)
Total Other Financing Sources (Uses)	<u>490,000</u>	<u>18,224,560</u>	<u>401,500</u>	<u>2,030,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (6,406,027)</u>	<u>\$ 12,160,636</u>	<u>\$ 357,295</u>	<u>\$ 1,665,595</u>	<u>\$ (466,753)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.69%	7.81%	5.76%	5.59%	6.36%

Note: 1) GASB 34 partially implemented.

Fiscal Year				
2007	2006	2005	2004	2003 (1)
\$ 8,299,868	\$ 8,089,424	\$ 7,640,946	\$ 7,487,814	\$ 7,589,570
238,417	170,769	539,200	268,341	746,591
305,364	347,386	369,424	313,124	216,378
4,036,117	3,878,013	4,439,050	4,760,706	3,046,905
1,195,069	1,236,475	1,184,021	1,033,465	1,141,526
666,704	618,984	589,118	606,176	564,514
-	-	3,154	5,451	725
65,162	60,477	30,851	33,004	102,337
3,211,734	3,173,556	2,728,535	2,627,681	2,621,812
103,469	131,383	24,778	28,124	57,830
432,788	364,385	272,344	189,878	276,096
177,839	227,609	163,005	238,154	448,681
<u>18,732,531</u>	<u>18,298,461</u>	<u>17,984,426</u>	<u>17,591,918</u>	<u>16,812,965</u>
2,434,218	2,348,104	1,761,517	1,644,901	1,502,019
7,659,058	7,263,047	6,948,410	7,124,232	5,605,110
3,127,771	3,209,134	4,250,718	4,832,602	2,017,880
1,039,277	1,014,735	1,006,569	922,952	878,571
1,193,539	1,126,493	1,237,366	1,333,068	923,151
-	-	-	-	-
1,156,157	1,430,551	874,048	969,638	781,823
708,691	840,952	770,000	1,070,000	3,975,000
258,047	268,402	268,360	280,456	416,192
587,478	295,671	954,227	1,901,354	3,034,314
<u>18,164,236</u>	<u>17,797,089</u>	<u>18,071,215</u>	<u>20,079,203</u>	<u>19,134,060</u>
568,295	501,372	(86,789)	(2,487,285)	(2,321,095)
380,000	-	630,000	1,145,000	3,375,000
-	-	-	-	-
-	-	-	-	-
980,558	900,999	1,569,494	1,413,988	905,702
<u>(980,558)</u>	<u>(900,999)</u>	<u>(1,569,494)</u>	<u>(1,413,988)</u>	<u>(905,702)</u>
<u>380,000</u>	<u>-</u>	<u>630,000</u>	<u>1,145,000</u>	<u>3,375,000</u>
<u>\$ 948,295</u>	<u>\$ 501,372</u>	<u>\$ 543,211</u>	<u>\$ (1,342,285)</u>	<u>\$ 1,053,905</u>
5.90%	6.34%	6.07%	7.43%	27.27%

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
2012	\$ 504,008,240	1.50%
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%

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	
2012	1.50%	5.50%	7.00%
2011	1.50%	5.50%	7.00%
2010	1.50%	5.50%	7.00%
2009	1.50%	5.50%	7.00%
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%

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	2012		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 296,774,640	1	53.63%
Accommodation & Food Services	53,898,657	2	9.74
Other	202,701,008	-	36.63
Total	<u>\$ 553,374,305</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. Percentages are not available for Utilities to avoid disclosure of confidential information but are included in the Total. 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
2012	\$ 1,145,320,208	\$ 44,351,377	\$ 1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817
2010	1,135,043,425	48,758,055	1,183,801,480	0.5817
2009	1,126,872,958	53,235,422	1,180,108,380	0.5466
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

(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
CITY OF NORFOLK										
GENERAL FUND	0.1335	0.1341	0.1341	0.1345	0.0689	0.0460	0.0433	0.0251	0.0286	0.0900
DEBT SERVICE	0.0615	0.0618	0.0618	0.0620	0.0641	0.0668	0.0696	0.0726	0.0191	0.0818
ECONOMIC DEVELOPMENT FUND	0.0356	0.0358	0.0358	0.0000	0.0000	0.0000	0.0000	0.0000	0.000	0.0000
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3476	0.3442	0.3183	0.3213
TOTAL CITY OF NORFOLK	<u>0.5806</u>	<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>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.4249	0.4211	0.4090	0.3990	0.3872	0.4250	0.4049	0.4083	0.3905	0.3496
SCHOOL DISTRICT NO 2	1.2589	1.3182	1.3240	1.3062	1.2230	1.2336	1.2112	1.2176	1.1377	1.1026
NORTHEAST COMMUNITY COLLEGE	0.0983	0.0953	0.0985	0.0935	0.0900	0.0823	0.0904	0.0896	0.0811	0.0700
NORFOLK AIRPORT AUTHORITY	0.0313	0.0315	0.0330	0.0228	0.0236	0.0236	0.0236	0.0447	0.0487	0.0554
LOWER ELKHORN NRD	0.0296	0.0340	0.0379	0.0341	0.0339	0.0356	0.0354	0.0369	0.0348	0.0370
AGRICULTURAL SOCIETY MADISON COUNTY	0.0139	0.0144	0.0145	0.0144	0.0147	0.0155	0.0158	0.0168	0.0185	0.0186
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150	0.0149	0.0149	0.0150	0.0150
NORFOLK SANITARY DISTRICT	0.0098	0.0095	0.0091	0.0087	0.0066	0.0067	0.0067	0.0068	0.0070	0.0072
RAILROAD TRANSPORTATION SAFETY DIST.	0.0050	0.0106	0.0036	0.0039	0.0040	0.0041	0.0046	0.0046	0.0000	0.0000
TOTAL OVERLAPPING RATES	<u>1.8867</u>	<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>
TOTAL PROPERTY TAXES	2.4673	2.5313	2.5262	2.4441	2.2810	2.3042	2.2680	2.2821	2.0993	2.1485

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

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

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

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

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2012			2003		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
N S P LLC	SHOPPING MALL	\$ 13,191,116	1	1.11%	\$ 12,611,927	1	1.42%
WAL-MART STORES INC	RETAIL STORE	10,176,802	2	0.86%	9,302,641	2	1.05%
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	9,394,512	3	0.79%	6,761,394	5	0.76%
HEARTLAND PANTRY INC	RETAIL STORE	8,437,449	4	0.71%	8,030,903	4	0.91%
HERITAGE OF NORFOLK INC	NURSING HOME	6,298,274	5	0.53%	-	-	0.00%
QWEST CORPORATION	TELEPHONE COMPANY	6,258,975	6	0.53%	8,717,201	3	0.98%
MENARD INC	RETAIL STORE	5,990,081	7	0.50%	5,690,930	7	0.64%
WIS-PAK	BOTTLINGS DISTRIBUTION	5,266,340	8	0.44%	6,452,405	6	0.73%
MCMEADOWS LLC	REAL ESTATE	4,996,159	9	0.42%	-	-	0.00%
DAYTON HUDSON CORP	RETAIL STORE	4,516,181	10	0.38%	4,089,139	9	0.46%
TIMM PROPERTIES LTD	APARTMENTS	-	-	0.00%	3,877,142	10	0.44%
THE MEADOWS INC	APARTMENTS	-	-	0.00%	4,690,887	8	0.53%
TOTAL		\$ 74,525,889		6.26%	\$ 70,224,569		7.92%

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
2012	\$ 2,650,544	\$ 2,562,794	96.69%	\$ -	\$ 2,562,794	96.69%
2011	2,572,578	2,473,124	96.13%	96,500	2,569,624	99.89%
2010	2,184,060	2,098,722	96.09%	83,275	2,181,997	99.91%
2009	1,494,451	1,448,341	96.91%	45,329	1,493,670	99.95%
2008	1,226,497	1,176,673	95.94%	49,167	1,225,840	99.95%
2007	1,231,992	1,176,241	95.47%	55,348	1,231,589	99.97%
2006	1,031,204	991,811	96.18%	38,309	1,030,120	99.89%
2005	496,999	474,792	95.53%	22,161	496,953	99.99%
2004	1,513,513	1,437,135	94.95%	76,411	1,513,546	100.00%
2003	1,616,104	1,550,682	95.95%	65,292	1,615,974	99.99%

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

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			
	GENERAL OBLIGATION BONDS (2)	SPECIAL ASSESSMENT BONDS	BOND ANTICIPATION NOTES	NOTES PAYABLE
2012	\$20,180,000	\$ 1,745,000	\$ -	\$ 23,809
2011	21,210,000	1,415,000	525,000	255,359
2010	3,480,000	2,060,000	525,000	345,240
2009	3,720,000	2,405,000	340,000	130,954
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	-

Notes: (1) See Table 16 for income and population data. 2012 population and 2012, 2011 and 2010 personal income numbers are unavailable.

TABLE 12

BUSINESS-TYPE ACTIVITIES					
REVENUE BONDS	STATE REVOLVING LOAN	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT	DEBT PER CAPITA (1)	PERCENTAGE OF PERSONAL INCOME (1)
\$ 6,065,000	\$ -	\$ -	\$ 28,013,809	N/A	N/A
3,550,000	710,008	-	27,665,367	1,140.93	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

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
2012	\$ 20,180,000	\$ 532,264	\$ 20,712,264	\$ 1,117,646	\$ 19,594,618	N/A	1.81%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	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%

Notes: (1) See Table 16 for population data. 2012 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2012

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 21,948,809	100.00%	\$ 21,948,809
OVERLAPPING:			
Norfolk School District #2	\$ 25,645,000	47.04%	\$ 12,062,242

Note: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable revenue base that is within the City of Norfolk's boundaries and dividing it by the unit's total taxable revenue base.

SOURCE: NORFOLK PUBLIC SCHOOLS

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

TABLE 15

	GROSS REVENUE	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2012	\$ 8,677,238	\$ 4,965,477	\$ 3,711,761	\$1,120,008	\$95,519	\$1,215,527	3.05
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49
2010	7,086,116	4,790,997	2,295,119	823,624	286,972	1,110,596	2.07
2009	6,418,442	4,460,849	1,957,593	800,290	312,397	1,112,687	1.76
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

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)
2012	N/A	N/A	N/A	4,110	3.2%
2011	24,248	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%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2012 numbers are unavailable.
 (2) State of Nebraska, NE Dept of Economic Development. 2012, 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 PreK-12
 (4) State of Nebraska, NE Dept of Labor

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

TABLE 17

EMPLOYER	2012			2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,285	1	5.63%	1,000	2	4.28%
Norfolk Public Schools	665	2	2.91%	561	5	2.40%
Affiliated Foods Midwest	650	3	2.85%	501	7	2.15%
Covidien	500	4	2.19%			
Wal-Mart	435	5	1.91%	355	10	1.52%
Nucor Steel Division	404	6	1.77%	492	8	2.11%
Vulcraft Division of Nucor Steel	400	7	1.75%			
Veyance Technologies	399	8	1.75%			
Northeast Community College	300	9	1.31%			
Norfolk Iron & Metal	236	10	1.03%			
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	5,274		23.11%	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										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government	25.88	26.18	25.55	23.55	24.60	24.80	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	58.00	60.00	60.50	60.50	65.50	65.50	64.50	59.23
Fire	38.00	38.00	38.00	38.00	37.00	37.00	38.00	38.00	38.00	32.00
Region 11	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
SNARE	0.50	0.50	0.50	0.50	0.50	0.50	0.63	0.50	0.50	0.00
Streets	22.25	22.25	22.00	22.00	21.00	21.00	22.00	22.00	22.00	22.00
Culture & Recreation										
Parks	20.00	20.00	22.00	22.00	18.00	18.00	18.00	18.00	17.00	17.00
Recreation	1.67	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Auditorium	2.43	2.43	2.43	2.43	2.43	1.68	1.68	1.68	1.68	1.00
Library	15.1	14.97	14.97	14.97	14.96	15.69	16.69	15.80	15.80	15.80
Housing	5.75	5.75	5.75	5.75	5.63	5.73	5.73	5.73	5.73	5.73
Community Character Development Coalition	0.00	0.00	4.25	5.00	4.88	4.88	0.00	4.50	3.03	2.15
Economic Development Operating	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00
Water Pollution Control	9.00	9.50	9.50	13.50	13.50	13.50	13.50	13.50	13.50	13.25
Solid Waste Management	6.38	5.88	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
Total	227.96	225.46	230.70	236.45	232.75	233.01	236.46	238.95	235.48	221.90

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Purchase Ordered Processed	1,223	1,393	1,365	1,773	1,887	2,025	2,100	2,537	2,845	2,893
Water/Sewer Customers Billed	9,419	9,392	9,306	9,276	9,118	9,049	9,000	8,850	8,910	8,750
Engineering										
Miles of Paving Districts	0.00	0.20	0.20	0.51	0.20	1.20	1.10	0.80	0.90	0.90
Miles of Street Reconstruction	1.10	0.75	0.30	0.35	0.50	1.20	1.00	1.50	0.80	0.80
Public Safety										
Police:										
Criminal Arrests	1,809	1,701	1,655	1,932	1,679	1,858	2,500	2,738	2,303	2,150
Traffic Arrests	2,709	2,804	2,313	2,348	2,514	2,480	3,550	3,718	3,688	3,474
Drug/Alcohol Arrests	897	762	556	715	782	817	1,200	1,065	1,376	869
Fire:										
Rescue Calls	1,866	1,861	1,678	1,714	1,744	1,682	1,715	1,925	1,657	1,432
Building and Safety										
Building Permits	356	375	386	382	392	412	549	575	497	478
Culture and Recreation										
Library										
Total Circulation	299,776	324,042	319,997	338,308	314,489	318,284	334,736	333,602	339,374	329,462
Water:										
Water Inspections	47	42	48	39	40	39	62	47	45	49
Locates	3,070	2,521	2,743	2,406	2,589	2,928	2,708	2,502	2,583	2,257
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.083	1.189	1.269	1.017	1.105	1.127	1.000	1.265	1.254	1.278
Sewer Maintenance										
Sewer Inspections	34	20	32	22	37	22	46	39	38	23
Solid Waste Management										
Average Daily Tonnage	108	108	113	110	116	117	117	121	128	129

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	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	2.00	1.00	1.00
Streets										
Streets (Miles)	144.29	144.29	144.29	143.88	142.30	142.30	137.26	135.90	135.90	135.84
Streetlights	2,258	2,327	2,244	2,236	2,237	2,266	2,246	2,204	2,192	2,162
Parks										
Parks Acreage	403.50	403.50	403.50	396.00	378.00	364.00	364.00	364.00	364.00	335.00
Parks #	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Swimming Pools	2.00	1.00	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	123.00	122.00	121.00	120.00	120.00	145.00	142.00	141.00	140.00
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	127.00	126.00	125.00	125.00	155.00	153.00	152.00	150.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(1) Included Administrative offices and Engineering Offices until March 2012

(2) Administrative and Engineering Offices as of March 2012

Sources: Various City Departments