

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**
of the
CITY OF NORFOLK, NEBRASKA



for the year ended
SEPTEMBER 30, 2021

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

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OF
NORFOLK
NEBRASKA**

for the year ended

September 30, 2021

CITY OF NORFOLK, NEBRASKA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2021*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 31, 2022

**Honorable Mayor, City Council,
and Citizens of Norfolk
City of Norfolk, Nebraska**

The annual comprehensive financial report of the City of Norfolk for the fiscal year ended September 30, 2021 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, 2021.

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 BKD, LLP 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, 2021, 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 unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in accordance with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this 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 \$1,500. Amounts over \$1,500 are approved by the City Administrator or the Mayor and City Council.

LOCAL ECONOMY

The COVID-19 pandemic continues to affect much of the world. In the United States daily new cases skyrocketed with the surge of the Omicron variant and peaked in January 2022 before descending as quickly as it increased. Daily new cases are now the lowest they have been since July 2021, prior to the spread of the Delta variant. Throughout the pandemic, Nebraska's economy has fared better than other parts of the county that are heavily reliant on the hospitality industry. The state's unemployment rate was 8.3% in April 2020 and dropped to 1.7% in December 2021, the lowest rate on record. This compares to the national unemployment rate of 3.9% in December 2021. Other than two months of decreases in sales tax in fiscal year 2020 at the start of the pandemic, Norfolk sales tax has continued strong growth. Sales tax revenue in fiscal year 2021 was \$10,503,632, an increase of \$1,287,604 or 13.97% from fiscal year 2020. Internet sales, federal stimulus payments, and construction activity have boosted sales tax receipts.

An Iowa-based company announced plans to build a \$375 million soybean crushing plant near Norfolk. Groundbreaking for Norfolk Crush is scheduled this spring and operation of the plant is expected to start in 2024. The plant will crush 38.5 million bushels of soybeans annually and create up to 55 jobs. It will produce 847,000 tons of soybean meal per year for livestock feed markets, 450 million pounds of crude soybean oil per year, and 77,000 tons of pelleted soybean hulls per year.

Midwest Bank finished construction of a three-story, 45,000 square foot facility that serves as its base of operations located at the southwest corner of Highway 275 and 25th Street. The facility houses administrative and corporate support, data specialists and loan processing. Approximately 140 people work at this location consisting of new and existing employees. Elkhorn Valley Bank finished construction of a four-story, 40,000 square foot main bank building and a smaller teller building just north of Midwest Bank. Construction was necessary because they outgrew their current facility. The teller building is a drive-thru facility with no walk-in teller line or lobby.

The Norfolk area is experiencing a housing shortage. A 2016 study, updated most recently in September 2021, found that Norfolk needs 769 new housing units by 2026, including 427 owner and 342 rental housing units, to meet current demand and support future population growth. A housing task force has worked to address the local housing shortage. A number of Redevelopment Contracts have been approved that provide for using tax increment financing for housing.

The City and Community Development Agency approved a Redevelopment Contract for the Legacy Bend Housing Development between Benjamin Avenue and Norfolk Avenue west of Victory Road. Legacy Bend is using tax increment financing to implement their 7 phase project over multiple years consisting of approximately: 175 single family homes, 51 townhomes, and 224 living units in multiple dwelling units. Approximately 20 single family homes, 4 duplexes, and 5 apartment buildings consisting of 22 living units each have been constructed or are currently in progress. Tax increment financing bonds have been issued for the project, upon which \$1,424,905 principal has been advanced.

A Redevelopment Agreement was approved for the construction of 18 single family residential homes comprised of 14 lakefront dwellings and 4 villas with associated improvements. The project area is south of the Elkhorn River and east of Highway 81. \$1.6 million of tax increment financing bonds were issued in May 2020 for this project. This agreement implements the first phase of the Medelmans Lake Redevelopment Plan which provides for construction of 188 single family homes in multiple phases. Currently 8 single family homes have been constructed or are in progress.

A Redevelopment Agreement was approved which provides for Phase One construction of an apartment complex consisting of approximately 160 apartments in 20 apartment buildings with 8 apartments each. The development includes a club house, a pool, and 8 garage structures. The project area is between Channel Road and Victory Road in southeast Norfolk. Phase One has recently been completed. Phase Two is the construction of an approximately 10,000 square foot commercial building. Total cost of developing the project is approximately \$26 million. Tax increment financing bonds have been issued for the project, upon which \$320,598 has been advanced. Another Redevelopment Agreement was approved for apartments and other housing units for the Nor-Park Housing Development. The project consists of 2 apartment buildings with 28 units each, 5 triplex lots, 11 single family attached structures, and 28 single family detached homes for a total of 121 living units. This development is planned in 5 phases thru 2023. Over three-fourths of the buildings have been constructed or are currently under construction. \$2,085,000 of tax increment financing bonds were issued in November 2019 for this project. A Redevelopment Contract was approved for 13 single family homes just north of the Nor-Park Housing Development, of which 9 single family homes have currently been constructed or are in progress. The total estimated cost of the project is \$3.3 million and the Redevelopment Contract provides for up to \$418,874 of tax increment financing.

A Redevelopment Contract was approved for the Grand Theater Redevelopment project. The former theater is being rehabilitated into 9 apartments on the second floor, with the first floor open for a future commercial tenant. The Contract provides for up to \$194,000 of tax increment financing bonds. A \$500,000 grant from the State of Nebraska Affordable Housing Trust Fund Program was awarded for this project.

A Redevelopment Agreement was approved for the Fountain Point North Redevelopment Project at the southwest corner of 37th Street and Highway 275. The project involves the construction of a 70-80,000 square foot medical office building and an 87 unit senior living facility with associated improvements. \$3,970,000 of tax increment financing bonds were issued in February 2019 for this project. An amendment was approved for construction of an 8,428 square foot addition to the medical facility to support an additional \$479,000 of tax increment financing bonds. These bonds were issued in October 2021.

A Redevelopment Contract was approved which provides for using tax increment financing for hotel construction southeast of 13th Street and Omaha Avenue with associated improvements. Construction on the dual-brand hotel is in progress after being delayed due to the pandemic. \$794,400 of tax increment financing bonds were issued in October 2021 for this project.

Real estate values are increasing in Norfolk. For the eighth consecutive year there is a significant increase in assessed valuation. Norfolk's 2021 assessed valuation increased 4.28% and the average annual increase the previous seven years was 6.18%, mostly due to increased value of existing property.

Other economic indicators appear favorable. Norfolk's population increased from 24,210 in the 2010 census to 24,955 in the 2020 census. Madison County's unemployment rate decreased significantly from 3.3% in December 2020 to 1.0% in December 2021. Public school enrollment increased from 4,437 in September 2020 to 4,480 in September 2021. The most recent assessed valuation, released August 18, 2021, shows taxable property in Norfolk valued at \$1,906,190,526, a 4.28% increase from the prior year.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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's maintenance level budget allows for 4% expenditure growth; however, the City's two largest revenue sources are projected to grow at a slower rate. The City's largest revenue source is sales tax which is projected to grow at an annual rate of 2.9% in the LTFP based on past history. Recently, actual sales tax receipts have exceeded the 2.9% annual growth rate in the LTFP and if this continues the projected growth rate will be increased in the LTFP. The last couple years saw increases in sales tax due to increased construction activity and the decision by the U.S. Supreme Court to overturn the long standing law on collection of sales tax on internet sales. The City's 1 ½ cent sales tax increased 5.39% in the prior fiscal year and 13.97% in the current fiscal year.

The City receives lease revenue from Nebraska Public Power District (NPPD) which pays 12% of system revenue to lease the City-owned electrical distribution system. NPPD is making a major effort to hold down rate increases and based on NPPD rate projections, the LTFP shows no growth in NPPD lease revenue through fiscal year 2023-2024 and 1% thereafter.

Slow growth in the City's two large revenue sources puts pressure on property tax which is the second largest general revenue source. The LTFP shows the City's property tax rate going from .255511 in 2020-2021 to .362397 in 2030-2031. In 2020-2021 the City's property tax levy rate is 3rd lowest of the 30 first class cities in Nebraska and would have moved to 12th lowest with the projected 2030-2031 levy rate.

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 CIP is prepared so that capital items do not exceed funding sources provided in the revenue and expenditure trends. The CIP can change from year to year as the revenue and expenditure trends change. The Council determines its top

goals and works with City staff to develop strategies to achieve these goals. An action plan is created and specifics are incorporated into the budget to carry out the action plan. The City recently updated its sewer master plan and is currently updating its water master plan. The water master plan provides information on whether the water lines are sized properly to extend water to new areas, on whether the existing water treatment plant can handle current capacity and growth, and what the well field can supply for water. The sewer master plan identified forthcoming sewer projects and determined associated sewer rate increases.

The Mayor and Council currently have eight goals, one of which is being completed with the fiscal year 2021-2022 budget, increasing emergency cash reserves to the GFOA recommended minimum of 16% of operating expenditures. In the prior budget revenues were budgeted to decrease as a result of the coronavirus pandemic, it was budgeted to use reserves to continue normal operation. Now budgeted cash reserves are 16% of operating expenditures.

Street maintenance continues to be a goal of the Mayor and Council. A \$14.5 million project to reconstruct Benjamin Avenue from 1st Street to 13th Street is currently in the right-of-way acquisition phase with construction anticipated to start this summer. The Mayor and Council intend to issue City Highway Allocation Fund pledge bonds to accelerate street projects, including reconstruction of Benjamin Avenue. Other street maintenance goals this year include improvements to Homewood Drive, Woodcrest Street, and Bel Air Road. A design consultant for Highway 81 corridor median landscaping has been selected. Staff plan to continue implementation of a new street scan pavement management system, and hold public open houses to explain the 1 to 6 year street plan.

Another of the Mayor and Council goals is community and economic development. The City helped fund the purchase of land by the Greater Norfolk Economic Development Foundation (GNEDF) for a 140 acre business park. Phase I development and infrastructure at the business park has been completed. The City will continue to market this area and other potential properties for growth. The Mayor and Council support the Northeast Nebraska Growing Together initiative to attract young professionals and entrepreneurs. The Mayor and Council plan to develop opportunities for clean energy. Electric vehicles and charging stations have been added to the City fleet. A plan for wastewater reuse for industrial processing is available for prospective businesses. The City is working with NPPD to implement the 8.5 MW solar project at the west water treatment plant. The Mayor and Council are focused on long-term community growth through annexation of selected areas and considering zoning alternatives for housing. Nurturing the development of a vibrant downtown, including public arts, is a priority. The Mayor and Council continue to support retail development, small business growth, workforce development, people attraction and retention, and infrastructure expansion.

Parks and recreation continues to be a goal of the Mayor and Council. A big focus is on the \$7.5 million project to implement the Johnson Park master plan and North Fork River restoration. A number of federal, state, and local grants have been awarded, totaling over \$4 million, and the City has committed \$1.2 million of keno funds. The project includes new ADA restrooms, additional parking, an amphitheater, updated playground equipment, infrastructure improvements, removal of the existing spillway, river boulder walls to introduce water recreation characteristics to the river, enhanced aquatic habitats, beautification along the bank

corridors, and improved river access points. Staff continues to work on the East Benjamin Avenue Connector Trail and Highway 275 Undercrossing Trail that are both partially funded with grants from the Nebraska Game and Parks Commission. The Mayor and Council are exploring options for an aquatic center/sports complex and have identified funding for planning and design. Initial funding for Liberty Bell Park redevelopment has also been identified.

Another goal is Public Safety expansion. The Mayor and Council desire expanding the Police Station. A space needs assessment has been conducted and preliminary design of the building project has been completed. Construction of an addition to the parking lot has been finished. Potential funding sources for the building project will need to be identified as well as holding town hall meetings on the project. The goal is to complete the final design and build over the next few years. Dispatch services have been combined with Madison County after service delivery redundancy was identified.

The Mayor and Council are focusing on a number of Public Works projects this year. The City is in the process of recertifying that the flood control levee meets Federal Emergency Management Agency standards. Construction of improvements to the flood control levee are anticipated to start this year. The Mayor and Council intend to implement the Solid Waste master plan to improve the flow of traffic at the transfer station, construct a maintenance facility, and improve site security and safety. A construction contract has been awarded, and revenue bonds were issued to fund the project. The Mayor and Council are also focused on wastewater resource recovery, increasing the City's water supply, public transportation, solar power production, and adding sidewalks throughout the City.

RELEVANT FINANCIAL POLICIES

The City's important financial policies are included in the City's budget document. During the current year, two of these policies were particularly relevant. The City has a policy that bond refundings for interest rate savings are not normally undertaken unless the present value of the interest rate savings is at least 4% of the refunded principal. During the year, two bond issues were refunded because the interest rate savings was more than 4% of the refunded principal. The refundings reduce debt service payments by \$102,720 over the next 9 years and the City obtains an economic gain of \$95,781.

In 1988 the City Council adopted a policy that requires a minimum budgeted General Fund ending balance of \$1 million. If adjusted for inflation this would be \$2.4 million. Over the last several years, the City increased General Fund ending balance bringing it to a more appropriate level, reaching the goal of budgeting General Fund ending balance at the GFOA recommended minimum of 16% of operating expenditures with the 2019-2020 budget. During the 2020-2021 budget preparation process, the Mayor and Council used a portion of these cash reserves to continue normal City services during the pandemic. As mentioned earlier, the City was able to bring budgeted ending balance back to 16% of operating expenditures with the 2021-2022 budget.

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 annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the thirty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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-nine years, the most recent for the 2021-2022 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 annual comprehensive financial report was made possible by the dedicated service of the entire staff of the Finance Division. Each member of the division has my sincere appreciation for the contributions made in the preparation of this report. I also thank the Mayor and City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Sincerely,

CITY OF NORFOLK

A handwritten signature in black ink, appearing to read "Randy Gates", written in a cursive style.

Randy Gates
Finance Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk, Nebraska for its annual comprehensive financial report for the fiscal year ended September 30, 2020.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive 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.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norfolk
Nebraska**

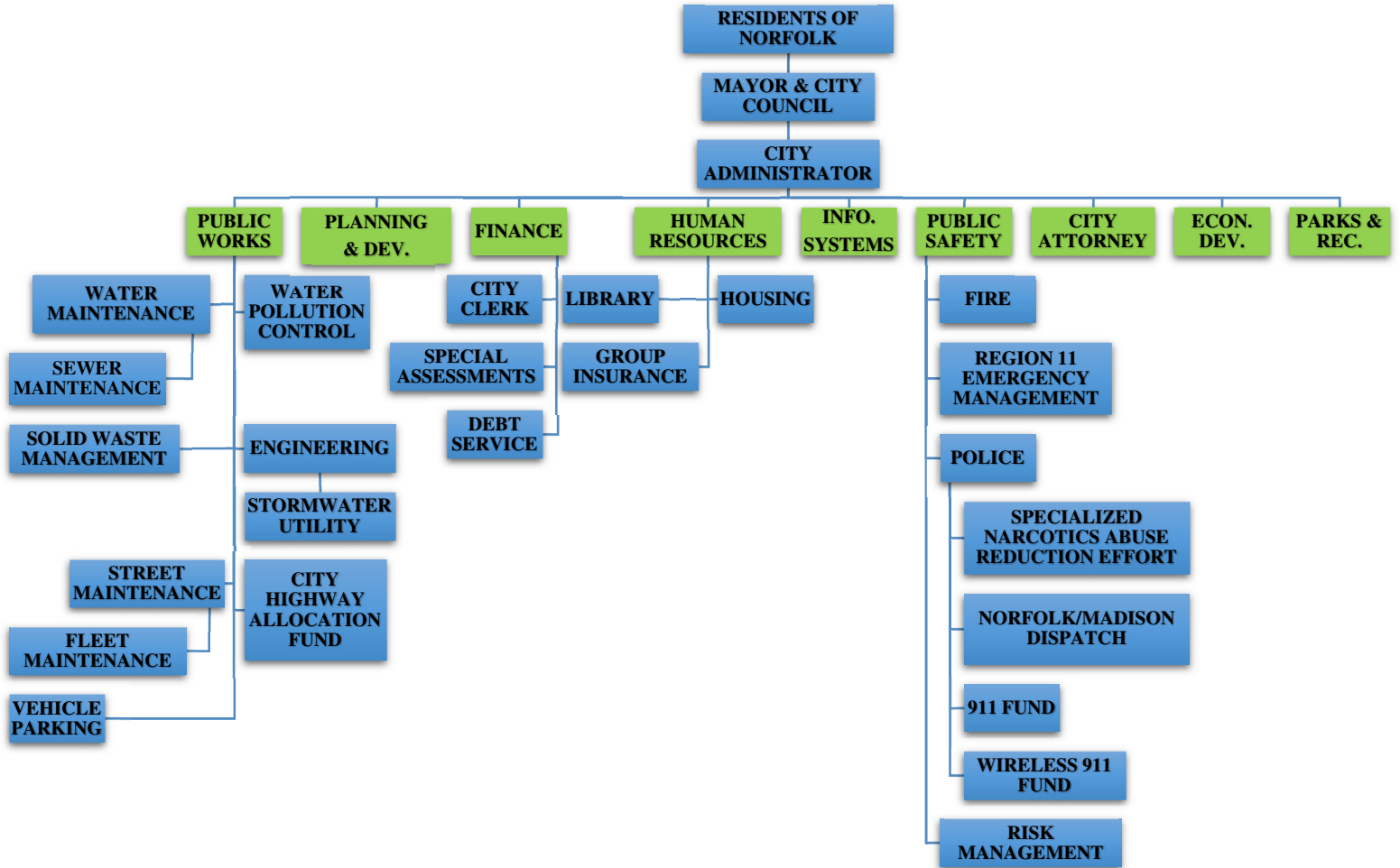
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Norfolk, Nebraska
Organizational Chart



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2021

<u>Title</u>	<u>Name</u>
Mayor	Josh Moenning
Council Member	Gary L. Jackson
Council Member	Corey Granquist
Council Member	Shane Clausen
Council Member	Andrew McCarthy
Council Member	Kory Hildebrand
Council Member	Frank Arens
Council Member	Rob Merrill
Council Member	Thad Murren
City Administrator	Andy Colvin
Assistant City Administrator/Public Safety Director	Scott Cordes
City Attorney	Danielle Myers-Noelle
City Clerk	Brianna Duerst
Finance Officer	Randy Gates
Director of Administrative Services	Lyle Lutt
Planning & Development Director	Valerie Grimes
Director of Public Works	Steve Rames
Fire Chief	Tim Wragge
Housing Director	Gary Bretschneider
Information Systems Manager	Jim McKenzie
Library Director	Jessica Chamberlain
Streets Manager	Will Elwell
Park & Recreation Director	Nathan Powell
Police Chief	Don Miller
Wastewater Plant Superintendent	Robert Huntley
Water and Sewer Director	Chad Roberts

FINANCIAL SECTION

Independent Auditor's Report

Honorable Members of the City Council
City of Norfolk, Nebraska

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, Nebraska, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The 2020 financial statements were audited by other auditors and their report thereon, dated March 26, 2021, expressed unmodified opinions on the respective 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 summarized comparative information presented herein as of and for the year ended September 30, 2020, is based on the report by other auditors. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information as listed in the table of contents 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 auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and schedules, introductory and statistical sections, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 31, 2022, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Lincoln, Nebraska
March 31, 2022

Management Discussion and Analysis

September 30, 2021

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, 2021. 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 and deferred outflows of resources of the City of Norfolk exceeded liabilities and deferred inflows of resources at September 30, 2021, by \$171,696,420. Of this amount, \$33,240,172 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$15,301,835 during the year. Of this amount, the net position of Governmental Activities increased \$8,418,469 and the net position of Business Activities increased \$6,883,366.
- Bonds payable decreased \$774,665. Outstanding revenue bonds total \$8,156,894, general obligation bonds \$8,668,702, and special assessment bonds \$4,615,000 backed by the City's full faith and credit. Bond anticipation notes decreased \$4,147,000 and total \$2,375,000.

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 Position 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 Position 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 Position includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 Position 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 deferred outflows of resources and liabilities and deferred inflows of resources 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 position, which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position 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 Position and the Statement of Activities, the City is divided 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, Solid Waste, and Stormwater 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 Position 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 using the accrual basis of accounting, the same basis reported in the Statement of Net Position 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 Position and a Statement of Changes in Fiduciary Net Position. 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 position may serve over time as a useful indicator of a government’s financial position. The largest part of the City’s net position 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. This year the City's net investment in capital assets is \$124,029,728.

For the year ended September 30, 2021, net position was as follows:

City of Norfolk's Net Position						
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 42,286,845	\$ 36,642,702	\$ 14,114,342	\$ 12,851,933	\$ 56,401,187	\$ 49,494,635
Capital Assets	82,966,627	82,046,297	65,307,953	60,401,830	148,274,580	142,448,127
Total Assets	125,253,472	118,688,999	79,422,295	73,253,763	204,675,767	191,942,762
Deferred Outflows of Resources	32,073	36,577	-	-	32,073	36,577
Long-Term Liabilities	15,981,504	22,710,308	8,595,563	8,981,201	24,577,067	31,691,509
Other Liabilities	7,286,019	2,415,715	1,148,334	1,477,530	8,434,353	3,893,245
Total Liabilities	23,267,523	25,126,023	9,743,897	10,458,731	33,011,420	35,584,754
Net Position:						
Net Investment in Capital Assets	67,600,237	61,405,541	56,429,491	51,106,234	124,029,728	112,511,775
Restricted	13,420,384	11,467,556	1,006,136	945,404	14,426,520	12,412,960
Unrestricted	20,997,401	20,726,456	12,242,771	10,743,394	33,240,172	31,469,850
Total Net Position	\$ 102,018,022	\$ 93,599,553	\$ 69,678,398	\$ 62,795,032	\$ 171,696,420	\$ 156,394,585

A portion of net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position of \$33,240,172 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 position, 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 position is the \$11,517,953 increase in net investment in capital assets. The Governmental Activities increased \$6,194,696 primarily due to various street improvements, park upgrades, and early pay off of \$2.27 million of General Obligation Bonds. The Business-Type Activities increased \$5,323,257, primarily due to northeast industrial water and sewer extensions and developer contributions of water and sewer mains.

Total revenue reported in fiscal year 2021 was \$57,569,225. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

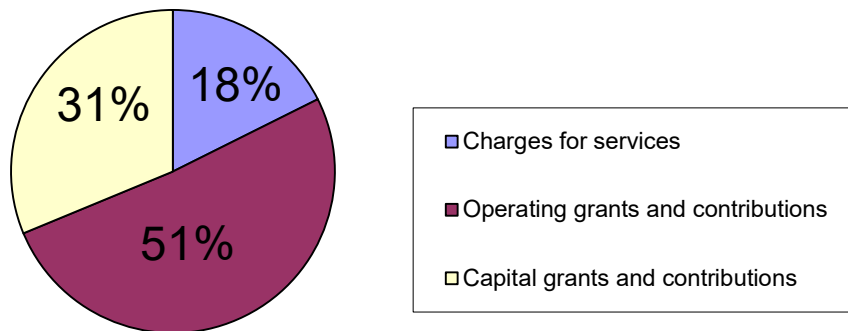
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 3,421,768	\$ 2,899,015	\$ 10,864,637	\$ 10,429,937	\$ 14,286,405	\$ 13,328,952
Operating grants and contributions	9,921,051	8,459,117	-	-	9,921,051	8,459,117
Capital grants and contributions	6,064,400	6,728,690	2,287,972	1,348,288	8,352,372	8,076,978
Total Program Revenues	19,407,219	18,086,822	13,152,609	11,778,225	32,559,828	29,865,047
General Revenues:						
Property taxes	4,954,639	4,495,422	-	-	4,954,639	4,495,422
Sales taxes	10,503,632	9,216,028	-	-	10,503,632	9,216,028
Other taxes	220,840	219,714	-	-	220,840	219,714
Occupation and franchise taxes	3,073,366	2,869,551	-	-	3,073,366	2,869,551
Interest	193,263	398,345	20,304	151,819	213,567	550,164
General intergovernmental revenues	518,515	462,641	-	-	518,515	462,641
Keno revenues	782,377	664,431	-	-	782,377	664,431
General revenue from electrical distribution system lease	4,580,816	4,553,874	-	-	4,580,816	4,553,874
Gain on sales of capital assets	20,075	-	-	-	20,075	-
Miscellaneous	123,141	104,449	18,429	8,916	141,570	113,365
Total General Revenues	24,970,664	22,984,455	38,733	160,735	25,009,397	23,145,190
Total Revenues	44,377,883	41,071,277	13,191,342	11,938,960	57,569,225	53,010,237
Expenses:						
General Government	3,107,535	3,864,486	-	-	3,107,535	3,864,486
Public Safety	12,009,577	11,319,323	-	-	12,009,577	11,319,323
Public Works	7,201,836	7,004,357	-	-	7,201,836	7,004,357
Public Library	1,869,748	1,826,846	-	-	1,869,748	1,826,846
Parks and Recreation	3,273,798	3,383,361	-	-	3,273,798	3,383,361
Community Improvement and Development	5,496,064	5,207,956	-	-	5,496,064	5,207,956
Debt Service	371,104	460,254	-	-	371,104	460,254
Water System	-	-	2,887,287	2,721,110	2,887,287	2,721,110
Sewer System	-	-	3,673,607	4,225,667	3,673,607	4,225,667
Solid Waste	-	-	2,264,535	1,998,538	2,264,535	1,998,538
Stormwater	-	-	112,299	58,568	112,299	58,568
Total Expenses	33,329,662	33,066,583	8,937,728	9,003,883	42,267,390	42,070,466
Increase in Net Position before Transfers	11,048,221	8,004,694	4,253,614	2,935,077	15,301,835	10,939,771
Transfers	(2,629,752)	(287,673)	2,629,752	287,673	-	-
Increase in Net Position	8,418,469	7,717,021	6,883,366	3,222,750	15,301,835	10,939,771
Net Position - Beginning	93,599,553	85,882,532	62,795,032	59,572,282	156,394,585	145,454,814
Net Position - Ending	\$ 102,018,022	\$ 93,599,553	\$ 69,678,398	\$ 62,795,032	\$ 171,696,420	\$ 156,394,585

Program revenues totaled \$32,559,828. Of this total \$13,152,609 was program revenues from Business-Type Activities and \$19,407,219 was program revenues from General Governmental Activities. Program revenues from General Governmental Activities increased \$1,320,397. The increase is primarily due to federal funding received through the State of Nebraska Coronavirus Relief Fund Program as reimbursement of payroll costs for police officers, firefighters, dispatchers, and other qualified employees whose services were substantially dedicated to mitigating or responding to the Covid-19 public health emergency. This was partially offset by the first half of a \$1.125 million grant from the State of Nebraska for improvements to Johnsons Park received in the prior year. Program revenues from Business-Type Activities increased \$1,374,384. About 82% of Business-Type Activities program revenues is use fees for water, sewer, solid waste and stormwater. Water rates increased 2%, sewer rates increased 5%, and solid waste rates increased 1.5% effective December 1, 2020. The remaining program revenues from Business-Type Activities consists primarily of northeast industrial water assessments and developer contributions for water and sewer lines in new developments such as Blackberry Heights, Victory Village, and Wyndham Hills. This increased capital grants and contributions \$939,684 from the prior year.

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

Program Revenues General Governmental

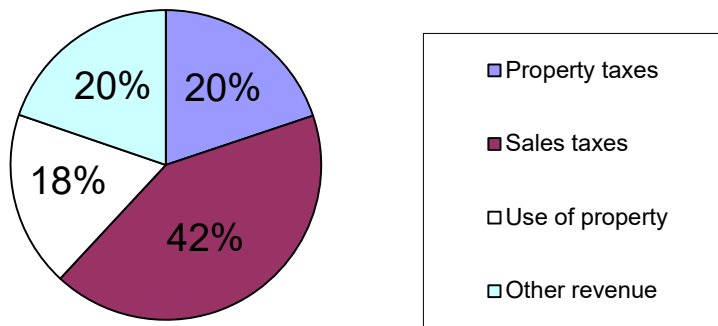


General revenues for Governmental Activities increased \$1,986,209 or 8.64% going from \$22,984,455 last year to \$24,970,664 in the current year. The largest general revenue source is sales tax, which increased \$1,287,604 or 13.97%. In the prior year state regulations required restaurants, bars, and other businesses to temporarily close to limit the spread of the coronavirus. In the current year sales tax increased \$626,453 during the 3 months that correspond to the businesses being closed in the prior year. The rest of the increase was spread across the remaining months. Construction activity, federal stimulus

payments, and sales tax on internet purchases have boosted sales tax receipts. Property taxes increased \$459,217 or 10.22% because the City is allowing its property tax request to increase for any increase in assessed valuation and the City's assessed valuation increased 11.06%. Interest income decreased \$205,082 going from \$398,345 last year to \$193,263 this year due to declining interest rates on investments. Occupation and franchise taxes increased \$203,815 or 7.10%. The City has 2% food and beverage and 4% lodging occupation taxes and these revenue sources were down in the prior year when businesses were required to temporarily close. Similarly, the re-opening of businesses increased keno revenue \$117,946 or 17.75%.

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

General Revenues General Governmental



Total expenses remained relatively flat, increasing just \$196,924 or 0.47%. The increase was in the Governmental Activities which increased \$263,079 or 0.80%, while Business-Type Activities decreased \$66,155 or 0.73%.

The biggest increase was in public safety, which increased \$690,254 going from \$11,319,323 in the prior year to \$12,009,577 in the current year. Public safety is personnel intensive, with over 80% of expenses being personnel costs. This year there were two cost of living adjustments, 1% at the beginning of the year and 2% six months later, and a 15% increase in group health insurance premiums. A police officer position was added bringing the total number of officers to 42.

General Government decreased \$756,951 going from \$3,864,486 last year to \$3,107,535 this year. This decrease is primarily due to a \$285,784 decrease in group benefit claims and \$587,282 increase in charges for services in the Internal Service Fund and the corresponding increase in operating results included in general government expense.

Community improvement and development increased \$288,108 or 5.53% primarily due to a \$625,000 contribution to the YMCA to fund a portion of their building expansion and grant expenditures relating to the Grand Theater renovation project, which were partially offset by a decrease in tax increment financing projects.

Expenses for Business-Type Activities decreased slightly going from \$9,003,883 last year to \$8,937,728 this year, a decrease of \$66,155 or 0.73%. Expenses in the Sewer Division decreased \$552,060 or 13.06% primarily due to electrical maintenance on the sequencing batch reactors and consultant fees to develop a water pollution control facility master plan in the prior year. Expenses in the Solid Waste Division increased \$265,997 or 13.31% primarily due to adding a solid waste operator position, knuckle boom repairs, and an increase in truck maintenance. Expenses in the Water Division increased \$166,177 or 6.11% primarily due to consultant fees to develop a water master plan, while expenses in the Stormwater Division increased \$53,731 consisting of a drainage study and personnel costs for the one Stormwater Division employee.

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, Emergency Management
Public Works.....	Engineering, Streets, Drainage
Public Library.....	Operation of Public Library
Parks and Recreation.....	Parks, Recreation
Community Improvement and Development.....	Housing, Economic Development, Planning and 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
Stormwater.....	Compliance with Federal Stormwater Regulations

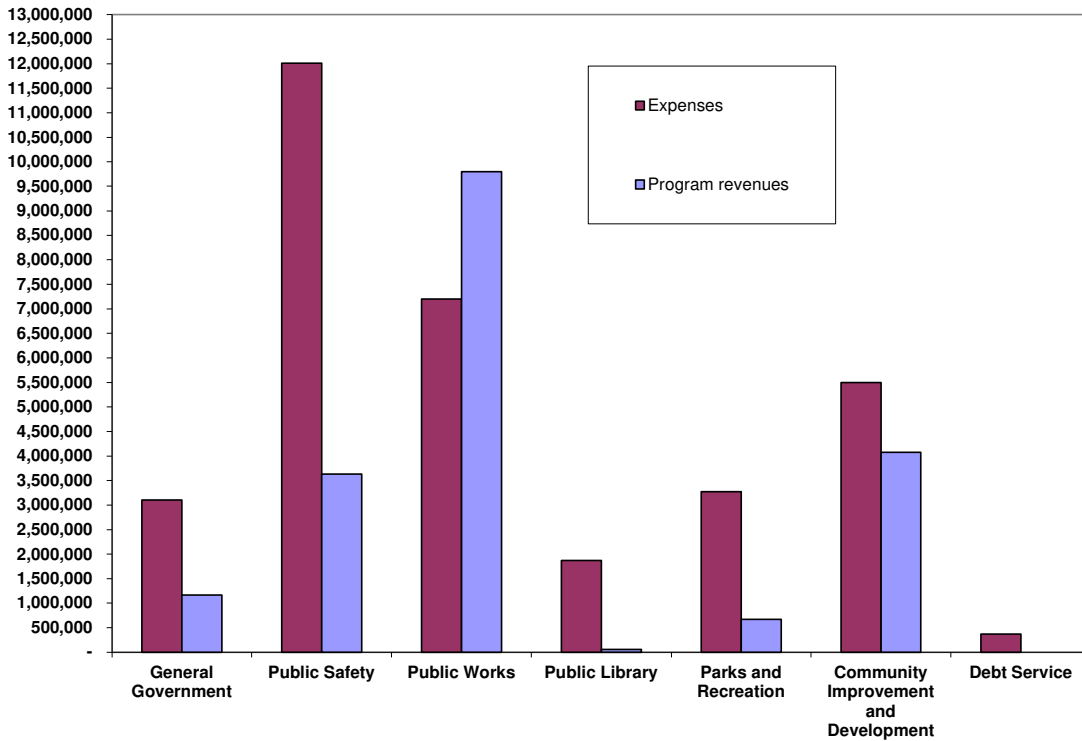
Governmental Activities

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. Normally expenses exceed revenues for all governmental activities. For example, public safety had expenses of \$12,009,577 and total program revenues of only \$3,635,898 comprised of \$1,071,920 of charges for services, \$2,557,928 of operating grants and contributions, and \$6,050 of capital grants and contributions. The net cost of public safety was \$8,373,679 which must be funded by general revenues. This year public works revenues exceeded expenses by \$2,598,760.

This was due to paving, sidewalk, water, and sewer assessments of \$3.5 million and developer contributions of new streets of \$2 million. The streets are recorded as fixed assets on the Statement of Net Position and depreciation of the assets is recorded on the Statement of Activities.

Expenses and Program Revenues - Governmental Activities



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

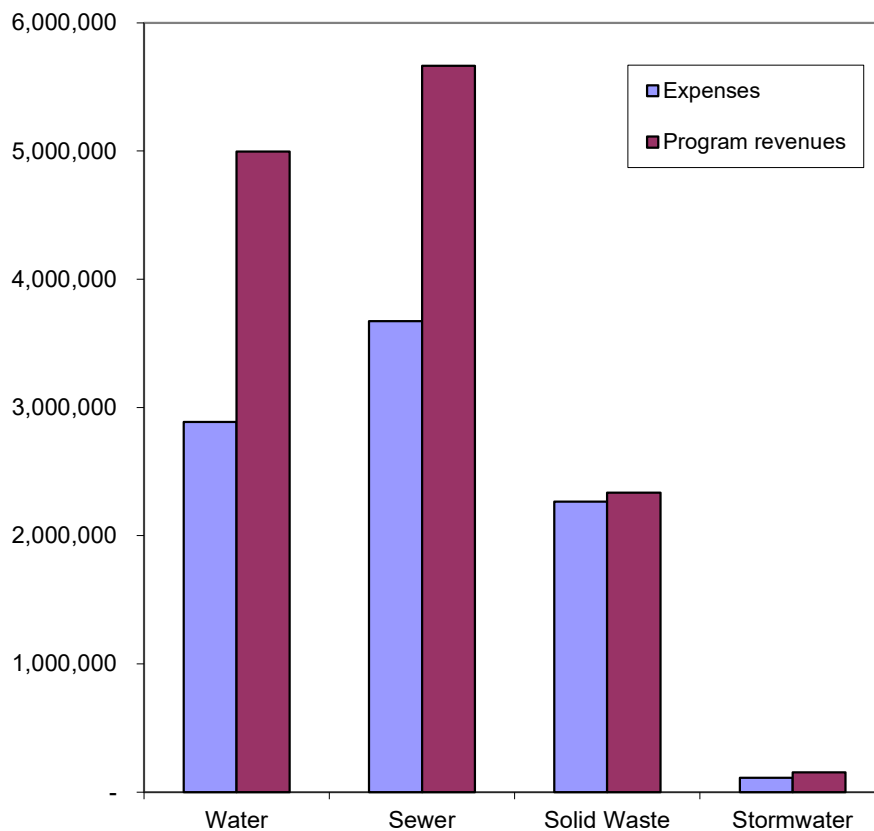
- General Government..... Fees, Nongovernmental Grants
- Public Safety..... State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
- Public Works..... Special Assessments, State Revenue, Charges for Services, Federal Grants, Rent, Contributed Capital
- Public Library..... Service Charges, Fees, State Grants
- Parks and Recreation Rent, Fees, Contributions, Federal and State Grants
- Community Improvements and Development... Federal and State Grants, Contributions, Permits, TIF proceeds

Business-Type Activities

Business-Type Activities net position increased \$6,883,366 accounting for 45% of the growth in the City’s net position.

The City operates four Business-Type Activities including water, sewer, solid waste, and stormwater. As can be seen by the following chart, program revenues exceeded expenses in all four divisions during the year. Water Division program revenues exceeded expenses by \$2,109,565. Water rates are set to fund the City’s water master plan, which is currently being updated. The last master plan included about \$20 million of improvements through 2020. Water rates increased 2% effective December 1, 2020. The City recently updated its sewer master plan and the update includes \$10.5 million of improvements through 2040. Sewer rates increased 5% effective December 1, 2020 and Sewer Division program revenues exceeded expenses by \$1,992,831. Solid Waste Division program revenues exceeded expenses by \$72,176. Solid waste rates increased 1.5% effective December 1, 2020 to offset revenue loss from free yard waste disposal. A stormwater fee was implemented October 1, 2019 to fund compliance with federally mandated stormwater regulations. This generated \$152,608 in fees its second year and exceeded Stormwater Division expenses by \$40,309.

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 \$29,288,442. The combined Governmental Fund balance increased \$6,800,300 or 30.24% from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$1,247,014 increasing fund balance from \$10,598,334 last year to \$11,845,348 this year. As explained earlier sales tax increased \$1,287,604 or 13.97% after regulations requiring restaurants, bars, and other businesses to temporarily close were lifted, and construction activity continued. Property taxes increased \$606,377 due to an 11.06% increase in assessed valuations and reallocating a portion of the LB 840 Economic Development property tax to the General Fund to be used for street projects. These increases were partially used to fund an additional police officer position and additional capital outlay.

The Special Assessment Fund had an increase in fund balance of \$4,220,324. During the year the City assessed 9 districts for a total of \$3.5 million. Assessments were received in the Debt Service Fund and \$2,751,080 was transferred to the Special Assessment Fund to pay off a portion of the bond anticipation notes outstanding. Various purpose bonds of \$3,110,000 were issued to pay off the remaining bond anticipation notes.

The City Highway Allocation Fund increased \$1,320,263 going from \$4,122,543 last year to \$5,442,806 this year. The Mayor and Council authorized using \$1 million of federal funding received through the State of Nebraska Coronavirus Relief Fund Program for additional street projects. This was transferred to the City Highway Allocation Fund and will be spent in fiscal year 2022 on asphalt overlays on various streets throughout the City. The next major street projects are the reconstruction of Benjamin Avenue from 1st Street to 13th Street and replacement of the 1st Street bridge. Easements are being acquired and bids have been received with construction expected to start later this year.

The Capital Construction Fund increased \$1,243,168. During the year the City issued \$1,065,000 of public safety tax anticipation bonds to fund various public safety building and equipment upgrades. Extra transfers of \$625,000 from the General Fund were directed by the Council to fund future Liberty Bell improvements, baseball turf, and public safety improvements.

The Debt Service Fund decreased \$1,016,322 going from \$6,951,959 last year to \$5,935,637 this year. In May 2021 the City paid off \$2.27 million General Obligation Recreation Facilities Bonds with accumulated occupation tax. This was partially offset by special assessment collections and property taxes to be used on future debt service,

including \$225,000 of property tax previously levied in the LB 840 Economic Development Fund that will now be used to fund debt service on flood control bonds.

A new special revenue fund, the American Rescue Plan Fund, was created to account for funds received from the American Rescue Plan Act approved by Congress and signed into law on March 11, 2021. Among many things, this Act provides funding for local governments to fight the pandemic and support struggling businesses and families, maintain vital public services, and build recovery by making investments that support long-term growth and opportunity. The funding for each local government was determined by a formula from the United States Treasury. The first tranche, \$2,163,587, was received in July 2021. Since nothing has been spent from these funds, it is all unearned revenue in the current year and results in no change in fund balance.

The only other major fund is the Community Development Block Grant Fund. This fund had a decrease in fund balance of \$36,621 primarily due to using program income on downpayment assistance and the Madison Villas project.

Governmental nonmajor funds decreased \$177,526. The LB 840 Economic Development Fund decreased \$368,824 due to last year being the final year property tax was levied in accordance with the LB 840 Plan and making the last payment on the outstanding bonds. Of the remaining funds, six funds had an increase in fund balance and two funds had a decrease in fund balance. The increases ranged from \$902 to \$65,677 and the decreases ranged from \$10,976 to \$52,411.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$22.5 million of revenues and \$25.5 million of expenditures resulting in a budgeted decrease in fund balance of \$3 million. Actual fund balance increased \$953,834 because revenues exceeded budget by \$4.6 million and expenditures were over budget by \$.5 million. This combined with beginning fund balance exceeding budget by \$1.9 million, resulted in an ending fund balance of about \$5.9 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$1,190,450. This was primarily sales tax which exceeded budget by \$1,424,766. When the budget was prepared in the summer of 2020 there was lots of uncertainty on how the pandemic would affect the economy and how long business shutdowns would last so sales tax was budgeted very conservatively. Fortunately, the shutdowns were less than three months and the economy recovered quickly in Nebraska. This also resulted in keno revenue exceeding budget by \$229,161 and charges for services exceeding budget by \$559,140. A few of the charges for services that exceeded budget were pool admissions, swimming lesson fees, park facility rental, concessions, and ambulance charges. Intergovernmental revenue exceeded budget by \$2,397,511 primarily due to \$2 million received through the State of Nebraska Coronavirus Relief Fund Program as a reimbursement of public safety payroll costs, and receipts from the State of Nebraska for

property tax credit and homestead exemption. Property tax credit and homestead exemption are not budgeted in intergovernmental revenue as they are budgeted as part of property taxes.

Expenditures in all categories were under budget resulting in \$1,080,796 less expenditures than budgeted. Public works had the largest amount of under budget expenditures followed by parks and recreation. The City always budgets conservatively and expenditures are normally under budget. Capital outlays are prioritized and lower priority items are often not purchased.

Transfers in were under budget \$248,434 and transfers out exceeded budget by \$1,613,730. As mentioned earlier, the Council authorized using \$1 million for additional street projects. The budgeted transfer of \$240,000 from the City Highway Allocation Fund did not occur and a transfer of \$760,000 was made to the City Highway Allocation Fund that was not budgeted. The remaining amount of transfers exceeding budget was primarily \$625,000 of transfers to the Capital Construction Fund as directed by the Council to fund future Liberty Bell improvements, baseball turf, and public safety improvements.

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, 2021, was \$124,029,728 (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			
	2021	2020	2021	2020	2021	2020
Land	\$ 463,047	\$ 177,231	\$ 62,405	\$ 5,079	\$ 525,452	\$ 182,310
Buildings and improvements	333,015	911,042	-	-	333,015	911,042
Water distribution and sewage system	-	-	10,507,900	1,928,430	10,507,900	1,928,430
Equipment, furniture and fixtures	720,626	813,790	130,314	12,566	850,940	826,356
Infrastructure	7,549,286	6,825,963	-	-	7,549,286	6,825,963
Construction in progress	4,696,245	5,171,103	1,949,683	4,983,903	6,645,928	10,155,006
Total Gross Additions	<u>\$ 13,762,219</u>	<u>\$ 13,899,129</u>	<u>\$ 12,650,302</u>	<u>\$ 6,929,978</u>	<u>\$ 26,412,521</u>	<u>\$ 20,829,107</u>

Gross additions to capital assets for Governmental Activities were \$13,762,219 compared to \$13,899,129 of additions in the prior year. The largest additions in the current year were in infrastructure, which consists primarily of streets. Of the \$7,549,286 infrastructure additions, \$3.7 million is Braasch Avenue reconstruction and \$1.7 million is streets in new subdivisions dedicated to the City by developers. Land additions comprise of the land under new streets and land purchased to expand Ta-Ha-Zouka Park.

Equipment and furniture additions consist primarily of six police cruisers, a snowblower, a mobile truck lift, and a street painter. Significant additions to construction in progress include: engineering for Benjamin Avenue reconstruction, design engineering for 1st Street bridge replacement, Legacy Bend assessment districts, South Highway 81 assessment district, and the first phase of the police building renovation project.

Total gross additions to capital assets for Business-Type activities were \$12,650,302 compared to \$6,929,978 in the prior year. Significant additions to water distribution and sewage system include: northeast industrial water tower, northeast industrial water and sewer main extensions, Victory Road water and sewer extensions, and developer contributions of water and sewer lines in new subdivisions. Significant additions to construction in progress include: 4th Street sewer rehabilitation, upgrades at the water pollution control plant, and transfer station master plan implementation.

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

DEBT ADMINISTRATION

At year-end the City had \$21,440,596 of bonded debt outstanding, net of original issue discounts/premiums. This is a decrease of \$774,665 from the prior year. During the year the City issued \$155,000 of Off-Street Parking District refunding bonds to refund the outstanding Series 2014 bonds, which reduces debt service payments by \$20,225 over the next 8 years, and the City obtains an economic gain of \$15,785. The City issued \$850,000 of public safety bonds to refund the outstanding Series 2014 bonds, which reduces debt service payments by \$82,495 over the next 9 years and the City obtains an economic gain of \$79,996. The City issued \$1,065,000 of public safety bonds to fund various public safety equipment and building improvements. The City issued \$3,110,000 of various purpose bonds to pay off special assessment bond anticipation notes and provide permanent financing for 17 assessment districts.

Moody's rated the City's combined utilities revenue and refunding bond issue dated November 1, 2017 Aa3. The ratio of general bonded debt to assessed real property value for the City has decreased from 1.71% in 2012 to .35% currently primarily due to payments on the \$16.4 million recreation bonds issued in fiscal year 2010-2011. Total debt per capita was \$1,151.32 in 2012 compared to \$890.21 in 2020, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 6.18.

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 7 of the financial statements.

ECONOMIC FACTORS

In 2020 the City updated its sewer master plan and is now in the process of updating the water master plan. The water master plan will provide information on whether the water lines are sized properly to extend water to new areas, on whether the existing water treatment plant can handle current capacity and growth, and what the well field can supply for water. Water and sewer rates are set according to the master plans. The last rate increases were 5% for both water and sewer rates effective October 1, 2021. The City also had a 5% solid waste rate increase effective October 1, 2021 to fund increases in operating costs and improvements at the transfer station.

At the October 4, 2021 City Council meeting the final reading of Ordinance 5743 was approved annexing land to the City of Norfolk on all sides of the existing city limits. The annexation contained approximately 450 separate parcels adding up to approximately four square miles. The residential parcels added 910 residents to the city.

The City has entered into agreements with the Lower Elkhorn Natural Resources District (LENRD) and the Sanitary District of the City of Norfolk to restore the river channel of the North Fork of the Elkhorn River between Prospect Avenue and Norfolk Avenue. The LENRD's contribution to the project is just over \$1 million and the Sanitary District's contribution is \$250,000. In connection with this project, improvements to Johnsons Park are being designed. The City was awarded a \$435,000 Community Development Block Grant from the Nebraska Department of Economic Development Tourism Development Funds and a \$1.125 million State of Nebraska Civic and Community Center Financing Fund Grant. The City was also awarded \$1.8 million in other grants for the project.

The City was awarded federal funds of \$4,327,173 through the American Rescue Plan. The first tranche, \$2,163,587, was received in July 2021. The second tranche of \$2,163,586 is expected to be received in July 2022.

The 2% food and beverage and 4% lodging occupation taxes enacted in 2011 to fund debt service on General Obligation Recreation Facilities Bonds ended on November 30, 2021. These taxes generated about \$2 million in annual revenue. When the taxes were enacted, it included a sunset provision that the taxes would cease when the bonds were paid. Sufficient taxes were collected and final payment on the bonds was made in January 2022.

The City and Madison County merged their 911 dispatch services, which is housed at the Norfolk Police Station. The interlocal agreement stipulates the County will pay the City 33.33% of the budgeted expenses. For fiscal year 2021-2022 this is \$390,000.

High health claims in the City's self-funded health insurance plan over the past few years has caused a need to increase group health insurance premiums. Premiums for both the City's share and employee's share increased 15% effective October 1, 2021. Future increases of 10% in 2022, 6% in 2023, and 4% annually thereafter are anticipated.

The City's property tax levy rate for the 2021-2022 budget increased .051977 per \$100 of valuation to fund additional items such as an IT position, parks maintenance worker, street capital outlay, wayfinding signage, and increasing cash reserves to the GFOA recommended minimum of 16% of operating expenditures.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$11,640,486. The City has appropriated \$3,689,378 of this amount for spending in the 2021-2022 fiscal year budget. This action was taken as a precaution, given that the City budgets conservatively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 402-844-2000.

CITY OF NORFOLK, NEBRASKA

STATEMENT OF NET POSITION

September 30, 2021

With Summarized Financial Information as of September 30, 2020

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2021	2020
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 34,427,791	\$ 10,561,564	\$ 44,989,355	\$ 40,089,073
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	297,979	1,772,012	2,069,991	1,917,359
Taxes	2,210,855	-	2,210,855	1,980,341
Accrued Interest	21,363	7,421	28,784	114,176
Special Assessments	2,724,091	492,557	3,216,648	1,784,667
Notes Receivable	980,805	-	980,805	1,034,571
TIF Bond Receivable	220,506	-	220,506	112,760
Due from Other Governmental Agencies	1,247,474	-	1,247,474	1,127,656
Inventories	43,624	202,857	246,481	248,088
Prepaid Assets	112,357	8,880	121,237	74,293
Restricted Assets:				
Cash and Cash Equivalents	-	1,069,051	1,069,051	1,011,651
Land	9,611,915	3,377,377	12,989,292	12,463,840
Construction in Progress	6,655,755	1,797,843	8,453,598	16,573,979
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	66,698,957	60,132,733	126,831,690	113,410,308
Total Assets	125,253,472	79,422,295	204,675,767	191,942,762
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	9,293	-	9,293	13,500
Deferred Outflow of Resources Related to Pensions	22,780	-	22,780	23,077
Total Deferred Outflows of Resources	32,073	-	32,073	36,577
LIABILITIES				
Accounts Payable	2,599,178	1,085,420	3,684,598	3,666,660
Unearned Revenue	2,247,326	-	2,247,326	50,900
Accrued Interest Payable	64,515	-	64,515	109,438
Bond Anticipation Notes	2,375,000	-	2,375,000	6,522,000
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	62,914	62,914	66,247
Revenue Bonds - Current	-	395,000	395,000	380,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	1,915,000	-	1,915,000	2,120,000
Various Purpose Bonds	415,000	-	415,000	145,000
Compensated Absences and Benefits	1,195,277	183,406	1,378,683	1,315,415
Due in more than one year:				
Revenue Bonds Payable	-	7,761,894	7,761,894	8,168,370
General Obligation Bonds	6,753,702	-	6,753,702	9,896,891
Various Purpose Bonds	4,200,000	-	4,200,000	1,505,000
Compensated Absences and Benefits	1,475,509	255,263	1,730,772	1,612,925
Net Pension Liability	27,016	-	27,016	25,908
Total Liabilities	23,267,523	9,743,897	33,011,420	35,584,754
NET POSITION				
Net Investment in Capital Assets	67,600,237	56,429,491	124,029,728	112,511,775
Restricted for:				
Debt Service	4,010,592	1,006,136	5,016,728	4,502,026
Road Projects	5,442,806	-	5,442,806	4,122,543
Community Programs & Services	3,966,986	-	3,966,986	3,788,391
Unrestricted	20,997,401	12,242,771	33,240,172	31,469,850
Total Net Position	\$ 102,018,022	\$ 69,678,398	\$ 171,696,420	\$ 156,394,585

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

With Summarized Financial Information for the Year Ended September 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2021	2020
Primary Government:								
Governmental Activities:								
General Government	\$ 3,107,535	\$ 1,161,541	\$ 6,084	\$ -	\$ (1,939,910)		\$ (1,939,910)	\$ (2,894,421)
Public Safety	12,009,577	1,071,920	2,557,928	6,050	(8,373,679)		(8,373,679)	(9,753,536)
Public Works	7,201,836	132,019	3,790,071	5,878,506	2,598,760		2,598,760	2,353,163
Public Library	1,869,748	23,940	31,847	-	(1,813,961)		(1,813,961)	(1,794,735)
Parks and Recreation	3,273,798	483,954	5,445	179,844	(2,604,555)		(2,604,555)	(2,122,345)
Community Improvement and Development	5,496,064	548,394	3,529,676	-	(1,417,994)		(1,417,994)	(307,633)
Debt Service	371,104	-	-	-	(371,104)		(371,104)	(460,254)
Total Governmental Activities	<u>33,329,662</u>	<u>3,421,768</u>	<u>9,921,051</u>	<u>6,064,400</u>	<u>(13,922,443)</u>		<u>(13,922,443)</u>	<u>(14,979,761)</u>
Business-Type Activities:								
Water Division	2,887,287	3,409,107	-	1,587,745		2,109,565	2,109,565	1,395,011
Sewer Division	3,673,607	4,966,211	-	700,227		1,992,831	1,992,831	996,738
Solid Waste Division	2,264,535	2,336,711	-	-		72,176	72,176	288,424
Stormwater Division	112,299	152,608	-	-		40,309	40,309	94,169
Total Business-Type Activities:	<u>8,937,728</u>	<u>10,864,637</u>	<u>-</u>	<u>2,287,972</u>		<u>4,214,881</u>	<u>4,214,881</u>	<u>2,774,342</u>
Total Primary Government	<u>\$ 42,267,390</u>	<u>\$ 14,286,405</u>	<u>\$ 9,921,051</u>	<u>\$ 8,352,372</u>	<u>(13,922,443)</u>	<u>4,214,881</u>	<u>(9,707,562)</u>	<u>(12,205,419)</u>
General Revenues:								
Property Taxes					4,954,639	-	4,954,639	4,495,422
Sales Taxes					10,503,632	-	10,503,632	9,216,028
Other Taxes					220,840	-	220,840	219,714
Occupation and Franchise Taxes					3,073,366	-	3,073,366	2,869,551
Interest					193,263	20,304	213,567	550,164
General Intergovernmental Revenues Unrestricted					518,515	-	518,515	462,641
Unrestricted Keno Revenue					782,377	-	782,377	664,431
General Revenue from Electrical Distribution System Lease					4,580,816	-	4,580,816	4,553,874
Gain on Sale of Capital Assets					20,075	-	20,075	-
Miscellaneous					123,141	18,429	141,570	113,365
Interfund Transfers					(2,629,752)	2,629,752	-	-
Total General Revenues and Transfers					<u>22,340,912</u>	<u>2,668,485</u>	<u>25,009,397</u>	<u>23,145,190</u>
Change in Net Position					<u>8,418,469</u>	<u>6,883,366</u>	<u>15,301,835</u>	<u>10,939,771</u>
Net Position - Beginning					<u>93,599,553</u>	<u>62,795,032</u>	<u>156,394,585</u>	<u>145,454,814</u>
Net Position - Ending					<u>\$ 102,018,022</u>	<u>\$ 69,678,398</u>	<u>\$ 171,696,420</u>	<u>\$ 156,394,585</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2021

	General	City Highway Allocation	Community Development Block Grant	American Rescue Plan	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and Equity in Pooled Investment Account	\$ 8,746,135	\$ 5,925,335	\$ 24,979	\$ 2,163,587	\$ 5,353,089	\$ 497,555	\$ 6,035,407	\$ 2,195,098	\$ 30,941,185
Cash at County Treasurer	531,586	-	-	-	107,305	-	-	14,024	652,915
Receivables (Net, where applicable, of allowance for uncollectibles)									
Accounts	288,083	-	6,690	-	-	-	342	2,864	297,979
Taxes	1,957,918	-	-	-	220,722	-	-	32,215	2,210,855
Accrued Interest	5,786	3,357	4	-	5,126	342	3,440	1,484	19,539
Special Assessments	48,289	-	-	-	2,675,802	-	-	-	2,724,091
Notes Receivable	-	-	979,628	-	-	-	-	1,177	980,805
Due from Other Funds	62,476	-	-	-	-	-	-	-	62,476
TIF Bond Receivable	-	-	-	-	220,506	-	-	-	220,506
Due from Other Governmental Agencies	526,708	317,886	105,969	-	-	-	282,482	14,429	1,247,474
Inventories	17,542	-	-	-	-	-	-	-	17,542
Prepaid Assets	97,559	-	-	-	-	-	-	14,798	112,357
Total Assets	<u>12,282,082</u>	<u>6,246,578</u>	<u>1,117,270</u>	<u>2,163,587</u>	<u>8,582,550</u>	<u>497,897</u>	<u>6,321,671</u>	<u>2,276,089</u>	<u>39,487,724</u>
Liabilities									
Accounts Payable	300,939	803,772	1,792	-	6,007	342,036	351,389	3,340	1,809,275
Due to Other Funds	-	-	62,476	-	-	-	-	-	62,476
Unearned Revenue	47,275	-	-	2,163,587	-	36,464	-	-	2,247,326
Bond Anticipation Notes	-	-	-	-	-	2,375,000	-	-	2,375,000
Total Liabilities	<u>348,214</u>	<u>803,772</u>	<u>64,268</u>	<u>2,163,587</u>	<u>6,007</u>	<u>2,753,500</u>	<u>351,389</u>	<u>3,340</u>	<u>6,494,077</u>
Deferred Inflows of Resources									
Unavailable Revenue-Property Taxes	40,231	-	-	-	8,836	-	-	1,782	50,849
Unavailable Revenue-Loan Repayments	-	-	973,997	-	-	-	-	-	973,997
Unavailable Revenue-Special Assessments	48,289	-	-	-	2,411,564	-	-	-	2,459,853
Unavailable Revenue-TIF Bond	-	-	-	-	220,506	-	-	-	220,506
Total Deferred Inflows of Resources	<u>88,520</u>	<u>-</u>	<u>973,997</u>	<u>-</u>	<u>2,640,906</u>	<u>-</u>	<u>-</u>	<u>1,782</u>	<u>3,705,205</u>
Fund Balances (Deficits)									
Non Spendable	115,101	-	-	-	-	-	-	14,798	129,899
Restricted	39,181	5,442,806	79,005	-	4,075,107	-	1,592,631	2,256,169	13,484,899
Committed	-	-	-	-	1,860,530	-	-	-	1,860,530
Assigned	50,580	-	-	-	-	-	4,377,651	-	4,428,231
Unassigned	11,640,486	-	-	-	-	(2,255,603)	-	-	9,384,883
Total Fund Balances (Deficits)	<u>11,845,348</u>	<u>5,442,806</u>	<u>79,005</u>	<u>-</u>	<u>5,935,637</u>	<u>(2,255,603)</u>	<u>5,970,282</u>	<u>2,270,967</u>	<u>29,288,442</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,282,082</u>	<u>\$ 6,246,578</u>	<u>\$ 1,117,270</u>	<u>\$ 2,163,587</u>	<u>\$ 8,582,550</u>	<u>\$ 497,897</u>	<u>\$ 6,321,671</u>	<u>\$ 2,276,089</u>	<u>\$ 39,487,724</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2021

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

Total Fund Balance - Governmental Funds (page 34)	\$ 29,288,442
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	82,966,627
Internal service fund is used by management to fund and maintain the City's health insurance provided to user departments and is included in the statement of net position.	2,045,612
Unavailable revenues that provide current financial resources for governmental activities	3,705,205
Donated land held for resale is not reported in the funds since a sales contract has not been established	26,082
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(64,515)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	32,073
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(15,981,504)</u>
Total Net Position - Governmental Activities (page 32)	<u><u>\$ 102,018,022</u></u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended September 30, 2021

	General	City Highway Allocation	Community Development Block Grant	American Rescue Plan	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total Governmental Funds
Revenue:									
Taxes	\$ 14,601,931	\$ -	\$ -	\$ -	\$ 810,275	\$ -	\$ -	\$ 102,169	\$ 15,514,375
Special Assessments	17,616	-	-	-	2,785,324	-	-	-	2,802,940
Licenses and Permits	463,760	-	-	-	-	-	-	-	463,760
Intergovernmental Revenue	2,893,689	3,780,170	639,513	-	75,708	-	326,246	434,775	8,150,101
Nongovernmental Grants	13,000	-	-	-	-	-	-	-	13,000
Charges for Services	2,734,294	-	-	-	-	-	-	-	2,734,294
Keno Revenue	782,377	-	-	-	-	-	-	-	782,377
Occupation and Franchise Taxes	665,525	-	-	-	2,258,110	-	-	149,731	3,073,366
Contributions	17,163	-	-	-	-	-	8,441	-	25,604
Payments in Lieu of Taxes	175,097	-	-	-	37,463	-	-	-	212,560
Parking Fees and Rentals	4,605,653	-	-	-	-	-	14,602	35,385	4,655,640
Loan Repayments	-	-	54,169	-	-	-	-	7,307	61,476
Interest	7,572	11,327	-	-	143,905	3,731	13,680	7,686	187,901
TIF Bond Revenue	-	-	-	-	-	-	-	2,895,352	2,895,352
Miscellaneous	162,793	-	8	-	-	-	-	4,010	166,811
Total Revenue	27,140,470	3,791,497	693,690	-	6,110,785	3,731	362,969	3,636,415	41,739,557
Current Expenditures:									
Public Safety	11,283,815	-	-	-	10,075	-	375,692	216,854	11,886,436
Public Works	3,649,636	3,231,234	54,405	-	-	1,512,564	529,660	77,690	9,055,189
Public Library	1,675,713	-	-	-	-	-	-	-	1,675,713
Parks and Recreation	2,479,067	-	118,948	-	44,018	-	680,944	-	3,322,977
Community Improvement and Development	1,094,907	-	556,958	-	1,333	-	625,000	3,171,887	5,450,085
General Government	2,746,475	-	-	-	800	-	6,573	-	2,753,848
Debt Service:									
Debt Service	-	-	-	-	4,445,867	131,923	-	392,219	4,970,009
Total Expenditures	22,929,613	3,231,234	730,311	-	4,502,093	1,644,487	2,217,869	3,858,650	39,114,257
Excess (Deficiency) of Revenues Over Expenditures	4,210,857	560,263	(36,621)	-	1,608,692	(1,640,756)	(1,854,900)	(222,235)	2,625,300
Other Financing Sources (Uses):									
Issuance of Debt	-	-	-	-	-	3,110,000	1,065,000	-	4,175,000
Issuance of Refunding Bonds	-	-	-	-	850,000	-	-	155,000	1,005,000
Debt Service on Refunded Bonds	-	-	-	-	(850,000)	-	-	(155,000)	(1,005,000)
Transfers In	166,566	760,000	-	-	126,066	2,751,080	2,033,068	211,275	6,048,055
Transfers Out	(3,130,409)	-	-	-	(2,751,080)	-	-	(166,566)	(6,048,055)
Total Other Financing Sources (Uses)	(2,963,843)	760,000	-	-	(2,625,014)	5,861,080	3,098,068	44,709	4,175,000
Net Change in Fund Balance	1,247,014	1,320,263	(36,621)	-	(1,016,322)	4,220,324	1,243,168	(177,526)	6,800,300
Fund Balances Beginning of Year	10,598,334	4,122,543	115,626	-	6,951,959	(6,475,927)	4,727,114	2,448,493	22,488,142
Fund Balances End of Year	\$ 11,845,348	\$ 5,442,806	\$ 79,005	\$ -	\$ 5,935,637	\$ (2,255,603)	\$ 5,970,282	\$ 2,270,967	\$ 29,288,442

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, 2021

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

Net change in fund balances - total governmental funds (page 36)	\$ 6,800,300
<p>Governmental funds report capital outlay, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:</p>	
Expenditures for capital assets	\$ 5,245,810
Depreciation expense	<u>(4,308,208)</u> 937,602
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, contributions and donations).	(537,716)
Revenues in the statement of activities that are not available to provide current financial resources	1,066,879
Accrued interest expense that does not require current financial resources	44,923
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:	(175,278)
Pension expenses reported in the statement of activities do not require the use of current financial resources.	(1,405)
Internal service fund is used by management to fund the City's group health insurance provided to user departments and is included in the statement of net position. The net revenue of the internal service fund is reported with governmental activities.	(95,818)
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:	(4,175,000)
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	18,982
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>4,535,000</u>
Change in net position of governmental activities (page 33)	<u>\$ 8,418,469</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2021

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 10,561,564	\$ 2,833,691
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,772,012	-
Accrued Interest	7,421	1,824
Special Assessments	492,557	-
Restricted Cash		
Cash and Cash Equivalents	457,914	-
Inventories	202,857	-
Prepaid Assets	8,880	-
Total Current Assets	13,503,205	2,835,515
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	611,137	-
Capital Assets:		
Land	3,377,377	-
Construction in Progress	1,797,843	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	60,132,733	-
Total Noncurrent Assets	65,919,090	-
Total Assets	79,422,295	2,835,515
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,085,420	789,903
Accrued Wages and Compensated Absences	183,406	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	62,914	-
Revenue Bonds - Current	395,000	-
Total Current Liabilities	1,726,740	789,903
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	7,761,894	-
Compensated Absences and Benefits, Long-Term	255,263	-
Total Noncurrent Liabilities	8,017,157	-
Total Liabilities	9,743,897	789,903
NET POSITION		
Net Investment in Capital Assets	56,429,491	-
Restricted for:		
Debt Covenants	1,006,136	-
Unrestricted	12,242,771	2,045,612
Total Net Position	\$ 69,678,398	\$ 2,045,612

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended September 30, 2021

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Operating Revenues:		
Charges for Services	\$ 10,781,326	\$ 4,543,801
Rental Income	83,311	-
Miscellaneous Income	18,429	-
Total Operating Revenue	<u>10,883,066</u>	<u>4,543,801</u>
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,831,564	-
Purchased Services	915,061	-
General and Administration	1,890,796	4,644,983
Repairs and Maintenance	969,970	-
Utilities	631,614	-
Depreciation	1,494,279	-
Total Operating Expenses	<u>8,733,284</u>	<u>4,644,983</u>
Operating Income (Loss)	<u>2,149,782</u>	<u>(101,182)</u>
Non-Operating Income (Expense):		
Interest Income	20,305	5,364
Gain on Disposal of Capital Assets	1,650	-
Interest Expense	(206,094)	-
Total Non-Operating Income (Expenses)	<u>(184,139)</u>	<u>5,364</u>
Income (Loss) before Contributions	<u>1,965,643</u>	<u>(95,818)</u>
Capital Contributions	<u>4,917,723</u>	<u>-</u>
Change in Net Position	<u>6,883,366</u>	<u>(95,818)</u>
Net Position - Beginning	<u>62,795,032</u>	<u>2,141,430</u>
Net Position - Ending	<u>\$ 69,678,398</u>	<u>\$ 2,045,612</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2021

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 10,713,818	\$ 4,552,866
Cash Paid to Suppliers for Goods and Services	(4,716,526)	(4,112,010)
Cash Paid to Employees for Services	(2,825,726)	-
Net Cash Provided by Operating Activities	<u>3,171,566</u>	<u>440,856</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,985,147)	-
Capital Grants and Contributions	3,750	-
Proceeds from Sales of Capital Assets	1,650	-
Principal Paid on Notes and Bonds	(380,000)	-
Interest Paid on Notes and Bonds	(220,903)	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(2,580,650)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	<u>48,122</u>	<u>12,536</u>
Net Cash Provided for Investing Activities	<u>48,122</u>	<u>12,536</u>
Net Increase in Cash and Cash Equivalents	639,038	453,392
Cash and Cash Equivalents at Beginning of Year	<u>10,991,577</u>	<u>2,380,299</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,630,615</u>	<u>\$ 2,833,691</u>

(Continued)

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended September 30, 2021

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 2,149,782	\$ (101,182)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,494,279	-
(Increase) Decrease in Assets:		
Accounts Receivable	(169,756)	72,686
Special Assessments	509	-
Prepaid Assets	(8,880)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(300,206)	469,352
Accrued Compensated Absences	5,838	-
Total Adjustments	<u>1,021,784</u>	<u>542,038</u>
Net Cash Provided by Operating Activities	<u><u>3,171,566</u></u>	<u><u>440,856</u></u>

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Contribution of Distribution System Assets	<u>4,440,913</u>	<u>-</u>
Accounts Payable Exchanged for Capital Assets	<u>721,568</u>	<u>-</u>

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	10,561,564	2,833,691
Restricted Cash - Current	457,914	-
Restricted Cash - Noncurrent	611,137	-
	<u>\$ 11,630,615</u>	<u>\$ 2,833,691</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 760,082
Cash at County Treasurer	-	41,018
Guaranteed Insurance Contracts Managed by Trustee	17,232,438	-
Open Ended Mutual Funds Managed by Trustee	47,412,237	-
Taxes Receivable	-	10,502
Total Current Assets	<u>64,644,675</u>	<u>811,602</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	811,602
Total Current Liabilities	<u>-</u>	<u>811,602</u>
FIDUCIARY NET POSITION		
Restricted for Pensions	<u>\$ 64,644,675</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2021

	Pension Trust Funds	Custodial Fund
	Employee Retirement Funds	Community Development Agency
ADDITIONS		
Contributions:		
Employer	\$ 1,108,646	\$ -
Employee	1,497,197	-
Total Contributions	<u>2,605,843</u>	<u>-</u>
Property Taxes	-	719,590
Investment Income:		
Interest, Dividends and Market Gain	<u>10,466,804</u>	<u>1,559</u>
Total Additions	<u>13,072,647</u>	<u>721,149</u>
DEDUCTIONS		
Pension Benefits	2,398,648	-
Contribution Refunds	94,306	-
Administrative Costs	6,500	-
Taxes Distributed or Owed to Bondholders	<u>-</u>	<u>721,149</u>
Total Deductions	<u>2,499,454</u>	<u>721,149</u>
Change in Net Position	<u>10,573,193</u>	<u>-</u>
Fiduciary Net Position -- Beginning of Period, Before Restatement	51,811,279	-
Adjustment for Implementation of GASB 84	<u>2,260,203</u>	<u>-</u>
Fiduciary Net Position -- Beginning of Period, After Restatement	<u>54,071,482</u>	<u>-</u>
Fiduciary Net Position -- End of Period	<u><u>\$ 64,644,675</u></u>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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). 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 accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Any discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City currently has no component units which meet the criteria to be reported as discretely presented component units.

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 City has operational responsibility for the CDA. The CDA does not issue separate financial statements, and is included within the City's financial statements as a fiduciary custodial fund.

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 NFC provides services entirely to the City. 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.

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 landfill began operation on 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, Nebraska.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Entities

Norfolk Housing Agency

The Norfolk Housing Agency is governed by a seven member board which is appointed by the Mayor and City Council. The mission of the Norfolk Housing Agency is to provide decent, safe and quality housing to Norfolk's low to moderate-income families and to assist in providing improved housing in a responsible way with social awareness and community needs a constant goal and commitment. In addition to owning and operating the Kensington Apartments, Meadow Ridge Estates L.P., they also offer Section 8 Rental Assistance Program and Royal Oaks Estate rent-to-own homes. The Norfolk Housing Agency issues its own financial statements, which are available upon request from its offices at 108 North Fourth Street in Norfolk Nebraska.

Norfolk Airport Authority

The Norfolk Airport Authority is governed by a five member board. The amount of property tax that the Airport Authority can levy must be approved by the Mayor and City Council. The Norfolk Airport Authority issues its own financial statements, which are available upon request from its offices at 4100 South 13th Street in Norfolk Nebraska.

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 primarily 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. Fiduciary funds are excluded from the government-wide financial statements.

In the government-wide Statement of Net Position, 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 obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. 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 and recreation, 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 position resulting from the current year activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds. 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 and recreation, public safety, public works, housing, public libraries and planning, permits and health.

- 2) Special Revenue Funds

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

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

American Rescue Plan Fund – To account for funding from the American Rescue Plan Act and to document the projects funded.

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

- 4) Capital Project Funds

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

Capital Construction Fund – To account for the acquisition and construction of major capital items other than those financed by proprietary funds and trust funds, or special assessments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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.

Stormwater Division – The stormwater division accounts for compliance with federally mandated stormwater regulations to protect water quality.

- 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 trustee's 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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, civilian, and 457 deferred compensation retirement funds in its combined retirement fund.
- 2) Custodial 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 redevelopment of various blight and substandard areas around the City of Norfolk. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

D. Basis of Accounting

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

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

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the 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, special assessments, and loan repayments 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 annual comprehensive 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.

E. Budgets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021, 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. 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.
4. 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. This unbilled revenue totaled \$1,049,019 at September 30, 2021.
6. Inventories and Prepaid Items – 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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.
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 \$5,000 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition 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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.
10. Long-Term Obligations – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. Other long-term obligations (e.g. compensated absences, claims and judgments, etc.) are recognized as fund liabilities when amounts are due and payable. Bond Anticipation Notes are recognized as fund liabilities prior to the long-term financing being issued. 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 Position/Fund Balances – The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets- This category groups all capital assets, including Infrastructure, into one component of net position. Accumulated depreciation, outstanding balances of debt, and accounts payable that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt also are included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted Net Position- This category represents net position 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 Position – This category represents net position of the City not restricted for any purpose.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 31, 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. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to these purposes, it may be necessary to report a negative unassigned fund balance in that fund. 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.

12. Bond Premium/Discounts – Bond premiums/discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method.
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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. See Note 11 for current year encumbrances.

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.

I. Recent Accounting Pronouncements:

Adoption of New Accounting Pronouncements

During the year, the City adopted four GASB Statements. Statement No. 98 *The Annual Comprehensive Financial Report* establishes the term 'annual comprehensive financial report' and its acronym 'ACFR' to replace the term 'comprehensive annual financial report' and its acronym 'CAFR' in generally accepted accounting principles. Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* increases consistency and comparability related to reporting fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans, and enhances the relevance, consistency, and comparability of accounting and financial reporting for Internal Revenue Code Section 457 plans. The City's 457 Deferred Compensation Plan met the criteria to be reported as a Pension Trust Fund and was added to the applicable financial statements. This resulted in a restatement of beginning fiduciary net position for the Pension Trust Funds in the amount of \$2,260,203, for the inclusion of the 457 Deferred Compensation Plan. Statement No. 90 *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. Statement No. 84 *Fiduciary Activities* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. See Note 10 for more information.

New Accounting Pronouncements Not Yet Adopted

In June 2017, GASB issued Statement No. 87 *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. In April 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance of information about capital assets and the cost of borrowing, and simplifies accounting for interest cost incurred before the end of a construction period. In January 2020, GASB issued Statement No. 92 *Omnibus 2020*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. This Statement addresses implications that

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

result from the replacement of an interbank offered rate, most notably, the London Interbank Offered Rate. These Statements are effective for the City's year ending September 30, 2022.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2021, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 15,981,311
Money Market Account (at cost)	14,455,300
Certificates of Deposit (Cost = Fair Value)	<u>15,621,795</u>
	<u>\$ 46,058,406</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. A separate bank account is used to track program income in the Community Development Block Grant Fund. Statutes authorize the City to invest City 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, 2021 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.

B. Investments Managed by Trustee:

The City acts as the Trustee for the Pension Trust Funds, and has delegated administration for the plan assets to an insurance company. Plan participants are able to invest their assets in a variety of investment options, which are selected, and can be modified, by the City. 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, 2021, \$17,232,438 was held in these guaranteed insurance contracts. The other pension assets are invested in open-ended mutual funds, which are stated at net asset value, and, at September 30, 2021, amounted to \$47,412,237. As the mutual funds are open-ended, they are not subject to credit risk disclosures. Additionally, the funds are redeemable immediately and are thus not subject to interest rate risk.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

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

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2021:

	Enterprise Fund
Pursuant to revenue bond ordinances:	
Revenue bond account	\$ 350,051
Operation and maintenance account	719,000
	\$ 1,069,051

Restricted cash is recorded at cost, which approximates fair value, and consists of equity in the pooled investment account in the form of interest bearing accounts held by the City's agent in the City's name.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not recover the value of its investment securities that are in the possession of an outside party.

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: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City uses outside investment advisors to monitor investments to minimize the impact of credit risk.

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, 2021, are net of allowance for uncollectibles. The allowance for uncollectibles in the General Fund was \$334,000 at September 30, 2021.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2021, short-term interfund borrowings were as follows:

Fund Due To	Fund Due From	Amount
General	Community Development Block Grant	\$62,476

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

As of September 30, 2021, there were no long-term advances.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2020	Additions	Deletions	Transfers	Balance September 30, 2021
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 9,148,868	\$ 463,047	\$ -	\$ -	\$ 9,611,915
Construction in Progress	10,475,919	4,696,245	8,516,409	-	6,655,755
Total capital assets not being depreciated	<u>19,624,787</u>	<u>5,159,292</u>	<u>8,516,409</u>	<u>-</u>	<u>16,267,670</u>
Capital assets being depreciated:					
Buildings and improvements	32,968,691	333,015	94,240	-	33,207,466
Equipment, furniture and fixtures	15,593,529	720,626	281,070	(98,979)	15,934,106
Infrastructure	66,069,831	7,549,286	5,809	-	73,613,308
Total capital assets being depreciated	<u>114,632,051</u>	<u>8,602,927</u>	<u>381,119</u>	<u>(98,979)</u>	<u>122,754,880</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	11,104,430	1,024,549	86,344	-	12,042,635
Equipment, furniture and fixtures	10,022,770	965,913	274,463	(98,979)	10,615,241
Infrastructure	31,083,341	2,317,746	3,040	-	33,398,047
Total accumulated depreciation	<u>52,210,541</u>	<u>4,308,208</u>	<u>363,847</u>	<u>(98,979)</u>	<u>56,055,923</u>
Total capital assets being depreciated, net	<u>62,421,510</u>	<u>4,294,719</u>	<u>17,272</u>	<u>-</u>	<u>66,698,957</u>
Governmental activities capital assets, net	<u>\$82,046,297</u>	<u>\$ 9,454,011</u>	<u>\$ 8,533,681</u>	<u>-</u>	<u>\$82,966,627</u>

Construction in progress at September 30, 2021 for the governmental activities consisted of costs associated with Benjamin Avenue Reconstruction, Trail Projects, Radio System Upgrade, Various Assessment Districts, Park Improvements and Levee Repairs.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2020	Additions	Deletions	Transfers	Balance September 30, 2021
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 3,314,972	\$ 62,405	\$ -	\$ -	\$ 3,377,377
Construction in Progress	6,098,060	1,949,683	6,249,900	-	1,797,843
Total capital assets not being depreciated	<u>9,413,032</u>	<u>2,012,088</u>	<u>6,249,900</u>	<u>-</u>	<u>5,175,220</u>
Capital assets being depreciated:					
Buildings and improvements	26,407,002	-	-	-	26,407,002
Equipment, furniture and fixtures	34,485,141	130,314	54,448	98,979	34,659,986
Infrastructure	21,950,005	10,507,900	-	-	32,457,905
Total capital assets being depreciated	<u>82,842,148</u>	<u>10,638,214</u>	<u>54,448</u>	<u>98,979</u>	<u>93,524,893</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	20,715,050	188,905	-	-	20,903,955
Equipment, furniture and fixtures	6,661,901	399,271	54,448	98,979	7,105,703
Infrastructure	4,476,399	906,103	-	-	5,382,502
Total accumulated depreciation	<u>31,853,350</u>	<u>1,494,279</u>	<u>54,448</u>	<u>98,979</u>	<u>33,392,160</u>
Total capital assets being depreciated, net	<u>50,988,798</u>	<u>9,143,935</u>	<u>-</u>	<u>-</u>	<u>60,132,733</u>
Business-type activities capital assets, net	<u>\$60,401,830</u>	<u>\$11,156,023</u>	<u>\$6,249,900</u>	<u>-</u>	<u>\$65,307,953</u>

Construction in progress at September 30, 2021 consisted of costs associated with the Communication System, South Hwy 81 Water Extension, Hwy 275 Lift Station Upgrade, 4th Street Sewer Rehabilitation, Water Pollution Control Plant Upgrades, and Solid Waste Transfer Station Site Improvements.

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

Governmental Activities:	
General Government	\$ 129,276
Public Safety	678,278
Public Works	2,241,849
Parks and Recreation	1,000,627
Public Library	231,923
Community Improvement and Development	26,255
Total depreciation expense - governmental activities	<u>\$ 4,308,208</u>
Business-Type Activities:	
Solid Waste Management	\$ 143,639
Water	645,918
Sewer	704,722
Total depreciation expense - business-type activities	<u>\$ 1,494,279</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 9,611,915	\$ 3,377,377
Construction in Progress	6,655,755	1,797,843
Capital Assets (Net of Accumulated Depreciation)	66,698,957	60,132,733
Deferred Refunding on Early Retirement of Debt	9,293	-
Unspent Bond Proceeds for Capital Assets	798,060	-
Less: General Obligation Bonds Payable	8,668,702	-
Various Purpose Bonds Payable	4,615,000	-
Bond Anticipation Notes	2,375,000	-
Revenue Bonds Payable	-	8,156,894
Accounts Payable for Capital Assets	515,041	721,568
	\$ 67,600,237	\$ 56,429,491

NOTE 6 – BOND ANTICIPATION NOTES

Changes in bond anticipation notes for the period ended September 30, 2021 were as follows:

	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021
Governmental Activities:				
Bond Anticipation Notes 0.65% to 2.50%, various maturities through 2024	\$ 5,655,000	\$ 2,320,000	\$ 5,600,000	\$ 2,375,000
Notes from direct placements 2.47%, matured in 2021	867,000	\$ -	867,000	-
Total Governmental Activities	\$ 6,522,000	\$ 2,320,000	6,467,000	\$ 2,375,000

The City's intent is to issue permanent financing to replace the outstanding bond anticipation notes prior to maturity after the special assessment districts are assessed and the first payments from the benefited property owners have been received. Bond anticipation notes interest payment requirements in fiscal year 2021-2022 are \$15,809.

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2021

NOTE 7 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) 0.30% to 3.70%, various maturities	\$ 9,130,000	\$2,070,000	\$3,975,000	\$ 7,225,000	\$1,790,000
General obligation direct placements 1.44% to 3.24%, various maturities through 2031	2,845,000	-	1,420,000	1,425,000	125,000
Bond issuance premium/discount	41,891	-	23,189	18,702	-
Total General Obligation	12,016,891	2,070,000	5,418,189	8,668,702	1,915,000
Special assessment bonds, with City commitment, 0.30% to 3.50%, various maturities through 2040	1,425,000	3,110,000	110,000	4,425,000	380,000
Special assessment direct placements, with City commitment, 1.44% to 1.99%, mature in 2026	225,000	-	35,000	190,000	35,000
Total Special Assessments	1,650,000	3,110,000	145,000	4,615,000	415,000
Accrued compensated absences	2,495,509	1,313,944	1,138,667	2,670,786	1,195,277
Total Governmental Activities	\$16,162,400	\$6,493,944	\$6,701,856	\$ 15,954,488	\$3,525,277
Business Type Activities:					
Revenue Bonds, 2.00% to 3.20%, various maturities through 2037	\$ 8,520,000	\$ -	\$ 380,000	\$ 8,140,000	\$ 395,000
Bond Issuance Premium/Discount	28,370	-	11,476	16,894	-
Total Revenue Bonds	8,548,370	-	391,476	8,156,894	395,000
Accrued compensated absences	432,831	182,586	176,748	438,669	183,406
Total Business Type Activities	\$ 8,981,201	\$ 182,586	\$ 568,224	\$ 8,595,563	\$ 578,406
Grand Total	\$25,143,601	\$6,676,530	\$7,270,080	\$ 24,550,051	\$4,103,683

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2021

NOTE 7 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements as of September 30, 2021 for general obligation and enterprise fund debt, is as follows:

Fiscal Year Ending	Governmental Activities							
	General Obligation Debt		General Obligation Direct Placements		Various Purpose Bonds		Various Purpose Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,790,000	\$ 129,892	\$ 125,000	\$ 37,193	\$ 380,000	\$ 76,647	\$ 35,000	\$ 3,269
2023	1,010,000	99,810	135,000	34,775	330,000	71,935	35,000	2,765
2024	385,000	88,740	135,000	31,961	330,000	69,475	40,000	2,208
2025	385,000	83,555	135,000	28,927	340,000	66,685	40,000	1,532
2026	400,000	78,053	140,000	25,691	340,000	63,240	40,000	796
2027	400,000	71,840	145,000	22,117	340,000	59,180	-	-
2028	410,000	65,298	145,000	18,247	245,000	54,505	-	-
2029	420,000	58,193	150,000	14,214	245,000	50,410	-	-
2030	405,000	50,515	155,000	9,811	255,000	45,948	-	-
2031	310,000	42,908	160,000	5,084	175,000	41,050	-	-
2032	325,000	35,164	-	-	180,000	37,075	-	-
2033	125,000	26,794	-	-	185,000	32,928	-	-
2034	130,000	23,499	-	-	190,000	28,490	-	-
2035	130,000	19,789	-	-	195,000	23,600	-	-
2036	135,000	16,024	-	-	200,000	18,535	-	-
2037	140,000	11,970	-	-	165,000	13,295	-	-
2038	145,000	7,765	-	-	170,000	8,495	-	-
2039	60,000	3,300	-	-	80,000	3,520	-	-
2040	60,000	1,980	-	-	80,000	1,760	-	-
2041	60,000	660	-	-	-	-	-	-
	<u>\$7,225,000</u>	<u>\$915,749</u>	<u>\$1,425,000</u>	<u>\$228,020</u>	<u>\$4,425,000</u>	<u>\$766,773</u>	<u>\$190,000</u>	<u>\$10,570</u>

Fiscal Year Ending	Business Type Activities	
	Enterprise Fund	
	Principal	Interest
2022	\$ 395,000	\$ 209,277
2023	405,000	199,302
2024	415,000	191,103
2025	420,000	182,753
2026	430,000	174,253
2027	440,000	165,443
2028	450,000	155,983
2029	455,000	145,686
2030	470,000	134,465
2031	480,000	122,290
2032	495,000	108,565
2033	505,000	93,565
2034	525,000	78,115
2035	540,000	62,140
2036	555,000	45,438
2037	570,000	27,858
2038	590,000	9,440
	<u>\$ 8,140,000</u>	<u>\$ 2,105,676</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 7 - 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. The City has no legal debt limit; therefore, a computation of the legal debt margin is not required.

Tax increment financing bonds issued by the Community Development Agency are issued to provide the long-term financing for the redevelopment of blight and substandard areas around the City. 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 City.

Revenue bonds are the obligation of the Enterprise Fund and are payable solely from the revenues of the Water, Sewer and Solid Waste Funds. The City has pledged future water, sewer and solid waste customer revenues to repay \$9.22 million in Sewer bonds issued in November 2017. The bonds are paid solely from water, sewer and solid waste revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require less than 6% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$10,245,676. Principal and interest paid for the current year was \$600,903 and total water, sewer and solid waste customer net revenues were \$3,623,539.

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. To pay debt service on the bonds, the Council passed an ordinance to enact a 2% occupation tax on prepared food and beverages and a 4% occupation tax on lodging effective February 1, 2011. On January 12, 2016 the City called the above bonds, and paid off the bonds with the longest maturity with \$2 million of accumulated occupation tax revenues and issued \$9,420,000 of refunding bonds. On May 6, 2021 the City called and paid off \$2,270,000 of outstanding bonds with accumulated occupation tax revenues. The total principal and interest remaining to be paid on the bonds is \$2,062,900. The regular principal and interest paid for the current year and total occupation tax revenues were \$1,400,582 and \$2,258,110 respectively. The remaining outstanding bonds will be paid in fiscal year 2021-2022.

The City of Norfolk Facilities Corporation (NFC) issued \$1,900,000 of building bonds on September 30, 2011 to purchase a building to be used as the City administration office. The City has entered into a Lease Purchase Agreement with the NFC. The terms of the agreement require the City to make lease payments to the NFC in an amount equal to debt service on the bonds until September 15, 2031, the date of final maturity of the bonds. Upon final payment of all lease-purchase obligations the building will be conveyed to the City. On January 10, 2017 the City of Norfolk called the above bonds and issued \$1,520,000 of refunding bonds. Principal and interest paid for the current year is \$126,066.

On January 15, 2021 the City issued \$155,000 of Off-Street Parking District refunding bonds to refund the outstanding Series 2014 bonds. The refunding bonds have a maturity of December 15, 2028 and interest rates ranging from 0.45% to 1%, whereas the Series 2014 bonds had interest rates ranging from 2.5% to 3.75% and a maturity of December 15, 2028. This reduces debt service payments by \$20,225 over the next 8 years and the City obtains an economic gain of \$15,785.

On March 23, 2021 the City issued \$850,000 of public safety refunding bonds to refund the outstanding Series 2014 bonds. The refunding bonds have a maturity of December 15, 2029 and interest rates ranging from 0.3% to 0.9%, whereas the Series 2014 bonds had interest rates ranging from 2% to 3.15% and a maturity of December 15, 2029. This reduces debt service payments by \$82,495 over the next 9 years and the City obtains an economic gain of \$79,996. Also on March 23,

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 7 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

2021 the City issued \$1,065,000 of public safety bonds to fund various public safety equipment and building improvements. The interest rates on the bonds range from 0.55% to 2.2% with a final maturity date of December 15, 2040.

On June 1, 2021 the City issued \$3,110,000 various purpose bonds to pay off special assessment bond anticipation notes and provide permanent financing for 17 assessment districts. The interest rate on the bonds range from 0.3% to 2.2% with a final maturity date of June 15, 2040.

On May 14, 2021 the City issued \$2,320,000 special assessment bond anticipation notes with a maturity of May 15, 2024 and an interest rate of 0.65% to fund improvements in Paving District 519, Sewer District 254, and Water Districts 124 and 126.

NOTE 8 – TRANSFERS

The following is a summary of transfers between funds:

	Transfers out:			
	Governmental Funds			
	General	Debt Service	Nonmajor Governmental	Total
Transfers in:				
General	\$ -	\$ -	\$ 166,566	\$ 166,566
CHAF	760,000			760,000
Debt Service	126,066	-	-	126,066
Capital Construction	2,033,068	-	-	2,033,068
Special Assessment	-	2,751,080	-	2,751,080
Nonmajor Governmental	211,275	-	-	211,275
Total	\$ 3,130,409	\$ 2,751,080	\$ 166,566	\$ 6,048,055

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 property and sales tax revenues collected in the general fund to fund capital outlay in the capital construction fund.

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2021

NOTE 9 – NET POSITION/FUND BALANCES

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

	General	City Highway Allocation	Community Development Block Grant	Debt Service	Special Assessments	Capital Construction	Other Governmental Funds	Total
Nonspendable:								
Fuel Inventory	\$ 17,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,542
Prepaid Items	97,559	-	-	-	-	-	14,798	112,357
Restricted For:								
Road Projects	-	5,442,806	-	-	-	-	-	5,442,806
Flood Control Projects	-	-	-	-	-	258,876	-	258,876
Vehicle Parking	-	-	-	-	-	-	199,709	199,709
Hazardous Materials	29,970	-	-	-	-	-	-	29,970
W W II Memorial	4,824	-	-	-	-	-	-	4,824
Library Renovations	-	-	-	-	-	202,221	-	202,221
Grant Programs	-	-	79,005	-	-	-	241,936	320,941
911 Operations	-	-	-	-	-	-	514,293	514,293
Recreation Projects	4,387	-	-	-	-	666,414	-	670,801
Drug Enforcement	-	-	-	-	-	-	266,046	266,046
Community Betterment	-	-	-	-	-	-	1,034,185	1,034,185
Public Safety Projects	-	-	-	-	-	465,120	-	465,120
Debt Service	-	-	-	4,075,107	-	-	-	4,075,107
Committed For:								
2016 Rec. Bond Debt	-	-	-	1,860,530	-	-	-	1,860,530
Assigned to:								
Capital Improvements	50,580	-	-	-	-	1,768,851	-	1,819,431
Public Safety	-	-	-	-	-	218,539	-	218,539
Recreation Projects	-	-	-	-	-	375,637	-	375,637
Community Betterment	-	-	-	-	-	1,534,230	-	1,534,230
Council Priority Projects	-	-	-	-	-	480,394	-	480,394
Unassigned:	11,640,486	-	-	-	(2,255,603)	-	-	9,384,883
Total	\$11,845,348	\$5,442,806	\$ 79,005	\$5,935,637	\$ (2,255,603)	\$ 5,970,282	\$ 2,270,967	\$29,288,442

NOTE 10 - EMPLOYEE PENSION PLANS

The City has four single-employer retirement systems covering City employees. Employees make contributions to the 457 Deferred Compensation System and both employees and employer make contributions to the other three retirement systems. Employees are allowed to invest their participant account balances in certain stock and/or bond mutual funds as well as guaranteed insurance accounts. Participants can direct their entire account balance to mutual funds. Nonemployee directed investments are directed by the City Council, whose policy is to direct them to guaranteed insurance accounts. 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. Forfeitures of non-vested employer contributions are used to pay for administrative costs. If forfeitures are insufficient, costs are financed through investment earnings. 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. Publicly issued financial reports are not available for any of the pension plans nor are they included in the report of a public employee retirement system or another government.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

The Firemen's Retirement System has minimum benefit guarantees for participants employed prior to January 1, 1984. With only 6 members employed prior to January 1, 1984, all of which are inactive, it would be misleading to report the entire plan as a defined benefit plan. Therefore, the portion of the plan for members employed prior to January 1, 1984 having minimum benefit guarantees is reported as a defined benefit plan and the portion for members employed on or after January 1, 1984 is reported as a defined contribution plan.

Defined Contribution Pension Plans

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 7% of the employee's compensation, pursuant to plan provisions as established by City ordinance. Employee contributions totaled \$941,464, and the City recognized pension expense of \$579,489.

The Police Retirement System, a single employer defined contribution plan, covers all regular uniformed employees of the Norfolk Police Division, as required by State statutes and City ordinances. State statutes require police officers contribute 7% of compensation to the plan. The City matches employee contributions, up to 7% of compensation. Employee contributions totaled \$202,209, and the City recognized pension expense of \$202,209.

The Firemen's Retirement System covers all regular uniformed employees of the Norfolk Fire Division, as required by State statutes and City ordinances. The Firemen's Retirement Plan was changed, effective January 1, 1984, from a single employer defined benefit plan to a single employer defined contribution plan in which the City contributes twice the employees' contribution, which is 6 1/2% of base pay. Employee contributions totaled \$150,520, and the City recognized pension expense of \$301,040.

The 457 Deferred Compensation 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. Employee contributions totaled \$203,004.

Employees are fully vested in the amounts they contribute to the plan, together with the related earnings. Participants become fully vested in employer contributions and related earnings after seven years of service. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures can be used to pay the pension plan's administrative expenses. No forfeitures were used during the current year to reduce the City's pension expense. Current membership is comprised of the following:

	Civilian	Police	Fire	457
Vested inactive members	43	16	2	10
Active plan members:				
Non-vested	13	7	7	-
Partially vested	28	11	5	-
Fully vested	98	27	25	48
Total membership	182	61	39	58

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan

For participants in the Firemen’s Retirement System employed prior to January 1, 1984, retirement benefits shall not be less than 50% of final earnings, as defined. Because of the minimum benefit guarantees for participants employed prior to January 1, 1984, this portion of the Firemen’s Retirement System is reported as a defined benefit plan.

Participants are fully vested in the amounts they contribute to the plan, 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:

Inactive plan members or beneficiaries currently receiving benefits	6
	<hr/>
Total participants	6
	<hr/> <hr/>

State statutes require a retirement committee be established for the Firemen’s Retirement System to supervise the general operations of the Retirement System. The committee consists of six members, of which four members are selected by paid firefighters and two members are designated by the City Council. The City Council has designated the Director of Administrative Services and Finance Officer as ex-officio members. The retirement committee is responsible for establishing and amending investment policies related to investment options offered to employees in the plan.

Net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 entry age actuarial method for reporting and disclosure purposes. Any actuarial gains or losses are amortized in the current year, since there is no future working careers of covered participants remaining. The City annually contributes actuarially determined amounts in addition to any matching contributions. Significant actuarial assumptions include a 6% return on plan assets. Mortality rates are based on the 1994 Group Annuity Mortality-Static Table.

The long-term expected rate of return on pension plan investments is determined using a method in which best-estimate ranges of expected future rates of return are developed for each major asset class based on past performance. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the asset allocation percentage.

Expected real rates of return are determined by subtracting expected inflation from expected rates of return. Expected real rates of return for each major asset class and asset allocation as of September 30, 2021 are as summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Guaranteed Investment Account	100%	1.86%

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2021

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumes the City makes any actuarial required contributions. Based on this assumption, the Firemen’s Retirement System net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. There was no change in the discount rate from the prior year.

For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the net pension liability are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 10/1/20	\$ 658,501	\$ 632,593	\$ 25,908
Changes for the year:			
Service cost	25,908	-	25,908
Interest	31,938	-	31,938
Differences between expected and actual experience	(10,480)	-	(10,480)
Contributions-employer	-	25,908	(25,908)
Net investment income	-	20,350	(20,350)
Benefit payments, including refunds of employee contributions	<u>(107,771)</u>	<u>(107,771)</u>	<u>-</u>
Net changes	<u>(60,405)</u>	<u>(61,513)</u>	<u>1,108</u>
Balances at 9/30/21	<u>\$ 598,096</u>	<u>\$ 571,080</u>	<u>\$ 27,016</u>

Plan fiduciary net position as a percentage of the total pension liability 95%

The following represents the net pension liability of the City, calculated using the discount rate of 6%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5%) or 1-percentage-point higher (7%) than the current rate:

	<u>1% Decrease (5%)</u>	<u>Current Discount Rate (6%)</u>	<u>1% Increase (7%)</u>
City’s net pension liability (asset)	\$58,433	\$27,016	(\$847)

For the current year, the City recognized pension expense of \$27,312. The City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 22,780

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2022	\$ 9,111
2023	6,801
2024	4,550
2025	2,318

Multiyear trend information of the Firemen's Retirement System is presented as Required Supplementary Information following the Notes to the Financial Statements.

NOTE 11 - 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, 2021.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, the resolution of these matters is not expected to have a materially adverse effect on the financial condition of the City.

The city has entered into various contracts for street and other capital improvements. The remaining commitment under these contracts is \$6,799,053. \$22,011 will be paid from the General Fund, \$5,075,969 will be paid from the City Highway Allocation Fund, \$159 will be paid from Economic Development Operating Fund, \$1,308,249 will be paid from Capital Construction Fund and \$392,665 paid from Special Assessments. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$6,890,118. \$636,542 will be paid by the Water Division, \$1,556,311 will be paid by the Sewer Division, \$4,692,363 will be paid out of Solid Waste Management Division and \$4,902 will be paid out of Stormwater Division.

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

As discussed in Note 1 encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$50,580
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City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 12 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

- A.** The following fund had a deficit balance as of September 30, 2021:

Capital Project Fund	Special Assessment	(\$2,255,603)
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This deficit will be resolved when the City issues permanent financing for the outstanding bond anticipation notes.

- 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 \$25,000 deductible on various water and sewage treatment and solid waste facilities. Scheduled values for related buildings and contents were \$66,907,992.

The City carries a blanket limit of 127.3 million.

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

CONDENSED STATEMENT OF NET POSITION

	Water Divison	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Assets:					
Current assets	\$ 4,467,363	\$ 7,406,893	\$ 1,488,363	\$ 140,586	\$13,503,205
Restricted assets	211,000	201,137	199,000	-	611,137
Capital assets	34,394,399	29,305,434	1,603,528	4,592	65,307,953
Total assets	<u>39,072,762</u>	<u>36,913,464</u>	<u>3,290,891</u>	<u>145,178</u>	<u>79,422,295</u>
Liabilities:					
Current liabilities	672,147	821,963	225,204	7,426	1,726,740
Noncurrent liabilities	98,650	7,847,739	70,768	-	8,017,157
Total liabilities	<u>770,797</u>	<u>8,669,702</u>	<u>295,972</u>	<u>7,426</u>	<u>9,743,897</u>
Net Position					
Net Investment in Capital Assets	33,909,370	20,958,687	1,556,842	4,592	56,429,491
Restricted	211,000	596,136	199,000	-	1,006,136
Unrestricted	4,181,595	6,688,939	1,239,077	133,160	12,242,771
Total Net Position	<u>\$38,301,965</u>	<u>\$28,243,762</u>	<u>\$ 2,994,919</u>	<u>\$ 137,752</u>	<u>\$69,678,398</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2021

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Operating revenues	\$ 3,415,824	\$ 4,970,755	\$ 2,343,863	\$ 152,624	\$10,883,066
Depreciation and amortization	645,918	704,722	143,639	-	1,494,279
Other operating expenses	2,241,369	2,762,791	2,122,546	112,299	7,239,005
Operating Income	<u>528,537</u>	<u>1,503,242</u>	<u>77,678</u>	<u>40,325</u>	<u>2,149,782</u>
Nonoperating revenues (expenses):					
Interest on bonds and other debt	-	(206,094)	-	-	(206,094)
Interest income	3,504	16,298	-	503	20,305
Gain (Loss) on disposal of capital assets	-	-	1,650	-	1,650
Contributions	2,782,666	2,135,057	-	-	4,917,723
Change in net position	3,314,707	3,448,503	79,328	40,828	6,883,366
Beginning net position	34,987,258	24,795,259	2,915,591	96,924	62,795,032
Ending net position	<u>\$38,301,965</u>	<u>\$28,243,762</u>	<u>\$ 2,994,919</u>	<u>\$ 137,752</u>	<u>\$69,678,398</u>

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Net cash provided (used) by:					
Operating activities	\$ 1,146,691	\$ 1,729,681	\$ 249,150	\$ 46,044	\$ 3,171,566
Capital and related financing activities	(1,237,439)	(1,100,051)	(238,568)	(4,592)	(2,580,650)
Investing activities	14,476	30,133	2,977	536	48,122
Net increase (decrease)	(76,272)	659,763	13,559	41,988	639,038
Beginning cash and cash equivalents	3,381,923	6,113,921	1,420,528	75,205	10,991,577
Ending cash and cash equivalents	<u>\$ 3,305,651</u>	<u>\$ 6,773,684</u>	<u>\$ 1,434,087</u>	<u>\$ 117,193</u>	<u>\$11,630,615</u>

Individual Fund Information for the Employee Retirement Funds follows:

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total
ASSETS:						
Guaranteed Insurance Contracts	\$ 1,283,481	\$571,080	\$ 3,018,984	\$11,187,611	\$ 1,171,282	\$17,232,438
Open Ended Mutual Funds	9,465,843	-	10,019,733	26,299,558	1,627,103	47,412,237
Total Assets	<u>10,749,324</u>	<u>571,080</u>	<u>13,038,717</u>	<u>37,487,169</u>	<u>2,798,385</u>	<u>64,644,675</u>
NET POSITION:						
Held in Trust for Pension Benefits	10,749,324	571,080	13,038,717	37,487,169	2,798,385	64,644,675
Total Net Position	<u>\$10,749,324</u>	<u>\$571,080</u>	<u>\$13,038,717</u>	<u>\$37,487,169</u>	<u>\$ 2,798,385</u>	<u>\$64,644,675</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2021

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total
ADDITIONS						
Contributions:						
Employer	\$ 301,040	\$ 25,908	\$ 202,209	\$ 579,489	\$ -	\$ 1,108,646
Employee	150,520	-	202,209	941,464	203,004	1,497,197
Total Contributions	451,560	25,908	404,418	1,520,953	203,004	2,605,843
Investment Income:						
Interest, Dividends and Market Gains	2,101,772	20,349	2,203,528	5,805,397	335,758	10,466,804
Total Additions	2,553,332	46,257	2,607,946	7,326,350	538,762	13,072,647
DEDUCTIONS						
Pension Benefits Administration	196,559 1,591	107,771 -	116,587 1,127	1,977,731 3,202	- 580	2,398,648 6,500
Contribution Refunds	-	-	35,192	59,114	-	94,306
Total Deductions	198,150	107,771	152,906	2,040,047	580	2,499,454
Change in Net Position	2,355,182	(61,514)	2,455,040	5,286,303	538,182	10,573,193
Net Position-Beginning of Period	8,394,142	632,594	10,583,677	32,200,866	2,260,203	54,071,482
Net Position-End of Period	<u>\$10,749,324</u>	<u>\$571,080</u>	<u>\$13,038,717</u>	<u>\$37,487,169</u>	<u>\$ 2,798,385</u>	<u>\$64,644,675</u>

NOTE 13 - 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 partially self-insured. The City pays an annual premium contribution to LARM for its insurance coverage membership in the insurance pool. LARM purchases reinsurance through commercial companies for claims in excess of \$500,000 in the annual aggregate for property, or in excess of \$300,000 per single loss for liability. Workers Compensation reinsurance covers claims in excess of \$750,000 for a single loss or an annual aggregate losses of \$5 million. The retentions meet the actuarially determined requirements of reducing the risk of assessments over premiums. The policy period is October 1, 2020 to September 30, 2021. 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 \$100,000 and limits City payments for claims during the year to a maximum of \$4,677,208. The September 30, 2021 claims liability of \$707,904 is included in accounts and contracts payable for

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2021

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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, 2021 and the year ending September 30, 2020 are:

	<u>Beginning</u>	<u>Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending</u>
2020	\$503,345	\$3,747,296	\$4,003,024	\$247,617
2021	\$247,617	\$3,408,736	\$2,948,449	\$707,904

NOTE 14 – RELATED PARTY TRANSACTIONS

As discussed in Note 1. A., the City, along with twenty-four other cities and counties in Northeast Nebraska, created the Northeast Nebraska Solid Waste Coalition (NNSWC). Waste from the City's transfer station is taken to the NNSWC. During the year, the City paid the NNSWC \$841,813 in garbage fees and at September 30, 2021, \$73,767 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$42,390 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$15,587 for NNSWC expenses paid by the City and at September 30, 2021, \$4,589 was due from the NNSWC.

The Norfolk Housing Agency is fully staffed with City of Norfolk employees. In the current year the City was reimbursed \$125,371 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$24,995 was received from the Housing Agency.

NOTE 15 – TAX ABATEMENTS

The State of Nebraska enters into tax abatement agreements with businesses under the Nebraska Advantage Act and the Employment and Investment Growth Act. These acts allow for refunds of sales tax paid on equipment or other taxable property purchased in connection with adding a certain number of jobs and dollar amount investment. For the fiscal year ending September 30, 2021 the City's sales tax revenues were reduced by \$3,952 under these tax abatement agreements.

NOTE 16 – SUBSEQUENT EVENTS

On November 16, 2021 the City issued \$5,050,000 Combined Utilities Revenue Bonds to fund improvements at the Solid Waste Transfer Station, which includes a new maintenance building, scale, scalehouse, extensive concrete surfacing, and site security. The interest rate on the bonds range from 2% to 4% with a final maturity date of November 15, 2041.

At the October 4, 2021 City Council meeting the final reading of Ordinance 5743 was approved annexing land to the City of Norfolk on all sides of the existing city limits. The annexation contained approximately 450 separate parcels adding up to approximately four square miles. The parcels comprise a variety of uses, such as residential, commercial, industrial, and city owned. The residential parcels added 910 residents to the city.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2021

SCHEDULE OF CHANGES IN FIREMEN'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 25,908	\$ 25,083	\$ 17,137	\$ 30,967	\$ 57,038	\$ 27,285	\$ 66,451	\$ 84,332
Interest	31,938	34,887	54,092	159,925	201,041	243,025	76,781	230,999
Differences between expected and actual experience	(10,480)	(10,340)	(3,491)	(14,448)	(39,200)	63,779	(89,509)	(39,513)
Benefit payments, including refunds of contributions	(107,771)	(115,771)	(899,382)	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Net change in total pension liability	(60,405)	(66,141)	(831,644)	(986,358)	(770,288)	237,444	(510,778)	169,647
Total pension liability-beginning	658,501	724,642	1,556,286	2,542,644	3,312,932	3,075,488	3,586,266	3,416,619
Total pension liability-ending (a)	<u>\$ 598,096</u>	<u>\$ 658,501</u>	<u>\$ 724,642</u>	<u>\$ 1,556,286</u>	<u>\$ 2,542,644</u>	<u>\$ 3,312,932</u>	<u>\$ 3,075,488</u>	<u>\$ 3,586,266</u>
Plan fiduciary net position								
Contributions-employer	\$ 25,908	\$ 25,083	\$ 17,137	\$ 24,254	\$ 39,284	\$ 48,190	\$ 51,220	\$ 66,996
Contributions-member	-	-	-	3,752	5,018	9,095	10,812	17,044
Net investment income	20,350	23,722	42,840	148,374	187,177	228,466	62,180	217,060
Benefit payments, including refunds of contributions	(107,771)	(115,771)	(899,382)	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Administrative expense	-	-	(185)	(323)	(101)	(829)	(490)	(500)
Net change in plan fiduciary net position	(61,513)	(66,966)	(839,590)	(986,745)	(757,789)	188,277	(440,779)	194,429
Plan fiduciary net position-beginning	632,593	699,559	1,539,149	2,525,894	3,283,683	3,095,406	3,536,185	3,341,756
Plan fiduciary net position-ending (b)	<u>\$ 571,080</u>	<u>\$ 632,593</u>	<u>\$ 699,559</u>	<u>\$ 1,539,149</u>	<u>\$ 2,525,894</u>	<u>\$ 3,283,683</u>	<u>\$ 3,095,406</u>	<u>\$ 3,536,185</u>
Firemen's net pension liability (asset)-ending (a) - (b)	<u>\$ 27,016</u>	<u>\$ 25,908</u>	<u>\$ 25,083</u>	<u>\$ 17,137</u>	<u>\$ 16,750</u>	<u>\$ 29,249</u>	<u>\$ (19,918)</u>	<u>\$ 50,081</u>
Plan fiduciary net position as a percentage of the total pension liability	95%	96%	97%	99%	99%	99%	101%	99%
Covered payroll	\$ -	\$ -	\$ -	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224
City's net pension liability (asset) as a percentage of covered payroll	-	-	-	30%	22%	21%	(12%)	19%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2012 and 2013 are unavailable.

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2021

SCHEDULE OF CITY'S CONTRIBUTIONS - FIREMEN'S RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 25,908	\$ 25,083	\$ 17,137	\$ 16,750	\$ 29,249	\$ -	\$ 29,596	\$ 32,906	\$ 39,593	\$ 26,382
Contributions in relation to the actuarially determined contribution	25,908	25,083	17,137	16,750	29,249	30,000	29,596	32,906	39,593	26,382
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224	\$ 258,540	\$ 252,300
Contributions as a percentage of covered payroll	-	-	-	29%	38%	21%	18%	13%	15%	10%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Inflation	3%
Salary increases	4%, including inflation
Investment rate of return	6%, net of pension plan expense, including inflation
Withdrawal	Advanced Pension Table Handbook, Turnover Scale W-70
Mortality	1994 Group Annuity Mortality-Static

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2021

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	3.43%	3.61%	5.11%	6.56%	7.32%	7.32%	1.90%	6.56%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal years 2012 and 2013 are unavailable.

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, GENERAL FUND - BUDGETARY BASIS
For the Year Ended September 30, 2021

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 13,195,564	\$ 14,386,014	\$ 1,190,450
Special Assessments	-	17,616	17,616
Licenses and Permits	336,050	470,041	133,991
Intergovernmental Revenue	487,127	2,884,638	2,397,511
Nongovernmental Grants	-	13,000	13,000
Charges for Services	2,170,793	2,729,933	559,140
Occupation and Franchise Taxes	607,700	668,360	60,660
Payments in Lieu of Taxes	150,000	175,056	25,056
Contributions	1,500	17,169	15,669
Rental Income	4,469,877	4,595,087	125,210
Interest	6,900	22,401	15,501
Keno Revenue	545,000	774,161	229,161
Miscellaneous	74,000	114,838	40,838
Total Revenue	<u>22,044,511</u>	<u>26,868,314</u>	<u>4,823,803</u>
Current Expenditures:			
Public Safety	11,458,744	11,320,826	137,918
Public Works	4,068,867	3,672,593	396,274
Public Library	1,721,134	1,664,082	57,052
Parks and Recreation	2,769,221	2,461,818	307,403
Community Improvement and Development	1,169,496	1,095,059	74,437
General Government	2,843,971	2,736,259	107,712
Total Expenditures	<u>24,031,433</u>	<u>22,950,637</u>	<u>1,080,796</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,986,922)</u>	<u>3,917,677</u>	<u>5,904,599</u>
Other Financing Sources (Uses):			
Transfers In	415,000	166,566	(248,434)
Transfers Out	<u>(1,516,679)</u>	<u>(3,130,409)</u>	<u>(1,613,730)</u>
Total other Financing Sources (Uses)	<u>(1,101,679)</u>	<u>(2,963,843)</u>	<u>(1,862,164)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (3,088,601)</u>	<u>\$ 953,834</u>	<u>\$ 4,042,435</u>
Fund Balances-Beginning of Year		<u>8,386,363</u>	
Fund Balances- End of Year		<u>\$ 9,340,197</u>	

See Accompanying Notes to Required Supplementary Information

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, MAJOR SPECIAL REVENUE FUNDS - BUDGETARY BASIS
For the Year Ended September 30, 2021

	City Highway Allocation Fund			Community Development Block Grant Fund			American Rescue Plan		
	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:									
Intergovernmental Revenue	\$ 2,880,000	\$ 3,809,728	\$ 929,728	\$ 643,740	\$ 567,936	\$ (75,804)	-	\$ 2,163,587	\$ 2,163,587
Loan Repayments	-	-	-	9,000	48,538	39,538	-	-	-
Interest	1,300	21,983	20,683	300	228	(72)	-	-	-
Miscellaneous	-	-	-	-	84	84	-	-	-
Total Revenue	<u>2,881,300</u>	<u>3,831,711</u>	<u>950,411</u>	<u>653,040</u>	<u>616,786</u>	<u>(36,254)</u>	<u>-</u>	<u>2,163,587</u>	<u>2,163,587</u>
Current Expenditures:									
Public Works	8,246,240	3,723,176	4,523,064	55,810	55,965	(155)	-	-	-
Parks, Recreation and Public Property	-	-	-	160,000	121,713	38,287	-	-	-
Community Improvement and Development	-	-	-	596,930	606,075	(9,145)	-	-	-
Debt Service	224,560	-	224,560	-	-	-	-	-	-
Total Expenditures	<u>8,470,800</u>	<u>3,723,176</u>	<u>4,747,624</u>	<u>812,740</u>	<u>783,753</u>	<u>28,987</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,589,500)</u>	<u>108,535</u>	<u>5,698,035</u>	<u>(159,700)</u>	<u>(166,967)</u>	<u>(7,267)</u>	<u>-</u>	<u>2,163,587</u>	<u>2,163,587</u>
Other Financing Sources (Uses):									
Proceeds from Debt Financing	6,416,000	-	(6,416,000)	-	-	-	-	-	-
Transfers In	-	760,000	760,000	-	-	-	-	-	-
Transfers Out	(240,000)	-	240,000	-	-	-	-	-	-
Total other Financing Sources (Uses)	<u>6,176,000</u>	<u>760,000</u>	<u>(5,416,000)</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>\$ 586,500</u>	<u>\$ 868,535</u>	<u>\$ 282,035</u>	<u>\$ (159,700)</u>	<u>\$ (166,967)</u>	<u>\$ (7,267)</u>	<u>-</u>	<u>\$ 2,163,587</u>	<u>\$ 2,163,587</u>
Fund Balances-Beginning of Year		<u>5,056,800</u>			<u>129,470</u>			<u>-</u>	
Fund Balances- End of Year		<u>\$ 5,925,335</u>			<u>\$ (37,497)</u>			<u>\$ 2,163,587</u>	

See Accompanying Notes to Required Supplementary Information

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information
Budgetary Reporting
September 30, 2021

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 during work sessions 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 Agency and City of Norfolk Facilities Corporation 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 assigned 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, 2021

	<u>General</u>	<u>City Highway Allocation</u>	<u>Community Development Block Grant</u>	<u>American Rescue Plan</u>
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ 953,834	\$ 868,535	\$ (166,967)	\$2,163,587
Basis differences:				
To adjust revenues from recognition on a cash basis	272,156	(40,214)	76,904	(2,163,587)
To adjust total expenditures from a recognition on a cash basis	<u>21,024</u>	<u>491,942</u>	<u>53,442</u>	<u>-</u>
Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	<u>\$1,247,014</u>	<u>\$1,320,263</u>	<u>\$ (36,621)</u>	<u>\$ -</u>

	<u>Total Budgeted Governmental Funds</u>
Expenditures and other financing uses, on a budgetary basis	\$ 46,802,864
Basis differences:	
To adjust total expenditures from a recognition on a cash basis	<u>(635,552)</u>
Expenditures and other financing uses, on a GAAP basis	<u>\$ 46,167,312</u>

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

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Budget</u>
Governmental Funds Expenditures	<u>\$51,258,994</u>	<u>\$46,802,864</u>	<u>\$(4,456,130)</u>

SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

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 contributions from member cities, counties and Nebraska State Patrol to address the drug problem in a ten county area in Northeast Nebraska.

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.

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 equally to fund personnel costs, travel, and other necessary operating expenses relating to economic development.

NORFOLK/MADISON DISPATCH FUND – This fund is used to account for the agreement between the City and Madison County to provide 911 dispatch services in the Norfolk and Madison County area.

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.

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2021

	Special Revenue Funds								Capital Projects	Total Governmental Nonmajor Funds
	Vehicle Parking	911	SNARE	Region 11	Wireless 911	LB 840 Economic Development	Economic Development Operating	Norfolk/Madison Dispatch	Community Development Agency	
Assets										
Cash and Equity in Pooled Investment Account	\$ 182,530	\$ -	\$ 264,324	\$ 228,357	\$ 485,764	\$ 298,158	\$ 346,421	\$ -	\$ 389,544	\$ 2,195,098
Cash at County Treasurer	14,019	-	-	-	-	5	-	-	-	14,024
Receivables (Net, where applicable, of allowance for uncollectibles)										
Accounts	823	-	2,041	-	-	-	-	-	-	2,864
Taxes	3,525	-	-	-	-	37	-	28,653	-	32,215
Accrued Interest	115	-	189	138	319	381	342	-	-	1,484
Notes Receivable	1,177	-	-	-	-	-	-	-	-	1,177
Due from Other Governmental Agencies	-	-	-	14,429	-	-	-	-	-	14,429
Prepaid Assets	-	-	1,400	-	13,398	-	-	-	-	14,798
Total Assets	202,189	-	267,954	242,924	499,481	298,581	346,763	28,653	389,544	2,276,089
Liabilities										
Accounts Payable	698	-	508	988	408	-	703	35	-	3,340
Total Liabilities	698	-	508	988	408	-	703	35	-	3,340
Deferred Inflows of Resources										
Unavailable Revenue-Property Taxes	1,782	-	-	-	-	-	-	-	-	1,782
Total Deferred Inflows of Resources	1,782	-	-	-	-	-	-	-	-	1,782
Fund Balances										
Non Spendable	-	-	1,400	-	13,398	-	-	-	-	14,798
Restricted	199,709	-	266,046	241,936	485,675	298,581	346,060	28,618	389,544	2,256,169
Total Fund Balances	199,709	-	267,446	241,936	499,073	298,581	346,060	28,618	389,544	2,270,967
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 202,189	\$ -	\$ 267,954	\$ 242,924	\$ 499,481	\$ 298,581	\$ 346,763	\$ 28,653	\$ 389,544	\$ 2,276,089

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2021

	Special Revenue Funds								Capital Projects	Total
	Vehicle Parking	911	SNARE	Region 11	Wireless 911	LB 840 Economic Development	Economic Development Operating	Norfolk/Madison Dispatch	Community Development Agency	Governmental Nonmajor Funds
Revenue:										
Taxes	\$ 96,325	\$ -	\$ -	\$ -	\$ -	\$ 5,844	\$ -	\$ -	\$ -	\$ 102,169
Intergovernmental Revenue	4,608	-	26,400	141,216	95,776	417	166,358	-	-	434,775
Occupation & Franchise Taxes	-	121,078	-	-	-	-	-	28,653	-	149,731
Rental Income	35,385	-	-	-	-	-	-	-	-	35,385
Loan Repayments	7,307	-	-	-	-	-	-	-	-	7,307
Interest	700	116	771	491	1,312	1,595	1,799	-	902	7,686
TIF Bond Revenue	-	-	-	-	-	-	-	-	2,895,352	2,895,352
Miscellaneous	-	-	4,010	-	-	-	-	-	-	4,010
Total Revenue	144,325	121,194	31,181	141,707	97,088	7,856	168,157	28,653	2,896,254	3,636,415
Expenditures:										
Public Safety	-	7,039	42,157	120,947	46,676	-	-	35	-	216,854
Public Works	77,690	-	-	-	-	-	-	-	-	77,690
Community Improvement and Development	-	-	-	-	-	3,000	273,535	-	2,895,352	3,171,887
Debt Service	18,539	-	-	-	-	373,680	-	-	-	392,219
Total Expenditures	96,229	7,039	42,157	120,947	46,676	376,680	273,535	35	2,895,352	3,858,650
Excess (Deficiency) of Revenues over Expenditures	48,096	114,155	(10,976)	20,760	50,412	(368,824)	(105,378)	28,618	902	(222,235)
Other Financing Sources (Uses):										
Issuance of Refunding Bonds	155,000	-	-	-	-	-	-	-	-	155,000
Debt Service on Refunded Bonds	(155,000)	-	-	-	-	-	-	-	-	(155,000)
Transfers In	-	-	-	44,917	-	-	166,358	-	-	211,275
Transfers Out	-	(166,566)	-	-	-	-	-	-	-	(166,566)
Total other Financing Sources (Uses)	-	(166,566)	-	44,917	-	-	166,358	-	-	44,709
Net Change in Fund Balance	48,096	(52,411)	(10,976)	65,677	50,412	(368,824)	60,980	28,618	902	(177,526)
Fund Balances - Beginning of Year	151,613	52,411	278,422	176,259	448,661	667,405	285,080	-	388,642	2,448,493
Fund Balances - End of Year	\$ 199,709	\$ -	\$ 267,446	\$ 241,936	\$ 499,073	\$ 298,581	\$ 346,060	\$ 28,618	\$ 389,544	\$ 2,270,967

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, 2021

	Vehicle Parking			SNARE		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Taxes	\$ 98,889	\$ 95,348	\$ (3,541)	\$ -	\$ -	\$ -
Intergovernmental Revenue	270	4,608	4,338	36,900	26,400	(10,500)
Loan Repayments	5,644	6,132	488	-	-	-
Rental Income	30,000	34,643	4,643	-	-	-
Interest	350	878	528	400	1,346	946
Miscellaneous	-	-	-	-	4,010	4,010
Total Revenue	<u>135,153</u>	<u>141,609</u>	<u>6,456</u>	<u>37,300</u>	<u>31,756</u>	<u>(5,544)</u>
Current Expenditures:						
Public Safety	-	-	-	77,858	43,747	34,111
Public Works	145,083	77,611	67,472	-	-	-
Debt Service	20,204	18,539	1,665	-	-	-
Total Expenditures	<u>165,287</u>	<u>96,150</u>	<u>69,137</u>	<u>77,858</u>	<u>43,747</u>	<u>34,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,134)</u>	<u>45,459</u>	<u>75,593</u>	<u>(40,558)</u>	<u>(11,991)</u>	<u>28,567</u>
Other Financing Sources (Uses):						
Issuance of Refunding Bonds	-	155,000	155,000	-	-	-
Debt Service on Refunded Bonds	-	(155,000)	(155,000)	-	-	-
Total Other Financing Sources (Uses)	<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>\$ (30,134)</u>	<u>\$ 45,459</u>	<u>\$ 75,593</u>	<u>\$ (40,558)</u>	<u>\$ (11,991)</u>	<u>\$ 28,567</u>
Fund Balances-Beginning of Year		<u>151,090</u>			<u>276,315</u>	
Fund Balances- End of Year		<u>\$ 196,549</u>			<u>\$ 264,324</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, 2021

	911			REGION 11			Wireless 911		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$115,842	\$139,366	\$ 23,524	\$ 95,776	\$ 95,776	\$ -
Occupation and Franchise Taxes	175,000	153,421	(21,579)	-	-	-	-	-	-
Interest	100	260	160	300	914	614	500	2,224	1,724
Total Revenue	<u>175,100</u>	<u>153,681</u>	<u>(21,419)</u>	<u>116,142</u>	<u>140,280</u>	<u>24,138</u>	<u>96,276</u>	<u>98,000</u>	<u>1,724</u>
Current Expenditures:									
Public Safety	4,200	2,467	1,733	138,713	126,626	12,087	48,900	28,370	20,530
Total Expenditures	<u>4,200</u>	<u>2,467</u>	<u>1,733</u>	<u>138,713</u>	<u>126,626</u>	<u>12,087</u>	<u>48,900</u>	<u>28,370</u>	<u>20,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>170,900</u>	<u>151,214</u>	<u>(19,686)</u>	<u>(22,571)</u>	<u>13,654</u>	<u>36,225</u>	<u>47,376</u>	<u>69,630</u>	<u>22,254</u>
Other Financing Sources (Uses):									
Transfers In	-	-	-	44,917	44,917	-	-	-	-
Transfers Out	(175,000)	(166,566)	8,434	-	-	-	(175,000)	-	175,000
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(166,566)</u>	<u>8,434</u>	<u>44,917</u>	<u>44,917</u>	<u>-</u>	<u>(175,000)</u>	<u>-</u>	<u>175,000</u>
Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (4,100)</u>	<u>\$ (15,352)</u>	<u>\$ (11,252)</u>	<u>\$ 22,346</u>	<u>\$ 58,571</u>	<u>\$ 36,225</u>	<u>\$ (127,624)</u>	<u>\$ 69,630</u>	<u>\$ 197,254</u>
Fund Balances-Beginning of Year		<u>15,352</u>			<u>169,786</u>			<u>416,134</u>	
Fund Balances- End of Year		<u>\$ -</u>			<u>\$228,357</u>			<u>\$485,764</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, 2021

	LB 840 Economic Development			Economic Development Operating			Norfolk/Madison Dispatch		
	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	\$ -	\$ 9,728	\$ 9,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	75,000	417	(74,583)	166,358	166,358	-	-	-	-
Payments in Lieu of Taxes	-	157	157	-	-	-	-	-	-
Interest	400	2,854	2,454	300	2,477	2,177	-	-	-
Total Revenue	<u>75,400</u>	<u>13,156</u>	<u>(62,244)</u>	<u>166,658</u>	<u>168,835</u>	<u>2,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Expenditures:									
Community Improvement and Development	295,771	3,048	292,723	499,060	284,325	214,735	-	-	-
Debt Service	373,680	373,680	-	-	-	-	-	-	-
Total Expenditures	<u>669,451</u>	<u>376,728</u>	<u>292,723</u>	<u>499,060</u>	<u>284,325</u>	<u>214,735</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(594,051)</u>	<u>(363,572)</u>	<u>230,479</u>	<u>(332,402)</u>	<u>(115,490)</u>	<u>216,912</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources:									
Transfers In	-	-	-	166,358	166,358	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,358</u>	<u>166,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u><u>\$(594,051)</u></u>	<u><u>\$(363,572)</u></u>	<u><u>\$ 230,479</u></u>	<u><u>\$(166,044)</u></u>	<u><u>\$ 50,868</u></u>	<u><u>\$ 216,912</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balances-Beginning of Year		<u>661,734</u>			<u>295,553</u>			<u>-</u>	
Fund Balances- End of Year		<u><u>\$ 298,163</u></u>			<u><u>\$ 346,421</u></u>			<u><u>\$ -</u></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, 2021

	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	\$ 2,751,151	\$ 87,375	\$ (2,663,776)	\$ -	\$ -	\$ -
Contributions	1,222,400	8,394	(1,214,006)	-	-	-
Rental Income	12,000	14,603	2,603	-	-	-
Special Assessments	-	-	-	-	36,464	36,464
Interest	4,200	22,808	18,608	-	3,690	3,690
Total Revenue	3,989,751	133,180	(3,856,571)	-	40,154	40,154
Expenditures:						
Public Safety	832,195	189,910	642,285	-	-	-
Public Works	4,690,736	477,001	4,213,735	1,937,500	1,381,290	556,210
Public Library	205,000	3,697	201,303	-	-	-
Parks and Recreation	3,326,046	661,834	2,664,212	-	-	-
Community Improvement and Development	625,000	625,000	-	-	-	-
General Government	86,776	6,573	80,203	-	-	-
Debt Service	-	-	-	191,265	3,488,922	(3,297,657)
Total Expenditures	9,765,753	1,964,015	7,801,738	2,128,765	4,870,212	(2,741,447)
Excess (Deficiency) of Revenues Over Expenditures	(5,776,002)	(1,830,835)	3,945,167	(2,128,765)	(4,830,058)	(2,701,293)
Other Financing Sources:						
Proceeds from Debt Financing	2,145,000	1,065,000	(1,080,000)	1,860,000	2,320,000	460,000
Transfers In	1,354,338	2,033,068	678,730	-	2,751,080	2,751,080
Total Other Financing Sources	3,499,338	3,098,068	(401,270)	1,860,000	5,071,080	3,211,080
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (2,276,664)	\$ 1,267,233	\$ 3,543,897	\$ (268,765)	\$ 241,022	\$ 509,787
Fund Balances-Beginning of Year		4,768,174			256,533	
Fund Balances- End of Year		\$ 6,035,407			\$ 497,555	

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, 2021

	Debt Service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 870,762	\$ 804,981	\$ (65,781)
Special Assessments	157,043	2,567,687	2,410,644
Intergovernmental Revenue	-	75,708	75,708
Occupation and Franchise Taxes	1,778,000	2,233,653	455,653
Payments in Lieu of Taxes	31,000	37,421	6,421
Interest	69,422	108,659	39,237
Total Revenue	<u>2,906,227</u>	<u>5,828,109</u>	<u>2,921,882</u>
Current Expenditures:			
Public Safety	-	8,075	(8,075)
Parks and Recreation	35,560	43,529	(7,969)
Community Improvement and Development	-	1,333	(1,333)
General Government	-	800	(800)
Debt Service	2,231,109	4,445,867	(2,214,758)
Total Expenditures	<u>2,266,669</u>	<u>4,499,604</u>	<u>(2,232,935)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>639,558</u>	<u>1,328,505</u>	<u>688,947</u>
Other Financing Sources (Uses):			
Issuance of Refunding Bonds	-	850,000	850,000
Debt Service on Refunded Bonds	-	(850,000)	(850,000)
Transfers In	126,066	126,066	-
Transfers Out	-	(2,751,080)	(2,751,080)
Total Other Financing Sources	<u>126,066</u>	<u>(2,625,014)</u>	<u>(2,751,080)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 765,624</u>	<u>\$ (1,296,509)</u>	<u>\$ (2,062,133)</u>
Fund Balances-Beginning of Year		<u>6,756,903</u>	
Fund Balances- End of Year		<u>\$ 5,460,394</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, solid waste transfer station and stormwater utility.

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION
COMBINED UTILITIES
September 30, 2021

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Current Assets:					
Cash and Equity in Pooled Investment Account	\$3,094,651	\$6,114,633	\$1,235,087	\$117,193	\$10,561,564
Receivables:					
Accounts	690,196	808,828	249,670	23,318	1,772,012
Special Assessments	475,243	17,314	-	-	492,557
Interest	2,066	4,286	994	75	7,421
Restricted Cash:					
Cash & Cash Equivalents	-	457,914	-	-	457,914
Inventories:					
Fiber Optic System Held for Resale	202,857	-	-	-	202,857
Prepaid Assets	2,350	3,918	2,612	-	8,880
Total Current Assets	4,467,363	7,406,893	1,488,363	140,586	13,503,205
Noncurrent Assets:					
Restricted Assets:					
Restricted Cash	211,000	201,137	199,000	-	611,137
Property, Plant and Equipment:					
Land	2,366,101	958,992	52,284	-	3,377,377
Water and Pollution Control Plant	9,636,308	15,865,751	968,819	-	26,470,878
Water Distribution and Sewage System Equipment	33,216,383	26,069,272	-	-	59,285,655
Equipment	1,939,362	4,167,798	1,580,735	34,961	7,722,856
Construction in Progress	307,436	1,002,088	483,727	4,592	1,797,843
	47,465,590	48,063,901	3,085,565	39,553	98,654,609
Less Accumulated Depreciation	13,071,191	18,758,467	1,482,037	34,961	33,346,656
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	34,394,399	29,305,434	1,603,528	4,592	65,307,953
Total Noncurrent Assets	34,605,399	29,506,571	1,802,528	4,592	65,919,090
Total Assets	\$39,072,762	\$36,913,464	\$3,290,891	\$145,178	\$79,422,295

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
For the Year Ended September 30, 2021

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Current Liabilities:					
Accounts and Contracts Payable	\$603,998	\$294,009	\$181,374	\$6,039	\$1,085,420
Accrued Compensated Absences	68,149	70,040	43,830	1,387	183,406
Payables from Restricted Assets:					
Accrued Interest Payable	-	62,914	-	-	62,914
Revenue Bonds - Current	-	395,000	-	-	395,000
Total Current Liabilities	672,147	821,963	225,204	7,426	1,726,740
Noncurrent Liabilities:					
Revenue Bonds	-	7,761,894	-	-	7,761,894
Accrued Compensated Absences	98,650	85,845	70,768	-	255,263
Total Noncurrent Liabilities	98,650	7,847,739	70,768	-	8,017,157
Total Liabilities	770,797	8,669,702	295,972	7,426	9,743,897
Net Position					
Net Investment in Capital Assets	33,909,370	20,958,687	1,556,842	4,592	56,429,491
Restricted for:					
Debt Covenants	211,000	596,136	199,000	-	1,006,136
Unrestricted	4,181,595	6,688,939	1,239,077	133,160	12,242,771
Total Net Position	\$ 38,301,965	\$ 28,243,762	\$ 2,994,919	\$ 137,752	\$ 69,678,398

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
September 30, 2021

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Operating Revenues:					
User Charges	\$3,332,546	\$4,959,461	\$2,336,711	\$152,608	\$10,781,326
Rental Income	76,561	6,750	-	-	83,311
Miscellaneous Income	6,717	4,544	7,152	16	18,429
Total Operating Revenues	3,415,824	4,970,755	2,343,863	152,624	10,883,066
Operating Expenses:					
Payroll and Related Taxes and Benefits	1,010,398	1,081,180	667,740	72,246	2,831,564
Utilities	257,675	348,943	24,996	-	631,614
Repairs and Maintenance	327,961	399,930	235,910	6,169	969,970
Purchased Services	-	-	915,061	-	915,061
General and Administration	645,335	932,738	278,839	33,884	1,890,796
Depreciation	645,918	704,722	143,639	-	1,494,279
Total Operating Expenses	2,887,287	3,467,513	2,266,185	112,299	8,733,284
Operating Income	528,537	1,503,242	77,678	40,325	2,149,782
Nonoperating Revenues (Expenses):					
Interest on Bonds and Other Debt	-	(206,094)	-	-	(206,094)
Interest Income	3,504	16,298	-	503	20,305
Gain on Disposal of Capital Assets	-	-	1,650	-	1,650
Total Nonoperating Revenues (Expenses)	3,504	(189,796)	1,650	503	(184,139)
Income before Capital Contributions	532,041	1,313,446	79,328	40,828	1,965,643
Capital Contributions	2,782,666	2,135,057	-	-	4,917,723
Change in Net Position	3,314,707	3,448,503	79,328	40,828	6,883,366
Net Position - Beginning of Period	34,987,258	24,795,259	2,915,591	96,924	62,795,032
Net Position - End of Period	\$38,301,965	\$28,243,762	\$2,994,919	\$137,752	\$69,678,398

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
September 30, 2021

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 3,417,114	\$ 4,824,639	\$ 2,318,341	\$ 153,724	\$ 10,713,818
Cash Paid to Suppliers for Goods and Services	(1,260,832)	(2,006,817)	(1,413,424)	(35,453)	(4,716,526)
Cash Paid to Employees for Services	(1,009,591)	(1,088,141)	(655,767)	(72,227)	(2,825,726)
Net Cash Provided by Operating Activities	1,146,691	1,729,681	249,150	46,044	3,171,566
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(1,241,189)	(499,148)	(240,218)	(4,592)	(1,985,147)
Capital Grants and Contributions	3,750	-	-	-	3,750
Proceeds from the Sale of Assets	-	-	1,650	-	1,650
Principal Paid on Notes and Bonds	-	(380,000)	-	-	(380,000)
Interest Paid on Notes and Bonds	-	(220,903)	-	-	(220,903)
Net Cash (Used) for Capital and Related Financing Activities	(1,237,439)	(1,100,051)	(238,568)	(4,592)	(2,580,650)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends on Investments	14,476	30,133	2,977	536	48,122
Net Cash Provided for Investing Activities	14,476	30,133	2,977	536	48,122
Net Increase (Decrease) in Cash and Cash Equivalents	(76,272)	659,763	13,559	41,988	639,038
Cash and Cash Equivalents at Beginning of Year	3,381,923	6,113,921	1,420,528	75,205	10,991,577
Cash and Cash Equivalents at End of Year	\$ 3,305,651	\$ 6,773,684	\$ 1,434,087	\$ 117,193	\$ 11,630,615

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
September 30, 2021

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 528,537	\$ 1,503,242	\$ 77,678	\$ 40,325	\$ 2,149,782
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	645,918	704,722	143,639	-	1,494,279
(Increase) Decrease in Assets:					
Accounts Receivable	1,291	(146,625)	(25,522)	1,100	(169,756)
Special Assessments	-	509	-	-	509
Prepaid Assets	(2,350)	(3,918)	(2,612)	-	(8,880)
Increase (Decrease) in Liabilities:					
Accounts and Contracts Payable	(27,512)	(321,288)	43,994	4,600	(300,206)
Accrued Compensated Absences	807	(6,961)	11,973	19	5,838
Total Adjustments	618,154	226,439	171,472	5,719	1,021,784
Net Cash Provided by Operating Activities	\$ 1,146,691	\$ 1,729,681	\$ 249,150	\$ 46,044	\$ 3,171,566
Supplemental Schedule of Noncash Capital and Related Financing Activities:					
Contribution of Distribution System Assets	\$ 2,305,857	\$ 2,135,056	\$ -	\$ -	\$ 4,440,913
Accounts Payable Exchanged for Capital Assets	\$ 485,029	\$ 189,853	\$ 46,686	\$ -	\$ 721,568
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:					
Cash and Equity in Pooled Investment Account	\$ 3,094,651	\$ 6,114,633	\$ 1,235,087	\$ 117,193	\$ 10,561,564
Restricted Cash - Current	-	457,914	-	-	457,914
Restricted Cash - Noncurrent	211,000	201,137	199,000	-	611,137
	\$ 3,305,651	\$ 6,773,684	\$ 1,434,087	\$ 117,193	\$ 11,630,615

FIDUCIARY FUNDS

Trust Funds are used to account for assets held by the City in a trustee capacity. **Custodial 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 DEFINED CONTRIBUTION RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighters employed after January 1, 1984.

FIREMEN'S DEFINED BENEFIT RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighters, or their spouses, employed prior to January 1, 1984 having minimum benefit guarantees.

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.

457 DEFERRED COMPENSATION FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified employees enrolled in the 457 Deferred Compensation Plan.

CUSTODIAL 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 various blight and substandard areas around the City of Norfolk. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2021

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total Pension Trust Funds
ASSETS						
Guaranteed Insurance Contracts	\$ 1,283,481	\$ 571,080	\$ 3,018,984	\$ 11,187,611	\$ 1,171,282	\$ 17,232,438
Open Ended Mutual Funds	9,465,843	-	10,019,733	26,299,558	1,627,103	47,412,237
Total Assets	<u>10,749,324</u>	<u>571,080</u>	<u>13,038,717</u>	<u>37,487,169</u>	<u>2,798,385</u>	<u>64,644,675</u>
FIDUCIARY NET POSITION						
Restricted for Pensions	10,749,324	571,080	13,038,717	37,487,169	2,798,385	64,644,675
Total Fiduciary Net Position	<u>\$ 10,749,324</u>	<u>\$ 571,080</u>	<u>\$ 13,038,717</u>	<u>\$ 37,487,169</u>	<u>\$ 2,798,385</u>	<u>\$ 64,644,675</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2021

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total Pension Trust Funds
ADDITIONS						
Contributions:						
Employer	\$ 301,040	\$ 25,908	\$ 202,209	\$ 579,489	\$ -	\$ 1,108,646
Employee	150,520	-	202,209	941,464	203,004	1,497,197
Total Contributions	<u>451,560</u>	<u>25,908</u>	<u>404,418</u>	<u>1,520,953</u>	<u>203,004</u>	<u>2,605,843</u>
Investment Income:						
Interest, Dividends & Market Gains	<u>2,101,771</u>	<u>20,350</u>	<u>2,203,528</u>	<u>5,805,397</u>	<u>335,758</u>	<u>10,466,804</u>
Total Additions	<u>2,553,331</u>	<u>46,258</u>	<u>2,607,946</u>	<u>7,326,350</u>	<u>538,762</u>	<u>13,072,647</u>
DEDUCTIONS						
Pension Benefits	196,559	107,771	116,587	1,977,731	-	2,398,648
Contribution Refunds	-	-	35,192	59,114	-	94,306
Administration	<u>1,591</u>	<u>-</u>	<u>1,127</u>	<u>3,202</u>	<u>580</u>	<u>6,500</u>
Total Deductions	<u>198,150</u>	<u>107,771</u>	<u>152,906</u>	<u>2,040,047</u>	<u>580</u>	<u>2,499,454</u>
Change in Net Position	<u>2,355,181</u>	<u>(61,513)</u>	<u>2,455,040</u>	<u>5,286,303</u>	<u>538,182</u>	<u>10,573,193</u>
Fiduciary Net Position -- Beginning of Period, Before Restatement	8,394,143	632,593	10,583,677	32,200,866	-	51,811,279
Adjustment for Implementation of GASB 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,260,203</u>	<u>2,260,203</u>
Fiduciary Net Position -- Beginning of Period, After Restatement	<u>8,394,143</u>	<u>632,593</u>	<u>10,583,677</u>	<u>32,200,866</u>	<u>2,260,203</u>	<u>54,071,482</u>
Fiduciary Net Position -- End of Period	<u>\$ 10,749,324</u>	<u>\$ 571,080</u>	<u>\$ 13,038,717</u>	<u>\$ 37,487,169</u>	<u>\$ 2,798,385</u>	<u>\$ 64,644,675</u>

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

This part of the City of Norfolk's annual comprehensive financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required 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 which the government's financial activities take place.	16-17
Operating Information These tables contain service and infrastructure indicators that can inform one's 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 relevant year.

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities					
Net Investment in Capital Assets	\$ 67,600,237	\$ 61,405,541	\$ 56,281,189	\$ 55,056,983	\$ 50,736,098
Restricted for:					
Debt Service	4,010,592	3,556,622	3,221,437	2,879,341	2,575,381
Road Projects	5,442,806	4,122,543	4,290,994	3,836,877	2,922,144
Community Programs and Services	3,966,986	3,788,391	4,599,009	4,026,973	6,186,742
Unrestricted	20,997,401	20,726,456	17,489,903	16,251,003	14,983,957
Total Governmental Activities Net Position	\$ 102,018,022	\$ 93,599,553	\$ 85,882,532	\$ 82,051,177	\$ 77,404,322
Business-Type Activities					
Net Investment in Capital Assets	\$ 56,429,491	\$ 51,106,234	\$ 46,338,591	\$ 43,595,405	\$ 41,031,377
Restricted	1,006,136	945,404	968,434	847,638	1,841,627
Unrestricted	12,242,771	10,743,394	12,265,257	12,299,011	8,881,735
Total Business-Type Activities Net Position	\$ 69,678,398	\$ 62,795,032	\$ 59,572,282	\$ 56,742,054	\$ 51,754,739
Primary Government:					
Net Investment in Capital Assets	\$ 124,029,728	\$ 112,511,775	\$ 102,619,780	\$ 98,652,388	\$ 91,767,475
Restricted	14,426,520	12,412,960	13,079,874	11,590,829	13,525,894
Unrestricted	33,240,172	31,469,850	29,755,160	28,550,014	23,865,692
Total Primary Government Net Position	\$ 171,696,420	\$ 156,394,585	\$ 145,454,814	\$ 138,793,231	\$ 129,159,061

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities					
Net Investment in Capital Assets	\$ 40,610,264	\$ 39,859,311	\$ 39,846,176	\$ 38,561,536	\$ 37,538,073
Restricted for:					
Debt Service	2,310,289	2,056,725	1,718,817	1,556,817	1,117,646
Road Projects	4,315,636	3,038,500	1,587,443	2,655,276	2,761,835
Community Programs and Services	7,067,955	5,475,708	3,284,448	2,654,437	2,469,929
Unrestricted	16,820,853	17,893,551	16,711,180	15,527,684	14,750,599
Total Governmental Activities Net Position	\$ 71,124,997	\$ 68,323,795	\$ 63,148,064	\$ 60,955,750	\$ 58,638,082
Business-Type Activities					
Net Investment in Capital Assets	\$ 37,513,730	\$ 37,014,955	\$ 36,984,047	\$ 33,609,113	\$ 33,789,528
Restricted	2,609,219	2,480,450	2,545,137	2,732,672	2,233,386
Unrestricted	8,972,087	7,981,527	6,344,841	7,773,246	6,559,493
Total Business-Type Activities Net Position	\$ 49,095,036	\$ 47,476,932	\$ 45,874,025	\$ 44,115,031	\$ 42,582,407
Primary Government:					
Net Investment in Capital Assets	\$ 78,123,994	\$ 76,874,266	\$ 76,830,223	\$ 72,170,649	\$ 71,327,601
Restricted	16,303,099	13,051,383	9,135,845	9,599,202	8,582,796
Unrestricted	25,792,940	25,875,078	23,056,021	23,300,930	21,310,092
Total Primary Government Net Position	\$ 120,220,033	\$ 115,800,727	\$ 109,022,089	\$ 105,070,781	\$ 101,220,489

CITY OF NORFOLK, NEBRASKA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities										
General Government	\$ 3,107,535	\$ 3,864,486	\$ 2,956,350	\$ 2,977,504	\$ 3,311,385	\$ 2,462,887	\$ 2,622,419	\$ 2,552,931	\$ 1,851,020	\$ 2,434,382
Public Safety	12,009,577	11,319,323	10,300,692	10,427,387	10,152,789	10,133,933	9,111,824	8,912,927	8,750,908	8,507,028
Public Works	7,201,836	7,004,357	7,614,440	7,353,230	4,949,525	5,494,622	5,279,551	7,114,441	6,282,178	5,426,164
Public Library	1,869,748	1,826,846	1,804,884	2,233,538	1,478,371	1,461,349	1,386,198	1,409,728	1,308,791	1,258,780
Parks and Recreation	3,273,798	3,383,361	3,334,945	3,180,516	2,970,064	3,354,612	2,927,345	2,674,471	3,012,478	2,176,083
Community Improvement & Development	5,496,064	5,207,956	5,826,934	3,182,386	1,035,861	4,217,807	1,213,129	994,906	1,199,963	825,295
Debt Service	371,104	460,254	398,001	344,297	323,382	454,900	673,579	626,377	673,495	699,623
Total Governmental Activities Expenses	33,329,662	33,066,583	32,236,246	29,698,858	24,221,377	27,580,110	23,214,045	24,285,781	23,078,833	21,327,355
Business-Type Activities										
Water Division	2,887,287	2,721,110	2,535,576	2,345,132	2,269,164	2,294,958	2,102,160	2,386,409	2,448,790	2,078,471
Sewer Division	3,673,607	4,225,667	3,738,328	3,790,662	3,168,511	3,293,531	3,075,988	2,770,537	2,999,679	2,709,764
Solid Waste Division	2,264,535	1,998,538	1,936,387	1,960,849	1,830,369	1,763,283	1,763,897	1,739,883	1,593,608	1,659,361
Stormwater Division	112,299	58,568	-	-	-	-	-	-	-	-
Total Business-Type Activities	8,937,728	9,003,883	8,210,291	8,096,643	7,268,044	7,351,772	6,942,045	6,896,829	7,042,077	6,447,596
Total Primary Government Expenses	\$ 42,267,390	\$ 42,070,466	\$ 40,446,537	\$ 37,795,501	\$ 31,489,421	\$ 34,931,882	\$ 30,156,090	\$ 31,182,610	\$ 30,120,910	\$ 27,774,951
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 1,161,541	\$ 970,065	\$ 846,121	\$ 774,415	\$ 675,443	\$ 550,560	\$ 493,501	\$ 514,625	\$ 544,417	\$ 484,150
Public Safety	1,071,920	900,867	818,625	1,270,763	1,175,687	1,104,698	1,110,300	1,098,611	1,013,391	965,103
Public Works	132,019	147,856	105,214	127,618	141,147	100,707	110,592	124,738	113,369	182,375
Public Library	23,940	16,792	27,542	21,943	27,119	29,056	30,326	28,627	25,820	27,149
Parks and Recreation	483,954	233,792	490,329	463,339	493,930	495,207	462,350	446,982	445,399	471,172
Community Improvement and Development	548,394	629,643	497,526	113,810	102,647	113,526	98,601	80,000	120,000	120,000
Operating Grants & Contributions	9,921,051	8,459,117	8,463,834	6,103,919	4,159,685	3,700,589	4,148,833	3,894,437	3,602,142	3,285,816
Capital Grants & Contributions	6,064,400	6,728,690	2,124,055	4,709,685	980,028	1,656,522	458,660	531,933	880,045	530,453
Total Governmental Activities Program Revenues	19,407,219	18,086,822	13,373,246	13,585,492	7,755,686	7,750,865	6,913,163	6,719,953	6,744,583	6,066,218
Business-Type Activities:										
Charges for Services:										
Water Division	3,409,107	3,390,991	2,853,689	2,879,311	3,034,477	2,636,412	2,496,043	2,578,265	2,900,045	3,201,639
Sewer Division	4,966,211	4,599,247	4,676,320	4,469,366	4,353,195	3,947,187	3,518,523	3,755,613	3,740,332	3,562,527
Solid Waste	2,336,711	2,286,962	2,362,144	2,016,542	1,994,477	1,909,479	1,975,181	1,772,489	1,634,893	1,716,396
Stormwater Division	152,608	152,737	-	-	-	-	-	-	-	-
Operating Grants & Contributions	-	-	-	-	-	1,445	81,487	-	125,708	23,545
Capital Grants & Contributions	2,287,972	1,348,288	819,590	1,293,123	-	243,349	340,886	422,145	99,172	263,456
Total Business-Type Activities Program Revenues	13,152,609	11,778,225	10,711,743	10,658,342	9,382,149	8,737,872	8,412,120	8,528,512	8,500,150	8,767,563
Total Primary Government Program Revenues	\$ 32,559,828	\$ 29,865,047	\$ 24,084,989	\$ 24,243,834	\$ 17,137,835	\$ 16,488,737	\$ 15,325,283	\$ 15,248,465	\$ 15,244,733	\$ 14,833,781
Net (Expense)/Revenue										
Governmental Activities	\$ (13,922,443)	\$ (14,979,761)	\$ (18,863,000)	\$ (16,113,366)	\$ (16,465,691)	\$ (19,829,245)	\$ (16,300,882)	\$ (17,565,828)	\$ (16,334,250)	\$ (15,261,137)
Business-Type Activities	4,214,881	2,774,342	2,501,452	2,561,699	2,114,105	1,386,100	1,470,075	1,631,683	1,458,073	2,319,967
Total Primary Government Net Expense	\$ (9,707,562)	\$ (12,205,419)	\$ (16,361,548)	\$ (13,551,667)	\$ (14,351,586)	\$ (18,443,145)	\$ (14,830,807)	\$ (15,934,145)	\$ (14,876,177)	\$ (12,941,170)

(Continued)

CITY OF NORFOLK, NEBRASKA
 CHANGE IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 4,954,639	\$ 4,495,422	\$ 4,335,563	\$ 4,002,734	\$ 3,765,320	\$ 3,480,593	\$ 3,428,471	\$ 3,097,189	\$ 3,117,062	\$ 3,129,497
Sales Tax	10,503,632	9,216,028	8,744,704	9,796,242	10,677,614	10,614,793	9,358,568	8,035,671	7,081,725	7,629,397
Other Taxes	220,840	219,714	230,038	210,413	209,221	203,371	202,868	184,689	176,215	270,292
Occupation and Franchise Taxes	3,073,366	2,869,551	2,965,012	2,827,862	2,705,164	2,680,189	2,764,650	2,781,028	2,653,429	2,514,570
Interest	193,263	398,345	619,526	317,718	209,621	107,008	58,091	49,656	56,716	123,026
General Intergovernmental Revenues Unrestricted	518,515	462,641	429,545	409,242	398,194	372,186	365,627	276,969	394,575	124,392
Unrestricted Keno Revenues	782,377	664,431	621,592	642,534	584,717	552,493	611,740	572,632	547,095	494,447
General Revenue from Electrical Distribution System Lease/Use of Property	4,580,816	4,553,874	4,594,255	4,630,450	4,505,919	4,596,858	4,620,527	4,677,788	4,578,545	4,471,873
Revenue from Sale of Uncapitalized Property	20,075.00	-	5,940	35,000	56,219	17,097	74,113	42,511	55,625	14,162
Miscellaneous	123,141	104,449	208,110	120,658	92,345	109,622	55,506	40,009	57,054	32,379
Interfund Transfers	(2,629,752)	(287,673)	(59,930)	(2,232,632)	(459,318)	(103,763)	(13,467)	-	(66,125)	(158,646)
Total Governmental Activities	22,340,912	22,696,782	22,694,355	20,760,221	22,745,016	22,630,447	21,526,694	19,758,142	18,651,916	18,645,389
Business Type of Activities:										
Interest	20,304	151,819	245,931	170,004	64,418	27,278	11,899	13,699	8,428	18,008
Use of Property	-	-	-	-	-	82,022	84,919	81,422	-	-
Miscellaneous	18,429	8,916	22,915	22,980	21,859	18,944	22,547	32,190	-	-
Interfund Transfers	2,629,752	287,673	59,930	2,232,632	459,318	103,763	13,467	-	66,125	158,646
Total Business-Type Activities	2,668,485	448,408	328,776	2,425,616	545,595	232,007	132,832	127,311	74,553	176,654
Total Primary Government	\$ 25,009,397	\$ 23,145,190	\$ 23,023,131	\$ 23,185,837	\$ 23,290,611	\$ 22,862,454	\$ 21,659,526	\$ 19,885,453	\$ 18,726,469	\$ 18,822,043
Change in Net Position										
Governmental Activities	\$ 8,418,469	\$ 7,717,021	\$ 3,831,355	\$ 4,646,855	\$ 6,279,325	\$ 2,801,202	\$ 5,225,812	\$ 2,192,314	\$ 2,317,666	\$ 3,384,252
Business-Type Activities	6,883,366	3,222,750	2,830,228	4,987,315	2,659,700	1,618,107	1,602,907	1,758,994	1,532,626	2,496,621
Total Primary Government	\$ 15,301,835	\$ 10,939,771	\$ 6,661,583	\$ 9,634,170	\$ 8,939,025	\$ 4,419,309	\$ 6,828,719	\$ 3,951,308	\$ 3,850,292	\$ 5,880,873

TABLE 3

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

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Non Spendable	\$ 115,101	\$ 55,671	\$ 53,885	\$ 38,468	\$ 34,735
Restricted	39,181	35,403	35,626	35,948	480,485
Committed	-	-	-	-	-
Assigned	50,580	115,813	131,260	28,484	13,770
Unassigned	11,640,486	10,391,447	9,938,855	9,257,812	8,287,694
Total General Fund	\$ 11,845,348	\$ 10,598,334	\$ 10,159,626	\$ 9,360,712	\$ 8,816,684
All Other Governmental Funds					
Non Spendable	\$ 14,798	\$ 37,769	\$ 27,458	\$ 16,052	\$ 17,950
Restricted	13,445,718	11,541,590	12,202,044	10,816,613	11,311,850
Committed	1,860,530	3,285,899	2,727,215	2,155,920	1,810,263
Assigned	4,377,651	3,500,477	3,413,287	2,934,958	2,639,506
Unassigned	(2,255,603)	(6,475,927)	(6,212,438)	(864,234)	(1,898,527)
Total All Other Governmental Funds	\$ 17,443,094	\$ 11,889,808	\$ 12,157,566	\$ 15,059,309	\$ 13,881,042
Total Governmental Funds					
Non Spendable	\$ 129,899	\$ 93,440	\$ 81,343	\$ 54,520	\$ 52,685
Restricted	13,484,899	11,576,993	12,237,670	10,852,561	11,792,335
Committed	1,860,530	3,285,899	2,727,215	2,155,920	1,810,263
Assigned	4,428,231	3,616,290	3,544,547	2,963,442	2,635,276
Unassigned	9,384,883	3,915,520	3,726,417	8,393,578	6,389,167
Total Governmental Fund	\$ 29,288,442	\$ 22,488,142	\$ 22,317,192	\$ 24,420,021	\$ 22,679,726

TABLE 3 (CONT.)

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

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Non Spendable	\$ 41,535	\$ 22,742	\$ 37,154	\$ 27,097	\$ 42,528
Restricted	488,920	476,210	38,291	38,785	111,041
Committed	-	-	31,144	141,536	196,394
Assigned	-	31,941	10,044	138,401	1,934,062
Unassigned	8,420,582	8,816,995	8,003,963	7,151,157	5,438,679
Total General Fund	\$ 8,951,037	\$ 9,347,888	\$ 8,120,596	\$ 7,496,976	\$ 7,722,704
All Other Governmental Funds					
Non Spendable	\$ 16,687	\$ 15,128	\$ 9,762	\$ 8,916	\$ 8,561
Restricted	13,329,130	12,604,917	9,088,635	7,136,685	6,974,935
Committed	1,579,460	2,836,617	2,952,632	1,973,057	1,436,837
Assigned	2,494,115	2,697,595	1,353,826	1,464,474	1,220,280
Unassigned	(1,878,019)	(1,120,538)	(44,361)	(43,090)	(300)
Total All Other Governmental Funds	\$ 15,541,373	\$ 17,033,719	\$ 13,360,494	\$ 10,540,042	\$ 9,640,313
Total Governmental Funds					
Non Spendable	\$ 58,222	\$ 37,870	\$ 46,916	\$ 36,013	\$ 51,089
Restricted	13,818,050	13,081,127	9,126,926	7,175,470	7,085,976
Committed	1,579,460	2,836,617	2,983,776	2,114,593	1,633,231
Assigned	2,494,115	2,729,536	1,363,870	1,602,875	3,154,342
Unassigned	6,542,563	7,696,457	7,959,602	7,108,067	5,438,379
Total Governmental Fund	\$ 24,492,410	\$ 26,381,607	\$ 21,481,090	\$ 18,037,018	\$ 17,363,017

Table 4

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	\$ 15,514,375	\$ 13,774,312	\$ 13,072,062	\$ 13,789,353	\$ 14,435,331
Special Assessments	2,802,940	328,504	234,032	655,903	194,862
Licenses & Permits	463,760	563,452	426,812	444,192	367,889
Intergovernmental Revenue	8,150,101	6,375,503	5,871,649	6,709,209	4,912,529
Nongovernmental Grants	13,000	1,200	71,265	134,940	50,000
Keno Revenue	782,377	664,431	621,592	642,534	584,717
Charges for Services	2,734,294	2,141,961	2,167,855	2,144,854	2,089,143
Occupation & Franchise Taxes	3,073,366	2,869,552	2,965,013	2,827,862	2,705,165
Contributions	25,604	40,796	91,081	137,269	436,499
Payments in Lieu of Taxes	212,560	212,886	222,567	207,684	209,221
Parking Fees and Rentals	4,655,640	4,624,271	4,654,615	4,677,817	4,535,554
Loan Repayments	61,476	55,587	20,681	31,428	71,501
Interest	187,901	365,651	537,578	259,251	179,142
TIF Bond Revenue	2,895,352	-	-	-	-
Miscellaneous	166,811	124,416	251,518	179,725	190,118
Total Revenue	41,739,557	32,142,522	31,208,320	32,842,021	30,961,671
Expenditures					
General Government	2,753,848	2,734,938	2,437,532	2,443,110	2,612,548
Public Safety	11,886,436	11,690,704	11,609,441	10,167,136	9,987,194
Public Works	9,055,189	8,060,727	12,517,851	6,633,898	8,501,967
Public Library	1,675,713	1,566,562	1,576,692	5,954,475	5,137,451
Parks and Recreation	3,322,977	3,372,195	2,884,573	3,481,853	2,554,955
Community Improvement & Development	5,450,085	5,870,586	6,132,869	3,334,776	1,091,316
Debt Service					
Principal Retirement	4,535,000	2,245,000	2,235,000	2,155,000	3,960,000
Interest	435,009	519,489	448,904	389,154	443,424
Total Expenditure	39,114,257	36,060,201	39,842,862	34,559,402	34,288,855
Excess (Deficiency) of Revenues over expenditures	<u>2,625,300</u>	<u>(3,917,679)</u>	<u>(8,634,542)</u>	<u>(1,717,381)</u>	<u>(3,327,184)</u>
Other Financing Sources (Uses)					
Insurance Proceeds	-	7,402	13,871	24,676	-
Issuance of TIF Proceeds	-	4,081,227	4,210,750	-	-
Issuance of Debt	4,175,000	-	2,290,000	3,415,000	-
Premium on Bonds	-	-	-	-	-
Issuance of Refunding Bonds	1,005,000	-	-	-	1,520,000
Debt Service on Refunded Bonds	(1,005,000)	-	-	-	-
Transfers In	6,048,055	2,503,321	1,980,970	4,338,194	4,754,981
Transfers Out	(6,048,055)	(2,503,321)	(1,963,878)	(4,338,194)	(4,742,481)
Total Other Financing Sources (Uses)	4,175,000	4,088,629	6,531,713	3,439,676	1,532,500
Net Change in Fund Balances	\$ 6,800,300	\$ 170,950	\$ (2,102,829)	\$ 1,722,295	\$ (1,794,684)
Debt Service as a Percentage of Noncapital Expenditures	14.67%	10.56%	9.06%	9.02%	17.82%

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 14,154,637	\$ 12,803,574	\$ 11,118,944	\$ 10,142,968	\$ 10,758,892
Special Assessments	478,529	184,987	200,654	289,216	325,136
Licenses & Permits	271,234	321,575	271,175	244,733	224,947
Intergovernmental Revenue	4,910,812	4,347,275	4,079,487	4,330,390	3,619,939
Nongovernmental Grants	50,000	-	-	-	-
Keno Revenue	552,493	611,740	572,632	547,095	494,447
Charges for Services	1,980,265	1,841,576	1,890,616	1,865,085	1,863,308
Occupation & Franchise Taxes	2,680,188	2,764,651	2,781,029	2,653,429	2,621,917
Contributions	17,661	204,577	559,517	54,942	35,293
Payments in Lieu of Taxes	203,371	202,867	184,689	176,215	162,944
Parking Fees and Rentals	4,596,859	4,620,528	4,681,679	4,584,494	4,474,023
Loan Repayments	156,428	570,883	104,783	78,073	557,448
Interest	94,744	51,653	49,655	54,192	114,312
Tif Bond Revenue	-	-	-	-	-
Miscellaneous	147,949	314,105	124,215	138,377	84,580
Total Revenue	30,295,170	28,839,991	26,619,075	25,159,209	25,337,186
Expenditures					
General Government	2,473,293	2,575,062	2,698,982	2,543,757	2,491,369
Public Safety	10,209,750	10,019,243	8,967,532	9,138,087	8,194,543
Public Works	7,181,786	5,766,816	6,597,380	5,658,796	5,353,264
Public Library	1,718,799	1,334,676	1,355,079	1,288,130	1,204,614
Parks and Recreation	2,785,403	2,314,769	2,816,830	2,661,914	11,655,476
Community Improvement & Development	4,449,547	1,265,759	1,031,844	1,322,343	963,266
Debt Service					
Principal Retirement	13,535,000	1,695,000	2,620,000	1,453,810	1,928,649
Interest	595,287	667,145	649,134	677,052	442,032
Total Expenditure	42,948,865	25,638,470	26,736,781	24,743,889	32,233,213
Excess (Deficiency) of Revenues over expenditures	(12,653,695)	3,201,521	(117,706)	415,320	(6,896,027)
Other Financing Sources (Uses)					
Insurance Proceeds	20,885	218,996	141,778	308,069	-
Issuance of TIF Proceeds	-	-	-	-	-
Issuance of Debt	870,000	1,480,000	2,625,000	-	490,000
Premium on Bonds	453,613	-	-	-	-
Issuance of Refunding Bonds	9,420,000	-	795,000	-	-
Debt Service on Refunded Bonds	-	-	-	-	-
Transfers In	4,825,719	2,765,647	2,171,879	2,272,954	1,832,789
Transfers Out	(4,825,719)	(2,765,647)	(2,171,879)	(2,322,342)	(1,832,789)
Total Other Financing Sources (Uses)	10,764,498	1,698,996	3,561,778	258,681	490,000
Net Change in Fund Balances	\$ (1,889,197)	\$ 4,900,517	\$ 3,444,072	\$ 674,001	\$ (6,406,027)
Debt Service as a Percentage of Noncapital Expenditures	37.92%	11.14%	13.77%	9.72%	11.69%

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
2021	\$ 687,203,571	1.50%
2020	611,706,333	1.50%
2019	574,860,915	1.50%
2018	554,798,701	1.50%
2017	535,529,003	2.00%
2016	527,991,172	2.00%
2015	547,447,750	2.00%
2014	522,866,921	1.50%
2013	510,892,339	1.50%
2012	504,008,240	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	
2021	1.50%	5.50%	7.00%
2020	1.50%	5.50%	7.00%
2019	1.50%	5.50%	7.00%
2018 (2)	1.50%	5.50%	7.00%
2017	2.00%	5.50%	7.50%
2016	2.00%	5.50%	7.50%
2015 (2)	2.00%	5.50%	7.50%
2014	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%
2012	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) April 1, 2015 tax rate in the City of Norfolk changed from 1.5% to 2.0% for 3 years to fund Library updates. The additional 0.5% sales tax sunset on March 31, 2018.

CITY OF NORFOLK, NEBRASKA
NET TAXABLE SALES BY BUSINESS CLASSIFICATION
CURRENT YEAR AND NINE YEARS AGO

TABLE 7

Business Classifications	2021			2012		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 332,191,269	1	52.81%	\$ 296,774,640	1	53.63%
Accommodation & Food Services	71,540,673	2	11.37%	53,898,687	2	9.74%
Other	225,311,796	-	35.82%	202,701,008	-	36.63%
Total	\$ 629,043,738		100.00%	\$ 553,374,335		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.

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
2021	\$ 1,836,323,928	\$ 69,866,598	\$ 1,906,190,526	0.3129
2020	1,768,115,204	59,822,198	1,827,937,402	0.2610
2019	1,587,354,266	58,508,792	1,645,863,058	0.2616
2018	1,527,100,699	58,347,001	1,585,447,700	0.2619
2017	1,414,978,332	51,546,991	1,466,525,323	0.2583
2016	1,336,246,190	47,747,588	1,383,993,778	0.2582
2015	1,269,843,679	50,035,023	1,319,878,702	0.2530
2014	1,214,361,524	44,813,004	1,259,174,528	0.2533
2013	1,160,166,057	42,955,400	1,203,121,457	0.2348
2012	1,145,320,208	44,351,377	1,189,671,585	0.2375

(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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CITY OF NORFOLK										
GENERAL FUND	0.2539	0.2095	0.1937	0.1928	0.1880	0.1685	0.1591	0.1549	0.1320	0.1335
DEBT SERVICE	0.0536	0.0460	0.0373	0.0373	0.0366	0.0529	0.0555	0.0581	0.0609	0.0615
ECONOMIC DEVELOPMENT FUND	0.0000	0.0000	0.0245	0.0255	0.0275	0.0306	0.0321	0.0337	0.0352	0.0356
VEHICLE PARKING FUND(3)	0.0054	0.0055	0.0061	0.0063	0.0062	0.0062	0.0063	0.0066	0.0067	0.0069
TOTAL DIRECT RATE	<u>0.3129</u>	<u>0.2610</u>	<u>0.2616</u>	<u>0.2619</u>	<u>0.2583</u>	<u>0.2582</u>	<u>0.2530</u>	<u>0.2533</u>	<u>0.2348</u>	<u>0.2375</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3742	0.3700	0.3793	0.3265	0.3267	0.3268	0.3283	0.3557	0.4255	0.4249
SCHOOL DISTRICT NO 2	1.0800	1.1275	1.1735	1.1766	1.1880	1.2051	1.2098	1.2154	1.2154	1.2589
NORTHEAST COMMUNITY COLLEGE	0.0940	0.0950	0.0950	0.0950	0.0909	0.0913	0.0953	0.0990	0.0993	0.0983
NORFOLK AIRPORT AUTHORITY	0.0396	0.0357	0.0397	0.0412	0.0437	0.0318	0.0334	0.0306	0.0310	0.0313
LOWER ELKHORN NRD	0.0232	0.0244	0.0237	0.0231	0.0233	0.0240	0.0241	0.0251	0.0266	0.0296
AGRICULTURAL SOCIETY MADISON COUNTY	0.0109	0.0109	0.0112	0.0109	0.0110	0.0110	0.0110	0.0116	0.0131	0.0139
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0135	0.0133	0.0131	0.0131	0.0126	0.0126	0.0126	0.0150	0.0150
NORFOLK SANITARY DISTRICT	0.0060	0.0062	0.0147	0.0148	0.0099	0.0100	0.0099	0.0099	0.0100	0.0098
RAILROAD TRANSPORTATION SAFETY DIST.	0.0072	0.0079	0.0083	0.0083	0.0101	0.0093	0.0079	0.0060	0.0060	0.0050
TOTAL OVERLAPPING RATES	<u>1.6501</u>	<u>1.6911</u>	<u>1.7587</u>	<u>1.7095</u>	<u>1.7167</u>	<u>1.7219</u>	<u>1.7323</u>	<u>1.7659</u>	<u>1.8419</u>	<u>1.8867</u>
TOTAL PROPERTY TAXES	1.9630	1.9521	2.0203	1.9714	1.9750	1.9801	1.9853	2.0192	2.0767	2.1242

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

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

(3) THE TAX RATE IN THE VEHICLE PARKING DISTRICT IN DOWNTOWN NORFOLK NEBRASKA IS .35 PER \$100 OF ASSESSED VALUATION. THE DISTRICT'S ASSESSED VALUATION IS ABOUT 2% OF THE CITY ASSESSED VALUATION. THE RATE REPORTED IS THE RATE THAT IF APPLIED TO THE CITY VALUATION RESULTS IN THE DISTRICT'S PROPERTY TAX LEVIED.

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

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2021			2012		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	\$ 36,004,454	1	1.89%	\$ 9,394,512	3	0.79%
WAL-MART STORES INC	RETAIL STORE	11,865,400	2	0.62%	10,176,802	2	0.86%
WIS-PAK	BOTTLING DISTRIBUTION	11,677,741	3	0.61%	5,266,340	8	0.44%
ELKHORN VALLEY BANK & TRUST	FINANCIAL INSTITUTION	11,623,318	4	0.61%	-	-	0.00%
HEARTLAND PANTRY INC	RETAIL STORE	11,464,246	5	0.60%	8,437,449	4	0.71%
MIDWEST BANK	FINANCIAL INSTITUTION	9,488,728	6	0.50%	-	-	0.00%
MENARD INC	RETAIL STORE	9,038,978	7	0.47%	5,990,081	7	0.50%
SABR HEALTH CARE HOLDINGS III LLC	REAL ESTATE	8,139,017	8	0.43%	-	-	0.00%
BLACK HILLS NEBRASKA GAS LLC	UTILITY	7,892,852	9	0.41%	-	-	0.00%
TIMM VILLAGE GREEN LLC	APARTMENTS	6,994,232	10	0.37%	-	-	0.00%
N S P LLC	SHOPPING MALL	-	-	0.00%	13,191,116	1	1.11%
HERITAGE OF NORFOLK INC	NURSING HOME	-	-	0.00%	6,298,274	5	0.53%
QWEST COPORATION	UTILITY	-	-	0.00%	6,258,975	6	0.53%
MCMEADOWS LLC	REAL ESTATE	-	-	0.00%	4,996,159	9	0.42%
DAYTON HUDSON CORP	RETAIL STORE	-	-	0.00%	4,516,181	10	0.38%
TOTAL		\$ 124,188,966		6.52%	\$ 74,525,889		6.27%

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
2021	\$ 4,774,439	\$ 4,662,468	97.65%	\$ -	\$ 4,662,468	97.65%
2020	4,307,369	4,195,494	97.40%	94,392	4,289,886	99.59%
2019	4,153,321	3,586,171	86.34%	555,643	4,141,814	99.72%
2018	3,790,655	3,687,877	97.29%	90,638	3,778,515	99.68%
2017	3,573,866	3,466,463	96.99%	96,324	3,562,787	99.69%
2016	3,340,527	3,268,556	97.85%	71,971	3,340,527	100.00%
2015	3,189,630	3,089,071	96.85%	100,559	3,189,630	100.00%
2014	2,827,106	2,747,980	97.20%	79,126	2,827,106	100.00%
2013	2,825,242	2,736,874	96.87%	88,368	2,825,242	100.00%
2012	2,823,416	2,737,455	96.96%	85,277	2,822,732	99.98%

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

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE	TOTAL PRIMARY GOVERNMENT	DEBT PER CAPITA (1)	PERCENTAGE OF PERSONAL INCOME (1)
	GENERAL	SPECIAL	NOTES	ACTIVITIES			
	OBLIGATION BONDS	ASSESSMENT BONDS		REVENUE BONDS			
			PAYABLE				
2021	\$ 8,668,702	\$ 4,615,000	\$ -	\$ 8,156,894	\$ 21,440,596	N/A	N/A
2020	12,016,891	1,650,000	-	8,548,370	22,215,261	890.21	1.16
2019	14,168,543	1,790,000	-	8,936,054	24,894,597	1,018.23	1.37
2018	13,880,514	2,095,000	-	9,290,187	25,265,701	1,024.94	1.41
2017	14,606,376	905,000	-	5,700,000	21,211,376	868.11	1.26
2016	16,912,454	1,105,000	-	6,595,000	24,612,454	1,010.86	1.54
2015	19,950,000	990,000	-	7,440,000	28,380,000	1,164.74	1.79
2014	20,100,000	1,195,000	-	8,305,000	29,600,000	1,210.93	1.91
2013	18,960,000	1,535,000	-	9,160,000	29,655,000	1,208.83	1.97
2012	20,180,000	1,745,000	23,809	6,065,000	28,013,809	1,151.32	2.03

Notes: (1) See Table 16 for income and population data. 2021 population and personal income numbers are unavailable.

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
2021	\$ 8,668,702	\$ 1,772,854	\$ 10,441,556	\$ 4,010,592	\$ 6,430,964	N/A	0.35%
2020	12,016,891	632,066	12,648,957	3,556,622	9,092,335	364.35	0.51%
2019	14,168,543	685,102	14,853,645	3,221,437	11,632,208	475.77	0.73%
2018	13,880,514	788,653	14,669,167	2,879,341	11,789,826	478.27	0.77%
2017	14,606,376	303,025	14,909,401	2,575,381	12,334,020	504.79	0.87%
2016	16,912,454	382,930	17,295,384	2,310,289	14,985,095	615.45	1.12%
2015	19,950,000	339,878	20,289,878	2,056,725	18,233,153	748.30	1.44%
2014	20,100,000	407,083	20,507,083	1,718,817	18,788,266	768.62	1.55%
2013	18,960,000	470,340	19,430,340	1,556,817	17,873,523	728.85	1.54%
2012	20,180,000	532,264	20,712,264	1,117,646	19,594,618	805.30	1.71%

Notes: (1) See Table 16 for population data. 2021 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2020

TABLE 14

<u>GOVERNMENTAL UNITS</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE (1)</u>	<u>DIRECT AND OVERLAPPING DEBT TO THE CITY</u>
DIRECT:			
CITY	\$ 13,283,702	100.00%	\$ 13,283,702
OVERLAPPING:			
Norfolk School District #2	\$ 8,544,800	65.74%	\$ 5,617,536

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
COMBINED UTILITIES BONDS OF THE WATER, SEWER AND SOLID WASTE FUNDS
LAST TEN FISCAL YEARS

TABLE 15

	GROSS REVENUE (1)	DIRECT OPERATING EXPENSES (2)	NET AVAILABLE REVENUE	DEBT SERVICE REQUIRMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
2021	\$ 10,750,245	\$ 7,126,706	\$ 3,623,539	\$ 380,000	\$ 206,094	\$ 586,094	6.18
2020	10,437,223	7,278,850	3,158,373	370,000	211,223	581,223	5.43
2019	10,149,488	6,610,735	3,538,753	330,000	215,626	545,626	6.49
2018	9,558,203	6,569,173	2,989,030	290,000	222,689	512,689	5.83
2017	9,463,735	5,806,596	3,657,139	895,000	163,784	1,058,784	3.45
2016	8,622,767	5,353,538	3,269,229	845,000	183,051	1,028,051	3.18
2015	8,109,112	5,234,995	2,874,117	865,000	184,233	1,049,233	2.74
2014	8,510,448	5,307,088	3,203,360	855,000	198,501	1,053,501	3.04
2013	8,344,442	5,524,293	2,820,149	905,000	182,034	1,087,034	2.59
2012	8,677,238	4,965,477	3,711,761	1,120,008	95,519	1,215,527	3.05

1) TOTAL OPERATING REVENUE PLUS INTEREST INCOME LESS STORMWATER DIVISION

2) TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION AND AMORTIZATION LESS STORMWATER DIVISION

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)
2021	N/A	N/A	N/A	4,480	1.4%
2020	24,955	1,918,321	55,104	4,437	3.5%
2019	24,449	1,817,604	51,785	4,573	2.8%
2018	24,651	1,791,894	50,630	4,446	2.5%
2017	24,434	1,689,969	48,087	4,370	2.7%
2016	24,348	1,599,237	45,673	4,325	3.0%
2015	24,366	1,587,171	45,264	4,244	2.6%
2014	24,444	1,550,788	44,089	4,069	2.7%
2013	24,523	1,506,700	42,709	4,148	2.9%
2012	24,332	1,380,610	39,411	4,110	3.2%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2021 numbers are unavailable.
(2) Bureau of Economic Analysis. 2021 numbers are unavailable.
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	2021			2012		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,390	1	5.57%	1,285	1	5.63%
Nucor Corporation	1,143	2	4.58%			
Northeast Community College	772	3	3.09%	300	9	1.31%
Norfolk Public Schools	756	4	3.03%	665	2	2.91%
Associated Wholesale Grocers	425	6	1.70%			
Walmart	403	5	1.61%	435	5	1.91%
Conitech	358	7	1.43%			
Cardinal Health	284	8	1.14%			
Norfolk Iron & Metal Co	250	9	1.00%	236	10	1.03%
Wis-Pak	172	10	0.69%			
Affiliated Foods Midwest				650	3	2.85%
Covidien				500	4	2.19%
Nucor Steel Division of Nucor Corp				404	6	1.77%
Vulcraft Division of Nucor Corp				400	7	1.75%
Veyance Technologies				399	8	1.75%
Total	5,953		23.84%	5,274		23.10%

Source: City of Norfolk Economic Development

CITY OF NORFOLK, NEBRASKA

TABLE 18

**Full-Time Equivalent City Governmental Employees by Function
Last Ten Fiscal Years**

Full-Time Equivalent City Government Employees by Function as of September 30										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	27.75	28.15	26.34	29.00	29.00	29.00	26.88	25.88	25.88	25.88
Engineering	6.00	6.00	6.00	7.00	6.00	6.00	6.00	5.00	5.00	5.00
Public Safety										
Police	63.50	62.50	62.40	62.00	60.50	60.00	60.00	58.00	58.00	58.00
Fire	35.40	35.40	31.55	36.55	36.05	36.05	37.00	37.00	37.00	38.00
Region 11	1.10	1.10	0.95	0.95	0.95	0.95	1.00	1.00	1.00	1.00
SNARE	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.50	0.50
Streets	23.60	23.60	22.62	22.62	22.62	22.62	23.25	23.25	23.25	22.25
Planning & Development	6.00	6.00	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture & Recreation										
Parks	24.40	24.40	21.00	19.00	19.00	20.00	20.00	22.00	21.00	20.00
Recreation	0.00	0.00	2.00	2.00	2.00	2.00	2.00	2.00	1.67	1.67
Auditorium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.43	2.43
Library	16.07	16.07	16.07	15.64	15.64	15.21	15.38	15.38	15.1	15.1
Housing	6.00	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75
Economic Development										
Operating	3.25	3.25	2.66	2.00	3.00	3.00	3.00	3.00	2.00	2.00
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	4.00	4.00	4.00	4.00	4.00	4.00
Water Pollution Control	8.50	8.50	8.50	8.50	8.50	8.50	9.00	9.00	9.00	9.00
Solid Waste Management	8.88	7.88	8.38	7.38	7.38	6.38	5.38	6.38	6.38	6.38
Stormwater Utility	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	246.58	244.98	236.60	233.77	231.77	230.84	229.77	228.77	228.96	227.96

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Purchase Orders Processed		-	-	-	-	-	-	31	765	1,223
Water/Sewer Customers Billed	9,863	9,835	9,712	9,649	9,633	9,602	9,551	9,523	9,479	9,419
Engineering										
Miles of Paving Districts	3.35	0.68	0.78	0.00	0.00	0.14	0.33	0.00	0.00	0.00
Miles of Street Reconstruction	0.45	0.71	1.20	1.40	0.00	0.17	0.32	0.10	0.40	1.10
Public Safety										
Police:										
Criminal Arrests	1,107	1,279	1,178	1,525	1,465	1,392	1,394	1,448	1,645	1,809
Traffic Arrests	3,012	2,226	2,115	1,865	2,129	2,391	3,097	2,388	2,294	2,709
Drug/Alcohol Arrests	849	797	709	705	712	749	696	705	817	897
Fire:										
Rescue Calls	2,430	2,078	2,048	2,100	1,960	2,066	2,007	1,912	1,941	1,866
Fire Calls	361	352	363	329	316	316	358	321	323	355
Culture and Recreation										
Library										
Total Circulation	227,974	200,529	288,029	253,346	265,698	295,787	309,281	321,954	320,282	299,776
Community Improvement and Development										
Planning and Development										
Building Permits	501	516	457	423	461	423	411	388	347	356
Water:										
Water Inspections	66	53	53	59	69	56	51	56	66	47
Locates	8,663	5,548	3,354	3,308	3,565	3,475	3,198	3,272	3,449	3,070
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.103	1.077	1.253	1.128	1.054	1.099	1.02	1.02	1.077	1.083
Sewer Maintenance										
Sewer Inspections	35	37	29	46	48	31	35	34	61	34
Solid Waste Management										
Average Daily Tonnage	113	111	122	113	112	109	106	102	104	108

Sources: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
City Auditorium (1)	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Administrative Offices (2)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Council Chambers	-	-	-	-	-	-	-	1.00	1.00	1.00
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	2.00	2.00
Streets										
Streets (Miles)	155.41	150.70	147.75	147.15	145.56	145.09	144.55	144.09	144.08	144.29
Streetlights	2,357	2,344	2,327	2,282	2,305	2,277	2,279	2,257	2,257	2,258
Parks										
Parks Acreage	474.78	430.96	422.20	422.20	422.20	421.60	421.60	414.00	403.50	403.50
Parks #	16.00	16.00	16.00	16.00	13.00	13.00	13.00	13.00	13.00	13.00
Swimming Pools	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tennis Courts	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water mains (miles)	146.00	141.00	137.00	131.00	127.00	126.00	126.00	129.00	123.00	123.00
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)	145.00	145.00	142.00	140.00	137.00	133.00	131.00	128.00	127.00	127.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(1) Included Administrative offices and Engineering Offices until March 2012 Sold in December 2015

(2) Administrative and Engineering Offices as of March 2012 and Council Chambers as of January 2013

Sources: Various City Departments

SINGLE AUDIT SECTION

City of Norfolk, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Direct Financial Assistance:			
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,113
		Program 16.607 Subtotal	<u>3,113</u>
Indirect Financial Assistance:			
U.S. Department of Treasury			
Pass-Through the Nebraska Emergency Management Agency COVID-19 - Coronavirus Relief Fund	21.019	STL0003	2,016,738
			<u>2,016,738</u>
U.S. Department of Health & Human Services			
Pass-Through the Nebraska Dept of Health & Human Services and the Elkhorn-Logan Valley Health Dept Block Grants for Community Mental Health Services	93.958		3,000
			<u>3,000</u>
Pass-Through the Nebraska Game & Parks Commission Highway Planning and Construction Cluster			
Recreational Trails Program	20.219	RTP 2019(003)	392
Recreational Trails Program	20.219	RTP 2017(001)	21,075
		Program 20.219 Subtotal	<u>21,467</u>
U.S. Department of Homeland Security			
Pass-Through the Nebraska Emergency Management Agency			
COVID 19 - Disaster Grants-Public Assistance	97.036	DR-4521 PW206	22,440
Disaster Grants-Public Assistance	97.036	DR-4521 SA1506	5,723
Disaster Grants-Public Assistance	97.036	DR-4420 PW 1096	38,365
		Program 97.036 Subtotal	<u>66,528</u>
Emergency Management Performance Grants	97.042	2020-EMPG	53,881
Emergency Management Performance Grants	97.042	2020-SHSP	8,000
Emergency Management Performance Grants	97.042	2019-SHSP	5,000
		Program 97.042 Subtotal	<u>66,881</u>
U.S. Department of Housing & Urban Development			
Pass-Through Nebraska Department of Economic Development			
Community Development Block Grant	14.228	17-DTR-104	163,431
Community Development Block Grant	14.228	16-CD-105	31,208
Community Development Block Grant	14.228	16-CD-205	24,793
Community Development Block Grant	14.228	20-EDCV-002	1,200
Community Development Block Grant	14.228	18-TD-001	1,635
Community Development Block Grant	14.228	19-TD-002	11,135
		Program 14.228 Subtotal	<u>233,401</u>
Institute of Museum and Library Services			
Pass-Through Nebraska Library Commission			
COVID 19 - Grants to States	45.310	Cares Act Grant 20.38	10,790
Laura Bush 21st Century Librarian Program	45.313	Intern Grant	1,000
		Program 45.313 Subtotal	<u>11,790</u>
Total Federal Award Expenditures			<u><u>\$ 2,422,918</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Norfolk, Nebraska
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Note 1: The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Norfolk, Nebraska (the City) under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2: Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Honorable Members of the City Council
City of Norfolk, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2022, which included an "Emphasis of Matter" paragraph for a change in accounting principle and which contained a reference to other auditors who audited the 2020 financial statements of the City of Norfolk, Nebraska.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
March 31, 2022

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

Honorable Members of the City Council
City of Norfolk, Nebraska

Report on Compliance for the Major Federal Program

We have audited the City of Norfolk, Nebraska's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Norfolk, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Lincoln, Nebraska
March 31, 2022

City of Norfolk, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2021

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Organization qualified as a low-risk auditee? Yes No

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
No matters are reportable.	

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
No matters are reportable.	

City of Norfolk, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

<u>Reference Number</u>	<u>Summary of Finding</u>	<u>Status</u>
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No matters are reportable.