

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2020

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

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OF
NORFOLK
NEBRASKA**

for the year ended

September 30, 2020

CITY OF NORFOLK, NEBRASKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2020*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 26, 2021

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

The comprehensive annual financial report of the City of Norfolk for the fiscal year ended September 30, 2020 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, 2020.

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 Hayes & Associates, L.L.C. 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, 2020, 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, 2020, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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 nation is currently in a world-wide pandemic. The novel coronavirus, COVID-19, first appeared in China in late 2019 and by January 2020 it reached the United States. COVID-19 is a highly contagious respiratory illness and more lethal than the seasonal flu. The first case in Nebraska was reported on March 6, 2020. Almost immediately schools, restaurants, bars, salons, and other businesses were forced to close. Residents were advised to stay home as much as possible to limit the spread of the coronavirus. This impacted almost every area of City operations. City buildings were closed to the public, some employees started working remotely, participation at Council meetings was done virtually, and shutoffs for past due water bills was suspended. Revenues from sales tax, lodging occupation tax, and food and beverage occupation tax dipped. Unemployment skyrocketed. The state's unemployment rate went from 4.0% in March 2020 to 8.3% in April 2020, the largest monthly increase ever in Nebraska with data back to 1976. Other states saw much higher unemployment rates. Federal aid assisted individuals in the form of increased unemployment benefits and direct stimulus payments, and supported businesses with forgivable loans.

After being shut down for about 3 months, the economy started to open back up. Restaurants, bars, and salons resumed business, first at reduced capacity and gradually to full capacity. All the while following the Centers for Disease Control guidelines to maintain 6 feet of social distance. Gradually City buildings opened to the public, in-person Council meetings resumed, and shutoffs for past due water bills continued. Each month the state's unemployment rate improved, and as of November 2020 the rate was 2.7%, almost identical to the 2.6% rate prior to the pandemic in November 2019 and well below the national rate of 6.7% in November 2020.

Due to the uncertainty of sales tax receipts during the pandemic, City employees were instructed to cut back on capital purchases, travel, and training. Sales tax makes up 40% of General Fund revenues. Before COVID-19 reached Nebraska, sales tax receipts were up 6% for the fiscal year to date through May 2020. June receipts, which were April sales, were down \$84,896 or 11.5% and July receipts were down \$10,835 or 1.4%. After these two months of decreases there has been an increase in sales tax receipts every month through February 2021, evidence the local economy rebounded quickly and hasn't been affected as much as other parts of the country. Fiscal year to date through February 2021, sales tax receipts are up \$236,608 or 6% from the same period in the prior year. Construction activity and internet sales have boosted sales tax receipts. City employees have resumed normal purchasing routines.

Midwest Bank is constructing a three-story, 45,000 square foot facility that will serve as its base of operations located at the southwest corner of Highway 275 and 25th Street. The facility will house administrative and corporate support, data specialists and loan processing. Approximately 140 people will work at this location consisting of new and existing employees. All satellite locations will remain open. Elkhorn Valley Bank is constructing a four-story, 40,000 square foot main bank building and a smaller teller building just north of Midwest Bank. Construction is necessary because they outgrew their current facility. The teller building will be a drive-thru facility with no walk-in teller line or lobby. Madison County Bank constructed their second facility in Norfolk, which opened August 2020. The new two-story facility is located on North Highway 81 and was built to accommodate the bank's growing customer base.

The Norfolk area is experiencing a housing shortage. A 2016 study, updated in December 2018, found that Norfolk needs 694 new housing units by 2023, including 406 owner and 288 rental housing units, to meet current demand and support future population growth. A housing task force was formed years ago to address the local housing shortage. The task force has discussed ideas to encourage speculative housing construction and the use of tax-increment financing to build streets, water, and sewer in the area. The City's Economic Development staff is also focusing on this issue, as it is difficult to recruit new businesses to the area if there is no supply of housing. Efforts are seen coming to fruition with the approval of a number of Redevelopment Contracts which provide for using tax increment financing for housing.

The City and Community Development Agency approved a Redevelopment Contract which provided for using tax increment financing for infrastructure development in the area located south of Benjamin Avenue and bordered by Meadow Ridge Development. This multi-year project is nearing completion of new single family attached and detached units for a total of approximately 53 housing units. The Redevelopment Contract provided for a maximum of \$900,000 of tax increment financing bonds. \$450,000 of tax increment financing bonds were issued in February 2018 for Phase I and the remaining \$450,000 was issued in January 2021 for Phase II of the project. Another Redevelopment Contract was approved for the Legacy Bend Housing Development in this same general area. Legacy Bend will utilize tax increment financing to develop the area located south and west of the Meadow Ridge housing development. Legacy Bend is a 7-phase project over multiple years consisting of approximately: 175 single family homes, 51 townhomes, and 224 living units in multiple dwelling units. Approximately 10 single family homes, 2 duplexes, and 3 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 7 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. All except one apartment building has been constructed or is currently under construction. The development will include a club house, a pool, and eight garage structures. The project area is between Channel Road and Victory Road in southeast Norfolk. 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. Approximately half 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 3 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 will be 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.

A Redevelopment Contract was approved for renovation of the former Shopko building into a car dealership. The Redevelopment Contract provides for up to \$828,350 of tax increment financing bonds for the project, which were issued in February 2021. Another Redevelopment Contract was approved to construct a 13,000 square foot strip mall between the car dealership and Office Max. The Contract provides for up to \$229,350 of tax increment financing bonds, which were also issued in February 2021. The car dealership opened in February 2021 and the strip mall is under construction.

The Greater Norfolk Economic Development Foundation, with the aid of the City, created a business park designed to attract new and expanding businesses to Norfolk. The 140 acre parcel will be developed in multiple phases over several years to accommodate commercial and light industrial businesses. Heartland Beverage, a beverage distribution company, and FieldWise, an agricultural technology company, are the first to announce their plans to locate at the business park. Public infrastructure is primarily financed with tax increment financing bonds. The bonds were issued in December 2020, upon which \$1,537,652 principal has been advanced.

Real estate values are increasing in Norfolk. For the seventh consecutive year there is a significant increase in assessed valuation. Norfolk's 2020 assessed valuation increased 11.06% and the average annual increase the previous six years was 5.37%, mostly due to increased value of existing property.

Other economic indicators appear mixed. Norfolk's population decreased from an estimated 24,651 in 2018 to an estimated 24,449 in 2019. Madison County's unemployment rate

increased .8% from 2.5% in December 2019 to 3.3% in December 2020. Public school enrollment decreased from 4,573 in September 2019 to 4,437 in September 2020. The most recent assessed valuation, released August 19, 2020, shows taxable property in Norfolk valued at \$1,827,937,402, an 11.06% 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 3% expenditure growth. The LTFP shows expenditures growing about 3% in most of the next ten years; 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 2.5% in the LTFP based on past history. Recently, actual sales tax receipts have exceeded the 2.5% 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 3.70% in the prior fiscal year and 5.39% in the current fiscal year.

The City's second largest revenue source is 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 largest revenue sources, puts pressure on property tax which is the third largest general revenue source. The LTFP shows the City's property tax rate going from .255511 in 2019-2020 to .306864 in 2029-2030. In 2019-2020 the City's property tax levy rate is 3rd lowest of the 30 first class cities in Nebraska and would have moved to 11th lowest with the projected 2029-2030 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 is also updating its water and sewer master plans. 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 identifies forthcoming sewer projects and determines any associated sewer rate increases.

The Mayor and Council currently have eight goals, two of which are new this year. The new goals are Public Safety expansion and Public Works projects. The Mayor and Council want to remodel Fire Station #1 and expand the Police Station. A needs assessment is currently being conducted. Potential funding sources 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 three years. Dispatch services are planned to be combined with Madison County. Prior to this, the City will explore and identify service delivery redundancy and develop interlocal agreements with associated governmental entities. 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. Repairs to the flood control levee are planned this year, after the levee was damaged during the 2019 flood. 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, explore recycling, and improve site security and safety. 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.

Economic development continues to be a priority of the Mayor and Council. Northeast water and sewer lines were installed to support industrial expansion. Final touches on a water tower serving this area are taking place. A USDA grant of \$75,000 was awarded for a revolving loan fund to assist with microenterprises and small businesses. A retail analysis has been conducted and will be used to identify and recruit developers to the Norfolk area. The City helped fund the purchase of land by the Greater Norfolk Economic Development Foundation (GNEDF) for a 140 acre business park. The City continues to work with GNEDF to complete the development and installation of infrastructure. 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. This includes adding electric vehicles and charging stations to the City fleet and forming a plan for wastewater reuse for industrial processing. The City is working with NPPD to implement the 8.5 MW solar project at the west water treatment plant. The Mayor and Council continue to explore commercial and industrial site development opportunities, work with NPPD to identify retail and service growth opportunities, and support lobbying efforts for state and federal funding for infrastructure projects.

Another Mayor and Council goal is parks and recreation. 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 \$3.9 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 work on the East Benjamin Avenue Connector Trail and

Highway 275 Undercrossing Trail, both partially funded with grants from the Nebraska Game and Parks Commission. Miracle Skate Park rebuild was recently completed. This project was partially funded with a tourism grant through the Nebraska Tourism Commission making the skate park handicap accessible for both participants and spectators. The Mayor and Council plan to complete Ta-Ha-Zouka Park Phase 3 to add additional soccer fields, and finish Embrace Park by adding signage in conjunction with reconstruction of Benjamin Avenue. In addition, the Mayor and Council support efforts for an indoor recreation space for the whole community and providing funding specifically for tree projects.

Street maintenance continues to be a goal of the Mayor and Council. The City was awarded a Community Development Block Grant used to reconstruct Braasch Avenue from 1st Street to 5th Street. The project also included water and sewer main replacements. A \$10.4 million project to reconstruct Benjamin Avenue from 1st Street to 13th Street is currently in design with construction anticipated to start in 2021. 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 Square Turn Boulevard, 34th Street, Homewood Drive, Woodcrest Street, and Bel Air Road. Staff plan to select a design consultant for Highway 81 corridor median landscaping, implement new street scan pavement management system, and hold public open houses to explain the 1 to 6 year street plan.

RELEVANT FINANCIAL POLICIES

The City's important financial policies are included in the City's budget document. During the current year, one of these policies was particularly relevant. 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 \$2.2 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.

AWARDS AND ACKNOWLEDGEMENTS

CERTIFICATE OF ACHIEVEMENT. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the thirty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement

Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION AWARD. In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last twenty-seven years, the most recent for the 2019-2020 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Sincerely,

CITY OF NORFOLK

A handwritten signature in black ink, appearing to read "Randy Gates", 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 comprehensive annual financial report for the fiscal year ended September 30, 2019.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement requirements, and we are submitting to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norfolk
Nebraska**

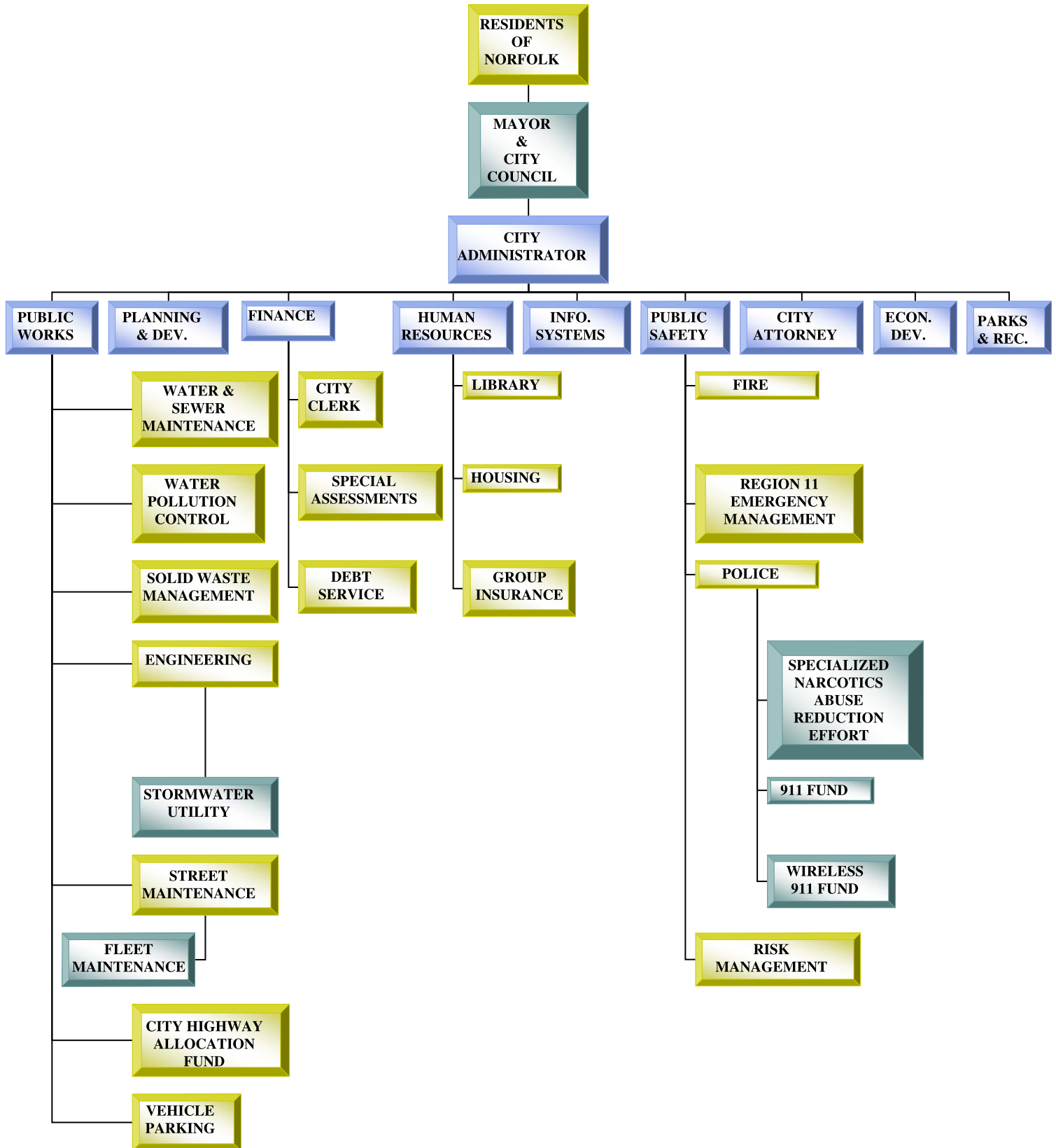
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

**City of Norfolk, Nebraska
Organizational Chart**



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2020

<u>Title</u>	<u>Name</u>
Mayor	Josh Moenning
Council Member	Gary L. Jackson
Council Member	Corey Granquist
Council Member	Shane Clausen
Council Member	Jim Lange
Council Member	Fred Wiebelhaus
Council Member	Dick Pfeil
Council Member	Rob Merrill
Council Member	Thad Murren
City Administrator/Economic Development Director	Andy Colvin
City Attorney	Danielle Myers-Noelle
City Clerk	Brianna Duerst
Planning & Development Director	Valerie Grimes
Director of Public Works	Steve Rames
Director of Public Safety	Shane Weidner
Finance Officer	Randy Gates
Fire Chief	Scott Cordes
Housing Director	Gary Bretschneider
Human Resources Director	Sheila Schukei
Information Systems Manager	Jim McKenzie
Library Director	Jessica Chamberlain
Street Superintendent	Mark Miller
Operations Manager/Risk Manager	Lyle Lutt
Park & Building Maintenance Superintendent	Pat Mrsny
Police Chief	Don Miller
Wastewater Plant Superintendent	Robert Huntley
Water and Sewer Director	Dennis Watts

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 City of Norfolk, Nebraska (the City), as of and for the year ended September 30, 2020, 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, as of September 30, 2020, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund and major special revenue funds budgetary comparison information, and pension related schedules, as shown 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 Introductory Section, Governmental Non-Major Funds Combining Financial Statements, Budget Schedules, Enterprise Fund Combining Departmental Financial Schedules, Fiduciary Fund Combining Financial Statements, and Statistical Section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Governmental Non-Major Funds Combining Financial Statements, Budget Schedules, Enterprise Fund Combining Departmental Financial Schedules, Fiduciary Fund Combining Financial Statements, 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 Governmental Non-Major Funds Combining Financial Statements, Budget Schedules, Enterprise Fund Combining Departmental Financial Schedules, Fiduciary Fund Combining Financial Statements, and 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 Section and Statistical Section 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 have also issued our report dated March 26, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 26, 2021

Management Discussion and Analysis

September 30, 2020

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, 2020. 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, 2020, by \$156,394,585. Of this amount, \$31,469,850 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$10,939,771 during the year. Of this amount, the net position of Governmental Activities increased \$7,717,021 and the net position of Business Activities increased \$3,222,750.
- Bonds payable decreased \$2,679,336. Outstanding revenue bonds total \$8,548,370, general obligation bonds \$12,016,891, and special assessment bonds \$1,650,000 backed by the City's full faith and credit. Bond anticipation notes remained the same at \$6,522,000.

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.

For the year ended September 30, 2020, net position was as follows:

City of Norfolk's Net Position						
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 36,642,702	\$ 37,071,614	\$ 12,851,933	\$ 14,131,935	\$ 49,494,635	\$ 51,203,549
Capital Assets	82,046,297	76,170,418	60,401,830	55,274,645	142,448,127	131,445,063
Total Assets	118,688,999	113,242,032	73,253,763	69,406,580	191,942,762	182,648,612
Deferred Outflows of Resources	36,577	42,098	-	-	36,577	42,098
Long-Term Liabilities	22,710,308	24,522,736	8,981,201	9,257,256	31,691,509	33,779,992
Other Liabilities	2,415,715	2,878,862	1,477,530	577,042	3,893,245	3,455,904
Total Liabilities	25,126,023	27,401,598	10,458,731	9,834,298	35,584,754	37,235,896
Net Position:						
Net Investment in Capital Assets	61,405,541	56,281,189	51,106,234	46,338,591	112,511,775	102,619,780
Restricted	11,467,556	12,111,440	945,404	968,434	12,412,960	13,079,874
Unrestricted	20,726,456	17,489,903	10,743,394	12,265,257	31,469,850	29,755,160
Total Net Position	\$ 93,599,553	\$ 85,882,532	\$ 62,795,032	\$ 59,572,282	\$ 156,394,585	\$ 145,454,814

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 \$31,469,850 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 \$9,891,995 increase in net investment in capital assets. The Governmental Activities increased \$5,124,352 primarily due to various street improvements, a new radio system, and a skatepark rebuild. The Business-Type Activities increased \$4,767,643, primarily due to developer contributions of water and sewer mains and construction of the northeast industrial water tower.

Total revenue reported in fiscal year 2020 was \$53,010,237. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

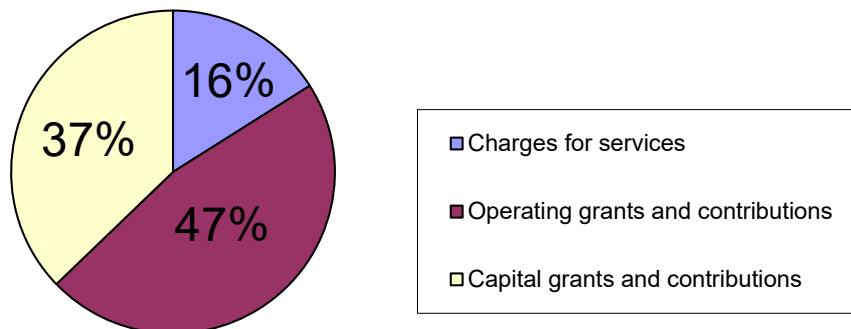
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 2,899,015	\$ 2,785,357	\$ 10,429,937	\$ 9,892,153	\$ 13,328,952	\$ 12,677,510
Operating grants and contributions	8,459,117	8,463,834	-	-	8,459,117	8,463,834
Capital grants and contributions	6,728,690	2,124,055	1,348,288	819,590	8,076,978	2,943,645
Total Program Revenues	<u>18,086,822</u>	<u>13,373,246</u>	<u>11,778,225</u>	<u>10,711,743</u>	<u>29,865,047</u>	<u>24,084,989</u>
General Revenues:						
Property taxes	4,495,422	4,335,563	-	-	4,495,422	4,335,563
Sales taxes	9,216,028	8,744,704	-	-	9,216,028	8,744,704
Other taxes	219,714	230,038	-	-	219,714	230,038
Occupation and franchise taxes	2,869,551	2,965,012	-	-	2,869,551	2,965,012
Interest	398,345	619,526	151,819	245,931	550,164	865,457
General intergovernmental revenues	462,641	429,545	-	-	462,641	429,545
Keno revenues	664,431	621,592	-	-	664,431	621,592
General revenue from electrical distribution system lease	4,553,874	4,594,255	-	-	4,553,874	4,594,255
Revenue from sale of uncapitalized property	-	5,940	-	-	-	5,940
Miscellaneous	104,449	208,110	8,916	22,915	113,365	231,025
Total General Revenues	<u>22,984,455</u>	<u>22,754,285</u>	<u>160,735</u>	<u>268,846</u>	<u>23,145,190</u>	<u>23,023,131</u>
Total Revenues	<u>41,071,277</u>	<u>36,127,531</u>	<u>11,938,960</u>	<u>10,980,589</u>	<u>53,010,237</u>	<u>47,108,120</u>
Expenses:						
General Government	3,864,486	2,956,350	-	-	3,864,486	2,956,350
Public Safety	11,319,323	10,300,692	-	-	11,319,323	10,300,692
Public Works	7,004,357	7,614,440	-	-	7,004,357	7,614,440
Public Library	1,826,846	1,804,884	-	-	1,826,846	1,804,884
Parks and Recreation	3,383,361	3,334,945	-	-	3,383,361	3,334,945
Community Improvement and Development	5,207,956	5,826,934	-	-	5,207,956	5,826,934
Debt Service	460,254	398,001	-	-	460,254	398,001
Water System	-	-	2,721,110	2,535,576	2,721,110	2,535,576
Sewer System	-	-	4,225,667	3,738,328	4,225,667	3,738,328
Solid Waste	-	-	1,998,538	1,936,387	1,998,538	1,936,387
Stormwater	-	-	58,568	-	58,568	-
Total Expenses	<u>33,066,583</u>	<u>32,236,246</u>	<u>9,003,883</u>	<u>8,210,291</u>	<u>42,070,466</u>	<u>40,446,537</u>
Increase (Decrease) in Net Position before Transfer	8,004,694	3,891,285	2,935,077	2,770,298	10,939,771	6,661,583
Transfers	<u>(287,673)</u>	<u>(59,930)</u>	<u>287,673</u>	<u>59,930</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	7,717,021	3,831,355	3,222,750	2,830,228	10,939,771	6,661,583
Net Position - Beginning	<u>85,882,532</u>	<u>82,051,177</u>	<u>59,572,282</u>	<u>56,742,054</u>	<u>145,454,814</u>	<u>138,793,231</u>
Net Position - Ending	<u>\$ 93,599,553</u>	<u>\$ 85,882,532</u>	<u>\$ 62,795,032</u>	<u>\$ 59,572,282</u>	<u>\$ 156,394,585</u>	<u>\$ 145,454,814</u>

Program revenues totaled \$29,865,047. Of this total \$11,778,225 was program revenues from Business-Type Activities and \$18,086,822 was program revenues from General Governmental Activities. Program revenues from General Governmental Activities increased \$4,713,576. The increase is primarily due to special assessments and developer contributions of new streets. The new streets dedicated to the City were in Nor-Park Subdivision, Midwest Bank Subdivision, Legacy Bend Third Addition, and Bradford Business Park. The special assessments included 15th Street paving and Legacy Bend Second Addition water, sewer, and paving. Also increasing program revenues from General Governmental Activities was receiving the first half of a \$1.125 million grant from the State of Nebraska for improvements to Johnsons Park. Program revenues from Business-Type Activities increased \$1,066,482. About 88% of Business-Type Activities program revenues is use fees for water, sewer, solid waste and stormwater. Both sewer and water rates increased 2% effective October 1, 2019. A stormwater fee was implemented October 1, 2019 to fund compliance with federally mandated stormwater regulations. This generated \$152,737 in fees its first year. The remaining program revenues from Business-Type Activities consists primarily of developer contributions for water and sewer lines in new developments such as Bradford Business Park, Nor-Park Subdivision, and Midwest Bank Subdivision. This increased capital grants and contributions \$528,698 from the prior year.

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

Program Revenues General Governmental

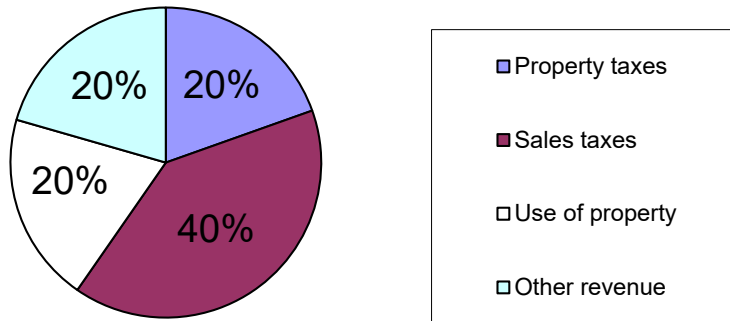


General revenues for Governmental Activities increased \$230,170 or 1.01% going from \$22,754,285 last year to \$22,984,455 in the current year. The largest general revenue source is sales tax, which increased \$471,324 or 5.39%. The first half of the fiscal year sales tax was up 7% from the same period in the prior year. Construction activity in Norfolk and sales tax on internet purchases have boosted sales tax receipts. Sales tax

during the second half of the fiscal year did not increase as much due to business shutdowns during the start of the coronavirus pandemic. Property taxes increased \$159,859 or 3.69% because the City is allowing its property tax asking to increase for any increase in assessed valuation and the City’s assessed valuation increased 3.81%. Interest income decreased \$221,181 going from \$619,526 last year to \$398,345 this year due to declining interest rates on investments. Miscellaneous revenue decreased \$103,661. In the prior year the City received funds from developers for upgraded street lighting in new developments. Occupation and franchise taxes decreased \$95,461 or 3.22% primarily due to a decrease in food and beverage and lodging occupation taxes as a result of the business shutdowns during the coronavirus pandemic.

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

General Revenues General Governmental



Total expenses increased \$1,623,929 or 4.02% going from \$40,446,537 last year to \$42,070,466 this year. The increase was split rather evenly between the Governmental Activities which increased \$830,337 or 2.58%, and the Business-Type Activities which increased \$793,592 or 9.67%.

The biggest increase was in public safety, which increased \$1,018,631 going from \$10,300,692 in the prior year to \$11,319,323 in the current year. Public safety is personnel intensive, with over 80% of expenses being personnel costs. This year there was a 2.5% cost of living adjustment and a 15% increase in group health insurance premiums. Three firefighters were added this year. With the increase in calls for service, and the aging population, the City Council felt it was time to add a firefighter to each of the three shifts. This brings the minimum staffing from 7 to 8 firefighters per shift. The Police Division includes a step increase for all patrol officers, corporals, sergeants and captains to maintain comparability and balance the rank structure for the new recruitment and retention program. The new program adds a Maser Police Officer program providing additional pay for officers who meet the strict criteria of the program.

General Government increased \$908,136 going from \$2,956,350 last year to \$3,864,486 this year. This increase is primarily due to a \$1,077,012 increase in group benefit claims in the Internal Service Fund and the corresponding decrease in operating results included in general government expense.

Community improvement and development decreased \$618,978 or 10.62% going from \$5,826,934 in the prior year to \$5,207,956 in the current year. In the prior year there was \$4.21 million of tax increment financing proceeds compared to \$4.08 million in the current year. The tax increment financing proceeds were disbursed to the developers according to the Redevelopment Agreements. In the prior year the City contributed \$300,000 to the Greater Norfolk Economic Development Foundation for creation of a business park to attract new and expanding businesses to Norfolk. The remaining decrease was due to employee vacancies and allocating a larger portion of the City Administrator/Economic Development Director’s wages to the Administration Division.

Public works decreased \$610,083 or 8.01%. In the prior year the City hired Knife River Midwest to do street overlay projects on 1st Street, Norfolk Avenue, Benjamin Avenue, McKinley Street, and 5th Street for \$1,311,353. This was partially offset by bridge repairs on Elm Avenue, 1st Street, and Benjamin Avenue in the current year.

Expenses for Business-Type Activities increased \$793,592 or 9.67% going from \$8,210,291 last year to \$9,003,883 this year. Expenses in the Sewer Division increased \$487,339 or 13.04%. The City hired a consultant to develop a water pollution control facility master plan for \$294,400, of which \$192,500 was for the current year. The remaining increase is primarily electrical maintenance on the sequencing batch reactors. Expenses in the Water Division increased \$185,534 or 7.32% primarily due to well repairs, hiring a consultant to develop a water master plan, and payments to homeowners for a water leak that caused sewer backup. Solid Waste Division expenses increased \$62,151 or 3.21% due to normal operations of the transfer station and adding a part-time scale clerk. The first year for Stormwater Division, expenses were \$58,568 primarily consisting of payroll and benefits for the one Stormwater Division employee.

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

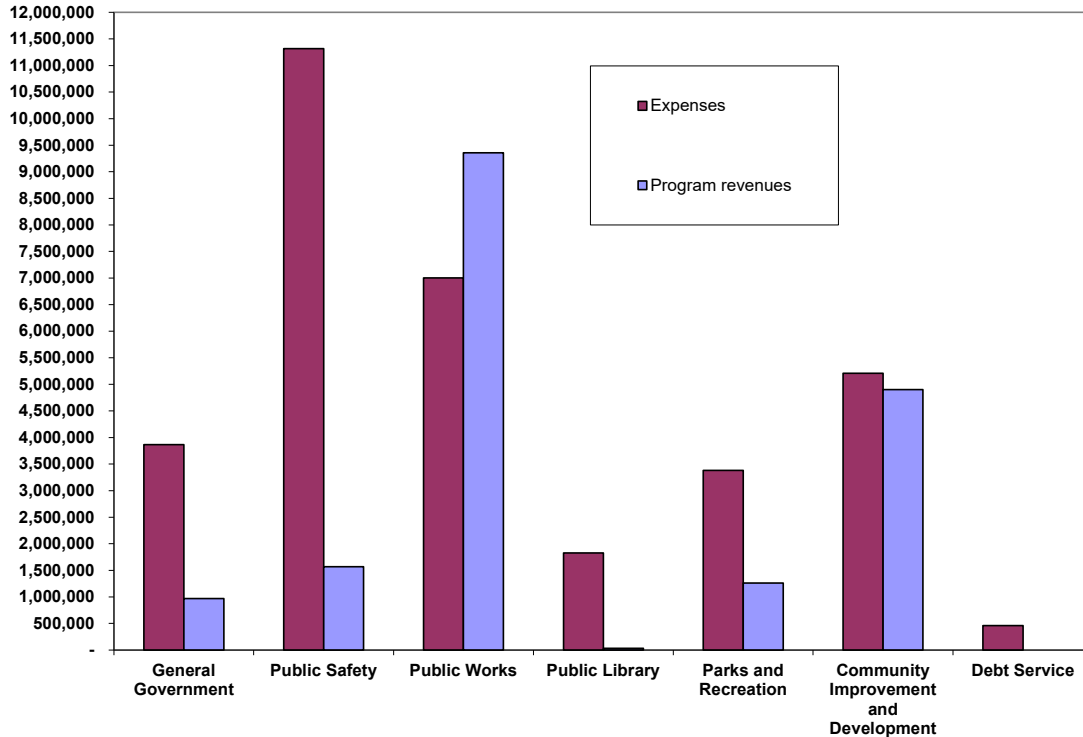
<u>Program Level</u>	<u>Activity</u>
General Government.....	Administration, Support Services
Public Safety.....	Emergency Medical Services, Police, Fire, Emergency Management
Public Works	Engineering, Streets, Drainage
Public Library	Operation of Public Library
Parks and Recreation	Parks, Recreation
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 \$11,319,323 and total program revenues of only \$1,565,787 comprised of \$900,867 of charges for services and \$664,920 of operating grants and contributions. The net cost of public safety was \$9,753,536 which must be funded by general revenues. This year public works revenues exceeded expenses by \$2,353,163. This was due to developer contributions of new streets for \$4.1 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:

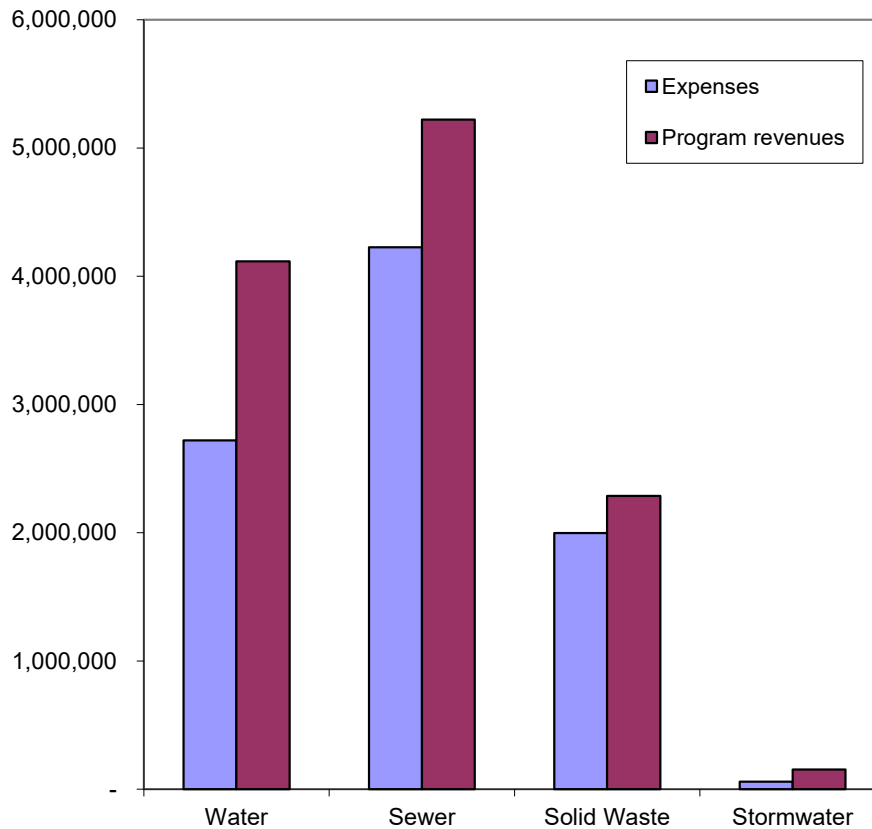
General Government.....	Fees, Nongovernmental Grants
Public Safety.....	State Revenue, Federal Grants, State Grants, Ambulance Fees and Other Charges for Service, Contributions
Public Works.....	Special Assessments, State Revenue, Charges for Services, Federal Grants, Rent, Contributed Capital
Public 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 \$3,222,750 accounting for 29% 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 \$1,395,011. 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. The last water rate increase was 2% and effective October 1, 2019. Sewer rates also increased 2% effective October 1, 2019. The City recently updated its sewer master plan and the update includes \$10.5 million of improvements through 2040. In fiscal year 2020 Sewer Division program revenues exceeded expenses by \$996,738. Solid Waste Division program revenues exceeded expenses by \$288,424. The last solid waste rate increase was \$9 per ton or 16.1% effective October 1, 2018 to fund master plan implementation that includes a truck maintenance facility, scalehouse and scale, extensive paving, and site security. Construction is anticipated to start this summer. A stormwater fee was implemented October 1, 2019 to fund compliance with federally mandated stormwater regulations. This generated \$152,737 in fees its first year and exceeded Stormwater Division expenses by \$94,169.

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 \$22,488,142. The combined Governmental Fund balance increased \$170,950 or 0.77% 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 \$438,708 increasing fund balance from \$10,159,626 last year to \$10,598,334 this year. As explained earlier the City is increasing property tax for any increase in assessed valuation. Assessed valuations increased 3.81%, which increased General Fund budgeted property tax \$130,559. Also explained earlier sales tax increased \$471,324 or 5.39% from the prior year. Due to uncertainty of sales tax receipts at the start of the pandemic, travel, training, and capital

purchases were reduced. This was mostly offset by three firefighter positions added at the beginning of the fiscal year and an increase in group health insurance premiums.

The Debt Service Fund increased \$877,077 going from \$6,074,882 last year to \$6,951,959 this year. Approximately two-thirds of the increase is occupation taxes. Occupation taxes on prepared food and beverages and lodging were enacted in fiscal year 2011 to pay debt service on a bond issue to fund recreation facilities. The occupation tax receipts have been better than anticipated. The City is accumulating the occupation tax receipts until the bonds can be called. The remaining increase in fund balance is property taxes and special assessment collections to be used on future debt service.

The Special Assessment Fund had a decrease in fund balance of \$263,489. Bond anticipation notes of \$4,655,000 were issued in the previous year to fund construction of various assessment districts. Since this is a fund liability, fund balance decreased as payments were made to contractors. Most of the construction occurred in the previous year, with a number of districts being completed in the current year. The largest projects completed were extending water and sewer to industrial sites northeast of Norfolk, extending water and sewer along Victory Road, and extending water, sewer, and paving to Legacy Bend Addition.

The City Highway Allocation Fund decreased \$168,451 going from \$4,290,994 last year to \$4,122,543 this year. Reconstruction of Braasch Ave from 1st Street to 5th Street is currently being finished. This was approximately \$1.6 million expended from the City Highway Allocation Fund during the current year. The next major street project is the reconstruction of Benjamin Avenue from 1st Street to 13th Street. The project is currently in the design phase and construction is expected to start in 2021.

The only other major fund is the Community Development Agency Fund. This fund had an increase in fund balance of \$2,064 or 0.53% due to interest earnings. During the year \$4,081,227 of tax increment financing proceeds were issued and distributed to developers in accordance with the Redevelopment Agreements.

Governmental nonmajor funds decreased \$714,959. Fund balance in the Community Development Block Grant Fund decreased \$400,223 primarily due to using program income to support the Madison Villas project. Fund balance in the Capital Projects Fund decreased \$432,100 primarily due to spending Public Safety Tax Anticipation Bond proceeds on the radio system project. Of the remaining funds, five funds had an increase in fund balance and two funds had a decrease in fund balance. The increases ranged from \$4,643 to \$55,938 and the decreases ranged from \$2,179 to \$54,323.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$22.3 million of revenues and \$25.2 million of expenditures resulting in a budgeted decrease in fund balance of \$2.9 million. Actual fund balance increased \$714,827

because revenues exceeded budget by \$1.3 million and expenditures were under budget by \$2.3 million. This combined with beginning fund balance exceeding budget by \$.6 million, resulted in an ending fund balance of about \$4.2 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$757,160. This was primarily sales tax which exceeded budget by \$625,891. As mentioned earlier, construction activity in Norfolk and sales tax on internet purchases have boosted sales tax receipts. Intergovernmental revenue exceeded budget by \$448,360 primarily due to receipts from the State of Nebraska for property tax credit and homestead exemption. These receipts are not budgeted in intergovernmental revenue as they are budgeted as part of property taxes. Also part of intergovernmental revenues is FEMA grants received for clean up and repairs following the March 2019 flood. Licenses and permits exceeded budget by \$256,097 due to an increase in construction related permits. As noted in the letter of transmittal, there are a number of construction projects currently in progress, most of which involve tax increment financing. Miscellaneous revenue exceeded budget by \$85,004 primarily due to purchasing card rebates being higher than anticipated and receiving unbudgeted donations for trees, wayfinding project, and library materials. Charges for services was under budget by \$337,471 primarily due to the parks and waterpark being closed for a time period during the coronavirus pandemic. Receipts from pool admissions, swimming lesson fees, park facility rental, and concessions were all significantly under budget. Rental income was under budget by \$89,141. As noted in the letter of transmittal, NPPD is making a major effort to hold down rate increases. The decrease in NPPD lease revenue is from a decrease in usage. All other revenue categories exceeded budget since the City normally budgets conservatively.

Expenditures in all categories were under budget resulting in \$2,270,280 less expenditures than budgeted. Public safety had the largest amount of under budget expenditures followed by public works and then parks and recreation. The City always budgets conservatively and expenditures are normally under budget. This year with the uncertainty of the coronavirus pandemic and how it would affect sales tax receipts and other revenues, the City reduced its expenditures as much as possible while still providing services to the extent allowed. With the waterpark having a shortened season, payroll costs for lifeguards and aids was reduced. Capital outlays were delayed and travel was significantly reduced. As sales tax receipts started coming in better than anticipated when the pandemic first began, expenditures have mostly returned to normal by the end of the fiscal year.

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, 2020, was \$112,511,775 (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			
	2020	2019	2020	2019	2020	2019
Land	\$ 177,231	\$ 18,815	\$ 5,079	\$ 143,029	\$ 182,310	\$ 161,844
Buildings and improvements	911,042	29,380	-	160,295	911,042	189,675
Water distribution and sewage system	-	-	1,928,430	4,025,786	1,928,430	4,025,786
Equipment, furniture and fixtures	813,790	1,828,930	12,566	1,077,426	826,356	2,906,356
Infrastructure	6,825,963	1,115,352	-	-	6,825,963	1,115,352
Construction in progress	5,171,103	8,351,833	4,983,903	2,015,883	10,155,006	10,367,716
Total Gross Additions	\$ 13,899,129	\$ 11,344,310	\$ 6,929,978	\$ 7,422,419	\$ 20,829,107	\$ 18,766,729

Gross additions to capital assets for Governmental Activities were \$13,899,129 compared to \$11,344,310 of additions in the prior year. The largest additions in the current year were in infrastructure, which consists primarily of streets. Almost two-thirds of the \$6.8 million of infrastructure additions is streets in new subdivisions dedicated to the City by developers. The largest addition in buildings and improvements was the skatepark rebuild and bathroom of \$577,896. Equipment and furniture additions consist primarily of two snow plows, hazmat equipment, boom truck, crash reconstruction software, and dispatch furniture. Significant additions to construction in progress include: reconstruction of Braasch Avenue, paving of Georgia Avenue, design engineering for Benjamin Avenue reconstruction, radio system project, and Ta-Ha-Zouka land expansion.

Total gross additions to capital assets for Business-Type activities were \$6,929,978 compared to \$7,422,419 in the prior year. Water distribution and sewage system additions in the current year are primarily developer contributions of water and sewer lines in Nor-Park Subdivision, Midwest Bank Subdivision, Walters East Knolls 13th Addition, and Bradford Business Park. Significant additions to construction in progress include: northeast industrial water tower, northeast industrial water and sewer main extensions, 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 \$22,215,261 of bonded debt outstanding, net of original issue discounts/premiums. This is a decrease of \$2,679,336 from the prior year. The City did not issue any bonded debt during the year.

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 1.85% in 2011 to .51% currently primarily due to payments on the \$16.4 million recreation bonds issued in fiscal year 2010-2011. Total debt per capita was \$1,119.28 in 2011 compared to \$1,018.23 in 2019, the most recent

date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 5.43.

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

The City has recently updated its sewer master plan and is 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 2% for both water and sewer rates effective October 1, 2020.

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, of which half of the \$1.125 million grant was received in June 2020. The City was also awarded \$1 million in other grants for the project.

The City was awarded a \$500,000 grant from the State of Nebraska Affordable Housing Trust Fund Program. The funds will be used to convert an existing vacant building into nine rental housing units in downtown Norfolk. The total project is estimated at \$1.3 million, and a private entity will provide the matching funds.

In January and February 2021, the City received a total of \$2,006,588 in federal funds through the State of Nebraska Coronavirus Relief Fund Program as a reimbursement of payroll costs for police officers, firefighters, dispatchers, and other qualified employees whose services are substantially dedicated to mitigating or responding to the Covid-19 public health emergency.

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, 2020. Future increases of 15% in 2021, 10% in 2022, 6% in 2023, and 4% annually thereafter are anticipated.

The City's assessed valuations increased 11.06% from the prior year. This resulted in a \$460,609 increase in budgeted property tax for the 2020-2021 budget.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$10,391,447. The City has appropriated \$3,088,601 of this amount for spending in the 2020-2021 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, 2020

With Summarized Financial Information as of September 30, 2019

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2020	2019
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 30,109,147	\$ 9,979,926	\$ 40,089,073	\$ 42,097,735
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	315,103	1,602,256	1,917,359	1,796,069
Taxes	1,980,341	-	1,980,341	2,386,063
Accrued Interest	78,939	35,237	114,176	295,644
Special Assessments	1,764,661	20,006	1,784,667	1,174,236
Notes Receivable	1,034,571	-	1,034,571	991,706
TIF Bond Receivable	112,760	-	112,760	144,799
Due from Other Governmental Agencies	1,127,656	-	1,127,656	969,085
Inventories	45,231	202,857	248,088	248,365
Prepaid Assets	74,293	-	74,293	61,921
Restricted Assets:				
Cash and Cash Equivalents	-	1,011,651	1,011,651	1,037,926
Land	9,148,868	3,314,972	12,463,840	12,281,530
Construction in Progress	10,475,919	6,098,060	16,573,979	10,782,430
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	62,421,510	50,988,798	113,410,308	108,381,103
Total Assets	118,688,999	73,253,763	191,942,762	182,648,612
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	13,500	-	13,500	17,708
Deferred Outflow of Resources Related to Pensions	23,077	-	23,077	24,390
Total Deferred Outflows of Resources	36,577	-	36,577	42,098
LIABILITIES				
Accounts Payable	2,255,377	1,411,283	3,666,660	3,189,330
Unearned Revenue	50,900	-	50,900	70,852
Accrued Interest Payable	109,438	-	109,438	126,230
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	66,247	66,247	69,492
Revenue Bonds - Current	-	380,000	380,000	370,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	2,120,000	-	2,120,000	2,105,000
Various Purpose Bonds	145,000	-	145,000	140,000
Bond Anticipation Notes	1,867,000	-	1,867,000	-
Compensated Absences and Benefits	1,138,667	176,748	1,315,415	1,103,361
Due in more than one year:				
Revenue Bonds Payable	-	8,168,370	8,168,370	8,566,054
General Obligation Bonds	9,896,891	-	9,896,891	12,063,543
Various Purpose Bonds	1,505,000	-	1,505,000	1,650,000
Bond Anticipation Notes	4,655,000	-	4,655,000	6,522,000
Compensated Absences and Benefits	1,356,842	256,083	1,612,925	1,234,951
Net Pension Liability	25,908	-	25,908	25,083
Total Liabilities	25,126,023	10,458,731	35,584,754	37,235,896
NET POSITION				
Net Investment in Capital Assets	61,405,541	51,106,234	112,511,775	102,619,780
Restricted for:				
Debt Service	3,556,622	945,404	4,502,026	4,189,871
Road Projects	4,122,543	-	4,122,543	4,290,994
Community Programs & Services	3,788,391	-	3,788,391	4,599,009
Unrestricted	20,726,456	10,743,394	31,469,850	29,755,160
Total Net Position	\$ 93,599,553	\$ 62,795,032	\$ 156,394,585	\$ 145,454,814

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

With Summarized Financial Information for the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2020	2019
Primary Government:								
Governmental Activities:								
General Government	\$ 3,864,486	\$ 970,065	\$ -	\$ -	\$ (2,894,421)		\$ (2,894,421)	\$ (2,042,379)
Public Safety	11,319,323	900,867	664,920	-	(9,753,536)		(9,753,536)	(8,367,346)
Public Works	7,004,357	147,856	3,495,037	5,714,627	2,353,163		2,353,163	(2,801,533)
Public Library	1,826,846	16,792	15,319	-	(1,794,735)		(1,794,735)	(1,766,826)
Parks and Recreation	3,383,361	233,792	13,161	1,014,063	(2,122,345)		(2,122,345)	(2,580,369)
Community Improvement and Development	5,207,956	629,643	4,270,680	-	(307,633)		(307,633)	(906,546)
Debt Service	460,254	-	-	-	(460,254)		(460,254)	(398,001)
Total Governmental Activities	<u>33,066,583</u>	<u>2,899,015</u>	<u>8,459,117</u>	<u>6,728,690</u>	<u>(14,979,761)</u>		<u>(14,979,761)</u>	<u>(18,863,000)</u>
Business-Type Activities:								
Water Division	2,721,110	3,390,991	-	725,130		1,395,011	1,395,011	592,234
Sewer Division	4,225,667	4,599,247	-	623,158		996,738	996,738	1,463,461
Solid Waste Division	1,998,538	2,286,962	-	-		288,424	288,424	445,757
Stormwater Division	58,568	152,737	-	-		94,169	94,169	-
Total Business-Type Activities:	<u>9,003,883</u>	<u>10,429,937</u>	<u>-</u>	<u>1,348,288</u>		<u>2,774,342</u>	<u>2,774,342</u>	<u>2,501,452</u>
Total Primary Government	<u>\$42,070,466</u>	<u>\$13,328,952</u>	<u>\$ 8,459,117</u>	<u>\$ 8,076,978</u>	<u>(14,979,761)</u>	<u>2,774,342</u>	<u>(12,205,419)</u>	<u>(16,361,548)</u>
General Revenues:								
Property Taxes					4,495,422	-	4,495,422	4,335,563
Sales Taxes					9,216,028	-	9,216,028	8,744,704
Other Taxes					219,714	-	219,714	230,038
Occupation and Franchise Taxes					2,869,551	-	2,869,551	2,965,012
Interest					398,345	151,819	550,164	865,457
General Intergovernmental Revenues Unrestricted					462,641	-	462,641	429,545
Unrestricted Keno Revenue					664,431	-	664,431	621,592
General Revenue from Electrical Distribution System Lease					4,553,874	-	4,553,874	4,594,255
Revenue from Sale of Uncapitalized Property					-	-	-	5,940
Miscellaneous					104,449	8,916	113,365	231,025
Interfund Transfers					(287,673)	287,673	-	-
Total General Revenues and Transfers					<u>22,696,782</u>	<u>448,408</u>	<u>23,145,190</u>	<u>23,023,131</u>
Change in Net Position					<u>7,717,021</u>	<u>3,222,750</u>	<u>10,939,771</u>	<u>6,661,583</u>
Net Position - Beginning					<u>85,882,532</u>	<u>59,572,282</u>	<u>145,454,814</u>	<u>138,793,231</u>
Net Position - Ending					<u>\$ 93,599,553</u>	<u>\$ 62,795,032</u>	<u>\$ 156,394,585</u>	<u>\$ 145,454,814</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

BALANCE SHEET

Governmental Funds

September 30, 2020

	General	City Highway Allocation	Debt Service	Special Assessments	Community Development Agency	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Equity in Pooled Investment Account	\$ 7,865,578	\$ 5,056,800	\$ 6,665,716	\$ 256,533	\$ 388,642	\$ 6,810,577	\$ 27,043,846
Cash at County Treasurer	520,785	-	91,187	-	-	73,031	685,003
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	241,781	-	-	-	-	635	242,416
Taxes	1,747,333	-	190,318	-	-	42,690	1,980,341
Accrued Interest	20,614	14,012	16,481	302	-	18,534	69,943
Special Assessments	53,532	-	1,711,129	-	-	-	1,764,661
Notes Receivable	-	-	-	-	-	1,034,571	1,034,571
TIF Bond Receivable	-	-	112,760	-	-	-	112,760
Due from Other Governmental Agencies	499,348	347,445	-	-	-	280,865	1,127,658
Inventories	19,146	-	-	-	-	-	19,146
Prepaid Assets	36,525	-	-	-	-	37,769	74,294
Total Assets	11,004,642	5,418,257	8,787,591	256,835	388,642	8,298,672	34,154,639
Liabilities							
Accounts Payable	259,107	1,295,714	3,518	210,762	-	165,725	1,934,826
Unearned Revenue	50,900	-	-	-	-	-	50,900
Bond Anticipation Notes	-	-	-	6,522,000	-	-	6,522,000
Total Liabilities	310,007	1,295,714	3,518	6,732,762	-	165,725	8,507,726
Deferred Inflows of Resources							
Unavailable Revenue-Property Taxes	42,769	-	8,225	-	-	5,502	56,496
Unavailable Revenue-Loan Repayments	-	-	-	-	-	1,034,571	1,034,571
Unavailable Revenue-Special Assessments	53,532	-	1,711,129	-	-	-	1,764,661
Unavailable Revenue-Grants	-	-	-	-	-	190,283	190,283
Unavailable Revenue-TIF Bond	-	-	112,760	-	-	-	112,760
Total Deferred Inflows of Resources	96,301	-	1,832,114	-	-	1,230,356	3,158,771
Fund Balances (Deficits)							
Non Spendable	55,671	-	-	-	-	37,769	93,440
Restricted	35,403	4,122,543	3,666,060	-	388,642	3,364,345	11,576,993
Committed	-	-	3,285,899	-	-	-	3,285,899
Assigned	115,813	-	-	-	-	3,500,477	3,616,290
Unassigned	10,391,447	-	-	(6,475,927)	-	-	3,915,520
Total Fund Balances (Deficits)	10,598,334	4,122,543	6,951,959	(6,475,927)	388,642	6,902,591	22,488,142
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 11,004,642	\$ 5,418,257	\$ 8,787,591	\$ 256,835	\$ 388,642	\$ 8,298,672	\$ 34,154,639

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, 2020

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

Total Fund Balance - Governmental Funds (page 35)	\$ 22,488,142
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	82,046,297
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.	2,141,430
Unavailable revenues that provide current financial resources for governmental activities	3,158,771
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	(109,438)
Deferred outflows are not financial resources and, therefore, are not reported in the funds.	36,577
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(16,188,308)</u>
Total Net Position - Governmental Activities (page 33)	<u><u>\$ 93,599,553</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, 2020

	General	City Highway Allocation	Debt Service	Special Assessments	Community Development Agency	Other Governmental Funds	Total Governmental Funds
Revenue:							
Taxes	\$ 12,707,950	\$ -	\$ 597,612	\$ -	\$ -	\$ 468,750	\$ 13,774,312
Special Assessments	737	-	327,767	-	-	-	328,504
Licenses and Permits	563,452	-	-	-	-	-	563,452
Intergovernmental Revenue	892,534	3,470,837	56,845	-	-	1,955,287	6,375,503
Nongovernmental Grants	1,200	-	-	-	-	-	1,200
Charges for Services	2,141,961	-	-	-	-	-	2,141,961
Keno Revenue	664,431	-	-	-	-	-	664,431
Occupation and Franchise Taxes	692,851	-	1,996,490	-	-	180,211	2,869,552
Contributions	26,962	-	-	-	-	13,834	40,796
Payments in Lieu of Taxes	162,449	-	30,404	-	-	20,033	212,886
Parking Fees and Rentals	4,575,247	-	-	-	-	49,024	4,624,271
Loan Repayments	-	-	-	-	-	55,587	55,587
Interest	87,813	69,864	117,298	-	2,064	88,612	365,651
Miscellaneous	120,852	-	-	-	-	3,564	124,416
Total Revenue	22,638,439	3,540,701	3,126,416	-	2,064	2,834,902	32,142,522
Current Expenditures:							
Public Safety	10,357,574	-	-	-	-	1,333,130	11,690,704
Public Works	3,383,188	3,294,152	-	120,471	-	1,262,916	8,060,727
Public Library	1,560,571	-	-	-	-	5,991	1,566,562
Parks and Recreation	2,142,672	-	39,930	-	-	1,189,593	3,372,195
Community Improvement and Development	1,032,745	-	-	-	4,081,227	756,614	5,870,586
General Government	2,665,852	-	-	-	-	69,086	2,734,938
Debt Service:							
Debt Service	-	-	2,225,220	143,018	-	396,251	2,764,489
Total Expenditures	21,142,602	3,294,152	2,265,150	263,489	4,081,227	5,013,581	36,060,201
Excess (Deficiency) of Revenues Over Expenditures	1,495,837	246,549	861,266	(263,489)	(4,079,163)	(2,178,679)	(3,917,679)
Other Financing Sources (Uses):							
Issuance of TIF Proceeds	-	-	-	-	4,081,227	-	4,081,227
Insurance Proceeds	7,402	-	-	-	-	-	7,402
Transfers In	696,821	-	122,632	-	-	1,683,868	2,503,321
Transfers Out	(1,761,352)	(415,000)	(106,821)	-	-	(220,148)	(2,503,321)
Total Other Financing Sources (Uses)	(1,057,129)	(415,000)	15,811	-	4,081,227	1,463,720	4,088,629
Net Change in Fund Balance	438,708	(168,451)	877,077	(263,489)	2,064	(714,959)	170,950
Fund Balances Beginning of Year	10,159,626	4,290,994	6,074,882	(6,212,438)	386,578	7,617,550	22,317,192
Fund Balances End of Year	\$ 10,598,334	\$ 4,122,543	\$ 6,951,959	\$ (6,475,927)	\$ 388,642	\$ 6,902,591	\$ 22,488,142

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, 2020

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

Net change in fund balances - total governmental funds (page 37)	\$ 170,950
<p>Governmental funds report capital outlay, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:</p>	
Expenditures for capital assets	\$ 9,882,224
Depreciation expense	<u>(3,976,425)</u> 5,905,799
 The net effect of various miscellaneous transactions involving capital assets (i.e. sales, contributions and donations).	 (29,924)
Revenues in the statement of activities that are not available to provide current financial resources	788,048
Accrued interest expense that does not require current financial resources	16,792
 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:	 (478,398)
 Pension expenses reported in the statement of activities do not require the use of current financial resources.	 (2,138)
 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.	 (941,552)
 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	 42,444
 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>2,245,000</u>
Change in net position of governmental activities (page 34)	<u>\$ 7,717,021</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2020

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 9,979,926	\$ 2,380,299
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	1,602,256	72,687
Accrued Interest	35,237	8,996
Special Assessments	20,006	-
Restricted Cash		
Cash and Cash Equivalents	446,247	-
Inventories	202,857	-
Total Current Assets	<u>12,286,529</u>	<u>2,461,982</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	565,404	-
Capital Assets:		
Land	3,314,972	-
Construction in Progress	6,098,060	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	50,988,798	-
Total Noncurrent Assets	<u>60,967,234</u>	<u>-</u>
Total Assets	<u>73,253,763</u>	<u>2,461,982</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,411,283	320,552
Accrued Wages and Compensated Absences	176,748	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	66,247	-
Revenue Bonds - Current	380,000	-
Total Current Liabilities	<u>2,034,278</u>	<u>320,552</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	8,168,370	-
Compensated Absences and Benefits, Long-Term	256,083	-
Total Noncurrent Liabilities	<u>8,424,453</u>	<u>-</u>
Total Liabilities	<u>10,458,731</u>	<u>320,552</u>
NET POSITION		
Net Investment in Capital Assets	51,106,234	-
Restricted for:		
Debt Covenants	945,404	-
Unrestricted	10,743,394	2,141,430
Total Net Position	<u>\$ 62,795,032</u>	<u>\$ 2,141,430</u>

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, 2020

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
Operating Revenues:		
Charges for Services	\$ 10,343,109	\$ 3,956,519
Rental Income	86,827	-
Miscellaneous Income	8,916	-
Total Operating Revenue	<u>10,438,852</u>	<u>3,956,519</u>
Operating Expenses:		
Payroll and Related Taxes and Benefits	2,710,681	-
Purchased Services	842,231	-
General and Administration	1,850,724	4,930,767
Repairs and Maintenance	1,302,072	-
Utilities	631,710	-
Depreciation and Amortization	1,434,197	-
Total Operating Expenses	<u>8,771,615</u>	<u>4,930,767</u>
Operating Income	<u>1,667,237</u>	<u>(974,248)</u>
Non-Operating Income (Expense):		
Interest Income	151,819	32,696
Gain (Loss) on Disposal of Capital Assets	(22,045)	-
Interest Expense	(211,223)	-
Total Non-Operating Income (Expenses)	<u>(81,449)</u>	<u>32,696</u>
Income before Contributions	1,585,788	(941,552)
Capital Contributions	<u>1,636,962</u>	<u>-</u>
Change in Net Position	3,222,750	(941,552)
Net Position - Beginning	<u>59,572,282</u>	<u>3,082,982</u>
Net Position - Ending	<u>\$ 62,795,032</u>	<u>\$ 2,141,430</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2020

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 10,317,363	\$ 3,972,399
Cash Paid to Suppliers for Goods and Services	(4,266,327)	(5,167,893)
Cash Paid to Employees for Services	(2,599,052)	-
Net Cash Provided by Operating Activities	<u>3,451,984</u>	<u>(1,195,494)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(4,408,767)	-
Capital Grants and Contributions	5,625	-
Principal Paid on Notes and Bonds	(370,000)	-
Interest Paid on Notes and Bonds	(232,153)	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(5,005,295)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	208,081	54,187
Net Cash Provided for Investing Activities	<u>208,081</u>	<u>54,187</u>
Net (Decrease) in Cash and Cash Equivalents	(1,345,230)	(1,141,307)
Cash and Cash Equivalents at Beginning of Year	<u>12,336,807</u>	<u>3,521,606</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,991,577</u>	<u>\$ 2,380,299</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, 2020

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 1,667,237	\$ (974,248)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,434,197	-
(Increase) Decrease in Assets:		
Accounts Receivable	(121,992)	11,477
Special Assessments	503	-
Increase (Decrease) in Liabilities:		
Accounts Payable	360,410	(232,723)
Accrued Compensated Absences	111,629	-
Total Adjustments	1,784,747	(221,246)
Net Cash Provided (Used) by Operating Activities	3,451,984	(1,195,494)

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Developers Contribution of Distribution System	1,631,337	-
Accounts Payable Exchanged for Capital Assets	747,226	-

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	9,979,926	2,380,299
Restricted Cash - Current	446,247	-
Restricted Cash - Noncurrent	565,404	-
	\$ 10,991,577	\$ 2,380,299

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2020

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 668,384
Cash at County Treasurer	-	43,180
Guaranteed Insurance Contracts Managed by Trustee	15,138,606	-
Open Ended Mutual Funds Managed by Trustee	36,672,673	-
Taxes Receivable	-	11,021
Total Current Assets	<u>51,811,279</u>	<u>722,585</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	722,585
Total Current Liabilities	<u>-</u>	<u>722,585</u>
NET POSITION		
Restricted for Pensions	<u>\$ 51,811,279</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2020

	Pension Trust Funds Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 1,051,813
Employee	<u>1,306,355</u>
Total Contributions	<u>2,358,168</u>
Investment Income:	
Interest, Dividends and Market Gain	<u>3,797,082</u>
Total Additions	<u>6,155,250</u>
DEDUCTIONS	
Pension Benefits	1,565,396
Contribution Refunds	89,405
Administrative Costs	<u>6,060</u>
Total Deductions	<u>1,660,861</u>
Net Increase	4,494,389
Net Position -- Beginning of Period	<u>47,316,890</u>
Net Position -- End of Period	<u><u>\$ 51,811,279</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.

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.

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 Fund
 - City Highway Allocation Fund* – To account for the City's share of motor vehicle fuel tax revenues that are legally restricted to street expenditures.
- 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 Fund
 - Special Assessment Fund* – To account for the construction of infrastructure capital assets financed through the creation of special assessment districts.
 - Community Development Agency Fund* – To account for the construction of capital assets financed by the issuance of tax increment financing bonds by the Community Development Agency of the City of Norfolk.

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

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 and civilian retirement funds in its combined retirement fund.

- 2) Agency Fund – The Community Development Agency Fund is used to account for the resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for the redevelopment of 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 as available if they are collected within 60 days after year-end. The City considers sales and use taxes and gasoline taxes as available when in the hands of the State of Nebraska, the intermediary collecting government. The City normally collects these taxes within 30 days of year-end.

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

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

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

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

E. Budgets

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

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, 2020, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Advances to Other Funds – Noncurrent portions of long-term interfund loan receivables are reported as advances.
4. Proprietary Fund Types – Contributions of capital assets are treated as revenue and capital assets. Contributions and grants received for operating purposes are included in revenues when earned.
5. Governmental Fund Types – Contributions and grants for both capital and operating purposes are included in revenues when earned.
6. 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.
7. 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.
8. 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.
9. 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, 2020

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

10. 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 sickleave 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, 2020. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.
11. 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.
12. 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 and outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net 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.

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

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

13. 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.
14. 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.
15. 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.
16. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 GASB Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective date of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this standard did not have an impact on the financial statements.

New Accounting Pronouncements Not Yet Adopted

In June 2017, GASB issued Statement No. 84 *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In August 2018, GASB issued Statement No. 90 *Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61*. This Statement 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. These Statements are effective for the City's year ending September 30, 2021.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2020, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 8,603,015
Money Market Account (at cost)	4,723,217
Certificates of Deposit (Cost = Fair Value)	22,767,149
United States Treasury (Cost, which approximates Fair Value)	5,007,343
	<u>\$ 41,100,724</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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

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

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, 2020 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.

At September 30, 2020, the City had the following US Treasury Obligations:

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Cost</u>
US Treasury Note	10/31/2020	\$ 2,499,545
US Treasury Note	1/31/2021	\$ 2,507,798

B. Investments Managed by Trustee:

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

Under this arrangement, the insurance company guarantees the City a minimum rate of return. If the rate of return on the general assets of the insurance company exceeds the guaranteed rate of return, the City's investments are credited with the actual rate of return. These guaranteed insurance contracts are not marketable. Any withdrawals from these accounts are at cost plus accumulated earnings and these insurance contracts are valued on that basis. At September 30, 2020, \$15,138,606 was held in these guaranteed insurance contracts. The other pension assets are invested in open-ended mutual funds, which are stated at fair value, and, at September 30, 2020, amounted to \$36,672,673.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2020:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Revenue bond account	\$ 341,651
Operation and maintenance account	670,000
	<u>\$ 1,011,651</u>

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.

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.

Concentration of Credit Risk: The City's investment policy places no limits on the amounts that may be invested in any one issuer.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 3 – RECEIVABLES

Receivables at September 30, 2020, are net of allowance for uncollectable. The allowance for uncollectable in the General Fund was \$396,000 at September 30, 2020.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2020, there were no short-term interfund borrowings.

As of September 30, 2020, there were no long-term advances.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2019	Additions	Deletions	Reclass	Balance September 30, 2020
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 8,971,637	\$ 177,231	\$ -	\$ -	\$ 9,148,868
Construction in Progress	9,321,721	5,171,103	4,016,905	-	10,475,919
Total capital assets not being depreciated	<u>18,293,358</u>	<u>5,348,334</u>	<u>4,016,905</u>	<u>-</u>	<u>19,624,787</u>
Capital assets being depreciated:					
Buildings and improvements	32,150,404	911,042	92,755	-	32,968,691
Equipment, furniture and fixtures	14,777,707	813,790	35,122	37,154	15,593,529
Infrastructure	59,243,868	6,825,963	-	-	66,069,831
Total capital assets being depreciated	<u>106,171,979</u>	<u>8,550,795</u>	<u>127,877</u>	<u>37,154</u>	<u>114,632,051</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	10,159,335	1,006,929	61,834	-	11,104,430
Equipment, furniture and fixtures	9,133,304	888,435	35,122	36,153	10,022,770
Infrastructure	29,002,280	2,081,061	-	-	31,083,341
Total accumulated depreciation	<u>48,294,919</u>	<u>3,976,425</u>	<u>96,956</u>	<u>36,153</u>	<u>52,210,541</u>
Total capital assets being depreciated, net	<u>57,877,060</u>	<u>4,574,370</u>	<u>30,921</u>	<u>1,001</u>	<u>62,421,510</u>
Governmental activities capital assets, net	<u>\$ 76,170,418</u>	<u>\$ 9,922,704</u>	<u>\$ 4,047,826</u>	<u>\$ 1,001</u>	<u>\$ 82,046,297</u>

Construction in progress at September 30, 2020 for the governmental activities consisted of costs associated with Street Improvements, Trail Projects, Radio Replacement, Paving and Sidewalk Districts, Park Improvements and Levee Repair.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2019	Additions	Deletions	Reclass	Balance September 30, 2020
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 3,309,893	\$ 5,079	\$ -	\$ -	\$ 3,314,972
Construction in Progress	1,460,709	4,983,903	346,552	-	6,098,060
Total capital assets not being depreciated	4,770,602	4,988,982	346,552	-	9,413,032
Capital assets being depreciated:					
Buildings and improvements	26,407,002	-	-	-	26,407,002
Equipment, furniture and fixtures	34,575,833	12,566	66,104	(37,154)	34,485,141
Infrastructure	20,021,575	1,928,430	-	-	21,950,005
Total capital assets being depreciated	81,004,410	1,940,996	66,104	(37,154)	82,842,148
Less: Accumulated Depreciation for:					
Buildings and improvements	20,199,804	515,246	-	-	20,715,050
Equipment, furniture and fixtures	6,347,442	395,673	45,061	(36,153)	6,661,901
Infrastructure	3,953,121	523,278	-	-	4,476,399
Total accumulated depreciation	30,500,367	1,434,197	45,061	(36,153)	31,853,350
Total capital assets being depreciated, net	50,504,043	506,799	21,043	(1,001)	50,988,798
Business-type activities capital assets, net	\$ 55,274,645	\$ 5,495,781	\$ 367,595	\$ (1,001)	\$ 60,401,830

Construction in progress at September 30, 2020 consisted of costs associated with the Communication System, Victory Road Water and Sewer Extensions, Northeast Industrial Water and Sewer Extensions, Hwy 275 Lift Station Upgrade, Braasch Ave Water and Sewer, and Solid Waste Transfer Station Site Improvements.

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

Governmental Activities:	
General Government	\$ 127,686
Public Safety	650,453
Public Works	1,991,495
Parks and Recreation	971,963
Public Library	231,341
Community Improvement and Development	3,487
Total depreciation expense - governmental activities	\$ 3,976,425
Business-Type Activities:	
Solid Waste Management	\$ 142,843
Water	602,462
Sewer	688,892
Total depreciation expense - business-type activities	\$ 1,434,197

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 9,148,868	\$ 3,314,972
Construction in Progress	10,475,919	6,098,060
Capital Assets (Net of Accumulated Depreciation)	62,421,510	50,988,798
Deferred Refunding on Early Retirement of Debt	13,500	-
Unspent Bond Proceeds for Capital Assets	453,938	-
Less: General Obligation Bonds Payable	11,656,891	-
Various Purpose Bonds Payable	1,650,000	-
Bond Anticipation Notes	6,522,000	-
Revenue Bonds Payable	-	8,548,370
Accounts Payable for Capital Assets	1,279,303	747,226
	<u>\$ 61,405,541</u>	<u>\$ 51,106,234</u>

NOTE 6 – BOND ANTICIPATION NOTES

Changes in bond anticipation notes for the period ended September 30, 2020 were as follows:

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Due Within One Year
Governmental Activities:					
Bond Anticipation Notes 2.00% to 2.50%, various maturities through 2022	\$ 5,655,000	\$ -	\$ -	\$ 5,655,000	\$ 1,000,000
Notes from direct placements 2.47%, mature in 2021	867,000	-	-	867,000	867,000
Total Governmental Activities	<u>\$ 6,522,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,522,000</u>	<u>\$ 1,867,000</u>

Bond anticipation notes interest payments in 2020 will be \$144,265.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 7 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) 1.50% to 3.75%, various maturities through 2038	\$ 10,680,000	\$ -	\$ 1,550,000	\$ 9,130,000	\$ 1,550,000
General obligation direct placements 1.29% to 3.80%, various maturities through 2031	3,400,000	-	555,000	2,845,000	570,000
Bond issuance premium/discount	88,543	-	46,652	41,891	-
Total General Obligation	14,168,543	-	2,151,652	12,016,891	2,120,000
Special assessment bonds, with City commitment, 2.05% to 3.50%, various maturities through 2038	1,530,000	-	105,000	1,425,000	110,000
Special assessment direct placements, with City commitment, 1.29% to 1.99%, mature in 2026	260,000	-	35,000	225,000	35,000
Total Special Assessments	1,790,000	-	140,000	1,650,000	145,000
Accrued compensated absences	2,017,110	1,432,286	953,887	2,495,509	1,138,667
Total Governmental Activities	\$ 17,975,653	\$ 1,432,286	\$ 3,245,539	\$ 16,162,400	\$ 3,403,667
Business Type Activities:					
Revenue Bonds, 2.00% to 3.20%, various maturities through 2037	\$ 8,890,000	\$ -	\$ 370,000	\$ 8,520,000	\$ 380,000
Bond Issuance Premium/Discount	46,054	-	17,684	28,370	-
Total Revenue Bonds	8,936,054	-	387,684	8,548,370	380,000
Accrued compensated absences	321,202	261,103	149,474	432,831	176,748
Total Business Type Activities	\$ 9,257,256	\$ 261,103	\$ 537,158	\$ 8,981,201	\$ 556,748
Grand Total	\$ 27,232,909	\$ 1,693,389	\$ 3,782,697	\$ 25,143,601	\$ 3,960,415

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2020

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

Annual debt service requirements as of September 30, 2020 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
2021	\$ 1,550,000	\$ 192,907	\$ 570,000	\$ 76,294	\$ 110,000	\$ 41,873	\$ 35,000	\$ 3,720
2022	1,660,000	154,820	210,000	58,776	115,000	39,587	35,000	3,269
2023	1,660,000	121,583	220,000	54,536	60,000	37,057	35,000	2,765
2024	1,720,000	88,058	225,000	49,710	60,000	35,677	40,000	2,208
2025	245,000	68,338	225,000	44,492	65,000	34,237	40,000	1,532
2026	255,000	63,112	235,000	38,896	65,000	32,580	40,000	796
2027	255,000	57,287	240,000	32,780	65,000	30,858	-	-
2028	260,000	51,285	245,000	26,154	70,000	29,070	-	-
2029	275,000	44,787	255,000	19,096	70,000	27,075	-	-
2030	255,000	38,140	260,000	11,465	75,000	24,975	-	-
2031	260,000	31,595	160,000	5,084	75,000	22,688	-	-
2032	270,000	24,575	-	-	75,000	20,363	-	-
2033	70,000	17,030	-	-	80,000	18,000	-	-
2034	75,000	14,615	-	-	80,000	15,400	-	-
2035	75,000	11,840	-	-	85,000	12,600	-	-
2036	80,000	9,065	-	-	90,000	9,625	-	-
2037	80,000	6,105	-	-	90,000	6,475	-	-
2038	85,000	3,145	-	-	95,000	3,325	-	-
	<u>\$ 9,130,000</u>	<u>\$ 998,287</u>	<u>\$ 2,845,000</u>	<u>\$ 417,283</u>	<u>\$ 1,425,000</u>	<u>\$ 441,465</u>	<u>\$ 225,000</u>	<u>\$ 14,290</u>

Fiscal Year Ending	Business Type Activities Enterprise Fund	
	Principal	Interest
2021	\$ 380,000	\$ 220,902
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>\$ 8,520,000</u>	<u>\$ 2,326,578</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

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.

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 \$10,846,578. Principal and interest paid for the current year was \$602,153 and total water, sewer and solid waste customer net revenues were \$3,158,373.

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. The total principal and interest remaining to be paid on the bonds is \$5,836,000. Principal and interest paid for the current year and total occupation tax revenues were \$1,444,500 and \$1,996,490 respectively.

The City of Norfolk Facilities Corporation (NFC) issued \$1,900,000 of building bonds on September 30, 2011 to purchase a building to be used as the City administration office. The City has entered into a Lease Purchase Agreement with the NFC. The terms of the agreement require the City to make lease payments to the NFC in an amount equal to debt service on the bonds until September 15, 2031, the date of final maturity of the bonds. Upon final payment of all lease-purchase obligations the building will be conveyed to the City. On 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 \$122,632.

The City of Norfolk issued \$2,365,000 of economic development bonds on June 4, 2014 to provide funding for construction of a natural gas pipeline to Norfolk from the east, connecting to the Northern Natural Gas interstate near Bancroft. The bonds will be paid from property tax collected from the City's LB 840 economic development program approved by Norfolk's citizens at the May 2010 primary election. The total principal and interest remaining to be paid on the bonds is \$373,680. Principal and interest for the current year and property tax and related revenue were \$375,755 and \$425,925 respectively.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 8 – TRANSFERS

The following is a summary of transfers between funds:

	Transfers out: Governmental Funds				Total
	General	CHAF	Debt Service	Nonmajor Governmental	
Transfers in:					
General	\$ -	\$ 415,000	\$ 106,821	\$ 175,000	\$ 696,821
Debt Service	122,632	-	-	-	122,632
Nonmajor Governmental	1,638,720	-	-	45,148	1,683,868
Total	\$ 1,761,352	\$ 415,000	\$ 106,821	\$ 220,148	\$ 2,503,321

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, 2020

NOTE 9 – NET POSITION/FUND BALANCES

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

	General	City Highway Allocation	Debt Service	Special Assessments	Community Development Agency	Other Governmental Funds	Total
Nonspendable:							
Fuel Inventory	\$ 19,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,146
Prepaid Items	36,525	-	-	-	-	37,769	74,294
Restricted For:							
Road Projects	-	4,122,543	-	-	-	-	4,122,543
Flood Control Projects	-	-	-	-	-	364,023	364,023
Vehicle Parking	-	-	-	-	-	151,613	151,613
Hazardous Materials	29,970	-	-	-	-	-	29,970
W W II Memorial	5,433	-	-	-	-	-	5,433
Library Renovations	-	-	-	-	-	201,682	201,682
Grant Programs	-	-	-	-	-	291,885	291,885
911 Operations	-	-	-	-	-	464,703	464,703
Recreation Projects	-	-	-	-	-	660,932	660,932
Drug Enforcement	-	-	-	-	-	277,022	277,022
Community Betterment	-	-	-	-	388,642	952,485	1,341,127
Debt Service	-	-	3,666,060	-	-	-	3,666,060
Committed For:							
2016 Rec. Bond Debt	-	-	3,285,899	-	-	-	3,285,899
Assigned to:							
Capital Improvements	-	-	-	-	-	1,385,751	1,385,751
Public Safety	104,205	-	-	-	-	-	104,205
Public Works	11,608	-	-	-	-	-	11,608
Community Betterment	-	-	-	-	-	1,650,260	1,650,260
Council Priority Projects	-	-	-	-	-	464,466	464,466
Unassigned:	10,391,447	-	-	(6,475,927)	-	-	3,915,520
Total	\$10,598,334	\$ 4,122,543	\$ 6,951,959	\$ (6,475,927)	\$ 388,642	\$ 6,902,591	\$ 22,488,142

NOTE 10 - EMPLOYEE PENSION PLANS

The City has three single-employer retirement systems covering City employees. The City and covered employees make contributions to these retirement plans. Employees are allowed to invest their participant account balances in certain stock and/or bond mutual funds as well as guaranteed insurance accounts. Participants in the Civilian Employee Retirement System can direct their entire account balance to mutual funds. Participants in the Police and Firemen's Retirement Systems can only direct a portion of their accounts into these funds. 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, 2020

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 \$968,046, and the City recognized pension expense of \$551,315.

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 \$193,339, and the City recognized pension expense of \$185,474.

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 \$144,970, and the City recognized pension expense of \$289,941.

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:

	<u>Civilian</u>	<u>Police</u>	<u>Fire</u>
Vested inactive plan members	32	14	1
Active plan members:			
Non-vested	14	9	9
Partially vested	30	7	6
Fully vested	98	26	24
Total membership	174	56	40

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

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	5
Inactive plan members entitled to but not yet receiving benefits	<u>1</u>
Total participants	<u><u>6</u></u>

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 Human Resource Director 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, 2020, 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.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

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, 2020 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%	2.14%

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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.61%. 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 10/1/19	\$ 724,642	\$ 699,559	\$ 25,083
Changes for the year:			
Service cost	25,083	-	25,083
Interest	34,887	-	34,887
Differences between expected and actual experience	(10,340)	-	(10,340)
Contributions-employer	-	25,083	(25,083)
Net investment income	-	23,722	(23,722)
Benefit payments, including refunds of employee contributions	(115,771)	(115,771)	-
Net changes	(66,141)	(66,966)	825
Balances at 9/30/20	<u>\$ 658,501</u>	<u>\$ 632,593</u>	<u>\$ 25,908</u>

Plan fiduciary net position as a percentage of the total pension liability 96%

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 10 – EMPLOYEE PENSION PLANS (CONTINUED)

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:

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
City's net pension liability (asset)	\$59,210	\$25,908	(\$3,542)

For the current year, the City recognized pension expense of \$27,221. The City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 23,077

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

Year ended September 30:	
2021	\$ 9,567
2022	6,794
2023	4,483
2024	2,233

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, 2020.

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 \$4,475,595. \$36,653 will be paid from the General Fund, \$3,232,016 will be paid from the City Highway Allocation Fund, \$199,265 will be paid from Community Development Block Grant Fund, \$2,680 will be paid from Economic Development Operating Fund, \$587,448 will be paid from Capital Construction Fund and \$417,533 paid from Special Assessments. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$2,095,356. \$1,272,059 will be paid by the Water Division, \$589,520 will be paid by the Sewer Division, \$227,585 will be paid out of Solid Waste Management Division and \$6,192 will be paid out of Stormwater Division.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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	\$115,813
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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, 2020:

Capital Project Fund	Special Assessment	(\$6,475,927)
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- B.** The City maintains the following insurance coverage on the water and sewage treatment and solid waste facilities of the Enterprise Fund:

Fire and extended coverage with a \$25,000 deductible on various water and sewage treatment and solid waste facilities. Scheduled values for related buildings and contents were \$64,959,216.

The City carries a blanket limit of 123.9 million.

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2020

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

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 Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Assets:					
Current assets	\$ 4,092,488	\$ 6,630,663	\$ 1,463,647	\$ 99,731	\$ 12,286,529
Restricted assets	199,000	181,404	185,000	-	565,404
Capital assets	31,563,766	27,246,488	1,591,576	-	60,401,830
Total assets	35,855,254	34,058,555	3,240,223	99,731	73,253,763
Liabilities:					
Current liabilities	769,292	1,002,767	259,412	2,807	2,034,278
Noncurrent liabilities	98,704	8,260,529	65,220	-	8,424,453
Total liabilities	867,996	9,263,296	324,632	2,807	10,458,731
Net Position					
Net Investment in Capital Assets	31,008,242	18,637,729	1,460,263	-	51,106,234
Restricted	199,000	561,404	185,000	-	945,404
Unrestricted	3,780,016	5,596,126	1,270,328	96,924	10,743,394
Total Net Position	\$ 34,987,258	\$ 24,795,259	\$ 2,915,591	\$ 96,924	\$ 62,795,032

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Operating revenues	\$ 3,393,049	\$ 4,602,088	\$ 2,290,961	\$ 152,754	\$ 10,438,852
Depreciation and amortization	602,462	688,892	142,843	-	1,434,197
Other operating expenses	2,118,648	3,325,551	1,834,651	58,568	7,337,418
Operating Income	671,939	587,645	313,467	94,186	1,667,237
Nonoperating revenues (expenses):					
Interest on bonds and other debt	-	(211,223)	-	-	(211,223)
Interest income	56,339	82,969	11,817	694	151,819
Gain (Loss) on disposal of capital assets	-	(1,001)	(21,044)	-	(22,045)
Contributions	875,160	761,802	-	-	1,636,962
Change in net position	1,603,438	1,220,192	304,240	94,880	3,222,750
Beginning net position	33,383,820	23,575,067	2,611,351	2,044	59,572,282
Ending net position	\$ 34,987,258	\$ 24,795,259	\$ 2,915,591	\$ 96,924	\$ 62,795,032

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Net cash provided (used) by:					
Operating activities	\$ 1,219,127	\$ 1,664,904	\$ 495,378	\$ 72,575	\$ 3,451,984
Capital and related financing activities	(2,756,625)	(1,995,361)	(253,309)	-	(5,005,295)
Investing activities	79,186	112,066	16,107	722	208,081
Net increase (decrease)	(1,458,312)	(218,391)	258,176	73,297	(1,345,230)
Beginning cash and cash equivalents	4,840,235	6,332,312	1,162,352	1,908	12,336,807
Ending cash and cash equivalents	\$ 3,381,923	\$ 6,113,921	\$ 1,420,528	\$ 75,205	\$ 10,991,577

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	Total
ASSETS:					
Guaranteed Insurance Contracts	\$ 1,274,530	\$ 632,593	\$ 2,892,652	\$ 10,338,831	\$ 15,138,606
Open Ended Mutual Funds	7,119,613	-	7,691,025	21,862,035	36,672,673
Total Assets	8,394,143	632,593	10,583,677	32,200,866	51,811,279
NET POSITION:					
Held in Trust for Pension Benefits	8,394,143	632,593	10,583,677	32,200,866	51,811,279
Total Net Position	\$ 8,394,143	\$ 632,593	\$ 10,583,677	\$ 32,200,866	\$ 51,811,279

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2020

NOTE 12 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 289,941	\$ 25,083	\$ 185,474	\$ 551,315	\$ 1,051,813
Employee	144,970	-	193,339	968,046	1,306,355
Total Contributions	434,911	25,083	378,813	1,519,361	2,358,168
Investment Income:					
Interest, Dividends and					
Market Gains	577,990	23,722	761,131	2,434,239	3,797,082
Total Additions	1,012,901	48,805	1,139,944	3,953,600	6,155,250
DEDUCTIONS					
Pension Benefits	42,571	115,771	463,561	943,493	1,565,396
Administration	1,631	-	1,142	3,287	6,060
Contribution Refunds	-	-	3,237	86,168	89,405
Total Deductions	44,202	115,771	467,940	1,032,948	1,660,861
Change in Net Position	968,699	(66,966)	672,004	2,920,652	4,494,389
Net Position-Beginning of Period	7,425,444	699,559	9,911,673	29,280,214	47,316,890
Net Position-End of Period	\$ 8,394,143	\$ 632,593	\$10,583,677	\$ 32,200,866	\$ 51,811,279

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 \$400,000 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, 2019 to September 30, 2020. 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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 13 - RISK MANAGEMENT (CONTINUED)

respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$50,000 and limits City payments for claims during the year to a maximum of \$998,999. The September 30, 2020 claims liability of \$320,552 is included in accounts and contracts payable for the Internal Service Fund. This claims liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of financial statements and the amount of loss can be reasonably estimated. This claims liability includes accruals for claims incurred but not paid and claims incurred but not reported. Changes in the claims liability amount for the year ending September 30, 2020 and the year ending September 30, 2019 are:

	Beginning	Claims & Changes in Estimates	Claim Payments	Ending
2019	\$971,282	\$2,949,245	\$3,417,182	\$503,345
2020	\$503,345	\$3,747,296	\$4,003,024	\$247,617

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 \$838,350 in garbage fees and at September 30, 2020, \$70,952 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$41,737 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$17,146 for NNSWC expenses paid by the City and at September 30, 2020, \$10,193 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 \$103,238 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$25,856 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, 2020 the City's sales tax revenues were reduced by \$8,405 under these tax abatement agreements.

NOTE 16 – SUBSEQUENT EVENTS

On January 15, 2021 the City of Norfolk issued \$155,000 Off-Street Parking Refunding Bonds to refund the 2014 Off-Street Parking Bonds. The refunding bonds have a maturity of June 15, 2029 and interest rates ranging from 0.45% to 1.00%, whereas the 2014 Bonds had a maturity of December 15, 2028 and interest rates ranging from 2.50% to 3.75%. This will reduce debt service payments by \$20,225 over the next eight years and the City obtains an economic gain of \$15,785.

In January and February 2021, the City received a total of \$2,006,588 in federal funds through the State of Nebraska Coronavirus Relief Fund Program as a reimbursement of payroll costs for police officers, firefighters, dispatchers, and other qualified employees whose services are substantially dedicated to mitigating or responding to the Covid-19 public health emergency.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2020

NOTE 16 – SUBSEQUENT EVENTS (CONTINUED)

On February 16, 2021 the City Council authorized issuance of Public Safety Equipment Tax Anticipation and Refunding Bonds in the amount of \$1,915,000. The refunding bonds in the amount of \$850,000 have a maturity date of December 15, 2029 and interest rates ranging from 0.30% to 0.90%, whereas the refunded bonds had a maturity of December 15, 2029 and interest rates ranging from 2.04% to 3.15%. This will reduce debt service payments by \$82,495 over the next nine years and the City obtains an economic gain of \$79,996. The remaining \$1,065,000 of bonds will fund hazmat equipment, emergency operation center upgrade, dispatch renovation, crash reconstruction, call logger, mobile data computer upgrade, police boiler replacement, police parking lot, police building architecture and engineering, and mobile truck lift.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2020

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 25,083	\$ 17,137	\$ 30,967	\$ 57,038	\$ 27,285	\$ 66,451	\$ 84,332
Interest	34,887	54,092	159,925	201,041	243,025	76,781	230,999
Differences between expected and actual experience	(10,340)	(3,491)	(14,448)	(39,200)	63,779	(89,509)	(39,513)
Benefit payments, including refunds of member contributions	(115,771)	(899,382)	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Net change in total pension liability	(66,141)	(831,644)	(986,358)	(770,288)	237,444	(510,778)	169,647
Total pension liability-beginning	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>\$ 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	\$ 25,083	\$ 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	23,722	42,840	148,374	187,177	228,466	62,180	217,060
Benefit payments, including refunds of member contributions	(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	(66,966)	(839,590)	(986,745)	(757,789)	188,277	(440,779)	194,429
Plan fiduciary net position-beginning	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>\$ 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>\$ 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	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 2011 to 2013 are unavailable.

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2020

SCHEDULE OF FIREMEN'S CONTRIBUTIONS
 LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 25,083	\$ 17,137	\$ 16,750	\$ 29,249	\$ -	\$ 29,596	\$ 32,906	\$ 39,593	\$ 26,382	\$ 18,604
Contributions in relation to the actuarially determined contribution	25,083	17,137	16,750	29,249	30,000	29,596	32,906	39,593	26,382	18,604
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224	\$ 258,540	\$ 252,300	\$ 351,108
Contributions as a percentage of covered payroll	-	-	29%	38%	21%	18%	13%	15%	10%	5%

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, except for fiscal year 2011, which was 7%
Withdrawal	Advanced Pension Table Handbook, Turnover Scale W-70
Mortality	1994 Group Annuity Mortality-Static

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2020

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<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	3.61%	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 2011 to 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, 2020

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 12,226,371	\$ 12,983,531	\$ 757,160
Special Assessments	-	737	737
Licenses and Permits	303,550	559,647	256,097
Intergovernmental Revenue	449,646	898,006	448,360
Nongovernmental Grants	-	1,200	1,200
Charges for Services	2,397,107	2,059,636	(337,471)
Occupation and Franchise Taxes	630,200	692,263	62,063
Payments in Lieu of Taxes	150,000	162,470	12,470
Contributions	1,500	26,960	25,460
Rental Income	4,662,223	4,573,082	(89,141)
Interest	104,500	115,572	11,072
Keno Revenue	606,000	663,042	57,042
Miscellaneous	93,000	178,004	85,004
Total Revenue	<u>21,624,097</u>	<u>22,914,150</u>	<u>1,290,053</u>
Current Expenditures:			
Public Safety	11,076,203	10,376,314	699,889
Public Works	3,996,876	3,349,707	647,169
Public Library	1,694,797	1,574,628	120,169
Parks and Recreation	2,690,817	2,144,847	545,970
Community Improvement and Development	1,151,072	1,032,404	118,668
General Government	2,802,709	2,664,294	138,415
Total Expenditures	<u>23,412,474</u>	<u>21,142,194</u>	<u>2,270,280</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,788,377)</u>	<u>1,771,956</u>	<u>3,560,333</u>
Other Financing Sources (Uses):			
Insurance Proceeds	-	7,402	7,402
Transfers In	697,814	696,821	(993)
Transfers Out	(1,761,352)	(1,761,352)	-
Total other Financing Sources (Uses)	<u>(1,063,538)</u>	<u>(1,057,129)</u>	<u>6,409</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (2,851,915)</u>	<u>\$ 714,827</u>	<u>\$ 3,566,742</u>
Fund Balances-Beginning of Year		<u>7,671,536</u>	
Fund Balances- End of Year		<u>\$ 8,386,363</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, 2020

	City Highway Allocation Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Intergovernmental Revenue	\$ 3,225,000	\$ 3,427,038	\$ 202,038
Interest	11,900	86,249	74,349
Total Revenue	<u>3,236,900</u>	<u>3,513,287</u>	<u>276,387</u>
Current Expenditures:			
Public Works	4,551,250	2,475,580	2,075,670
Total Expenditures	<u>4,551,250</u>	<u>2,475,580</u>	<u>2,075,670</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,314,350)</u>	1,037,707	2,352,057
Other Financing Sources (Uses):			
Proceeds from Debt Financing	1,500,000	-	(1,500,000)
Transfers Out	(415,000)	(415,000)	-
Total other Financing Sources (Uses)	<u>1,085,000</u>	<u>(415,000)</u>	<u>(1,500,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (229,350)</u>	\$ 622,707	<u>\$ 852,057</u>
Fund Balances-Beginning of Year		<u>4,434,093</u>	
Fund Balances- End of Year		<u>\$ 5,056,800</u>	

See Accompanying Notes to Required Supplementary Information

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information
Budgetary Reporting
September 30, 2020

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, 2020

	General	City Highway Allocation Fund
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ 714,827	\$ 622,707
Basis differences:		
To adjust revenues from recognition on a cash basis	(275,711)	27,414
To adjust total expenditures from a recognition on a cash basis	(408)	(818,572)

Excess of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$ 438,708	\$ (168,451)
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	Total Budgeted Governmental Funds	
Expenditures and other financing uses, on a budgetary basis	\$ 34,676,149	
Basis differences:		
To adjust total expenditures from a recognition on a cash basis	(193,854)	
Expenditures and other financing uses, on a GAAP basis	\$ 34,482,295	

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$48,055,411	\$34,676,149	\$(13,379,262)

SUPPLEMENTARY INFORMATION

GOVERNMENTAL NONMAJOR FUNDS

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

COMMUNITY DEVELOPMENT BLOCK GRANT - This fund is used 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.

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.

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

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2020

	Special Revenue Funds				
	Vehicle Parking	Community Development Block Grant	911	SNARE	Region 11
Assets					
Cash and Equity in Pooled Investment Account	\$ 138,122	\$ 129,470	\$ 15,352	\$ 276,315	\$ 169,786
Cash at County Treasurer	12,968	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	80	-	-	260	-
Taxes	843	-	32,343	-	-
Accrued Interest	296	308	144	765	561
Notes Receivable	7,307	1,027,264	-	-	-
Due from Other Governmental Agencies	-	34,393	-	-	12,579
Prepaid Assets	-	-	4,612	1,400	-
Total Assets	159,616	1,191,435	52,451	278,740	182,926
Liabilities					
Accounts Payable	619	48,545	40	318	6,667
Total Liabilities	619	48,545	40	318	6,667
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	77	-	-	-	-
Unavailable Revenue-Loan Repayments	7,307	1,027,264	-	-	-
Unavailable Revenue-Grants	-	-	-	-	-
Total Deferred Inflows of Resources	7,384	1,027,264	-	-	-
Fund Balances					
Non Spendable	-	-	4,612	1,400	-
Restricted	151,613	115,626	47,799	277,022	176,259
Assigned	-	-	-	-	-
Total Fund Balances	151,613	115,626	52,411	278,422	176,259
Total Liabilities, Deferred Inflows of Resources and Equity	\$ 159,616	\$ 1,191,435	\$ 52,451	\$ 278,740	\$ 182,926

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET (CONTINUED)
Governmental Nonmajor Funds
September 30, 2020

Special Revenue Funds			Capital Projects		Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Development Operating	Capital Construction		
\$ 416,134	\$ 601,671	\$ 295,553	\$ 4,768,174	\$	6,810,577
-	60,063	-	-		73,031
-	-	-	295		635
-	9,504	-	-		42,690
1,231	1,640	1,021	12,568		18,534
-	-	-	-		1,034,571
-	-	-	233,893		280,865
31,757	-	-	-		37,769
449,122	672,878	296,574	5,014,930		8,298,672
461	48	11,494	97,533		165,725
461	48	11,494	97,533		165,725
-	5,425	-	-		5,502
-	-	-	-		1,034,571
-	-	-	190,283		190,283
-	5,425	-	190,283		1,230,356
31,757	-	-	-		37,769
416,904	667,405	285,080	1,226,637		3,364,345
-	-	-	3,500,477		3,500,477
448,661	667,405	285,080	4,727,114		6,902,591
\$ 449,122	\$ 672,878	\$ 296,574	\$ 5,014,930	\$	8,298,672

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2020

	Special Revenue Funds				
	Vehicle Parking	Community Development Block Grant	911	SNARE	Region 11
Revenue:					
Taxes	\$ 100,323	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	6,811	537,435	-	27,900	130,585
Occupation & Franchise Taxes	-	-	180,211	-	-
Contributions	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Rental Income	35,504	-	-	-	-
Loan Repayments	5,037	50,550	-	-	-
Interest	1,779	20	885	3,583	2,280
Miscellaneous	-	4	-	3,560	-
Total Revenue	149,454	588,009	181,096	35,043	132,865
Expenditures:					
Public Safety	-	-	8,275	30,400	231,100
Public Works	82,457	467,732	-	-	-
Public Library	-	-	-	-	-
Parks and Recreation	-	44,749	-	-	-
Community Improvement and Development	-	475,751	-	-	-
General Government	-	-	-	-	-
Debt Service	20,496	-	-	-	-
Total Expenditures	102,953	988,232	8,275	30,400	231,100
Excess (Deficiency) of Revenues over Expenditures	46,501	(400,223)	172,821	4,643	(98,235)
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	43,912
Transfers Out	-	-	(175,000)	-	-
Total other Financing Sources (Uses)	-	-	(175,000)	-	43,912
Net Change in Fund Balance	46,501	(400,223)	(2,179)	4,643	(54,323)
Fund Balances - Beginning of Year	105,112	515,849	54,590	273,779	230,582
Fund Balances - End of Year	\$ 151,613	\$ 115,626	\$ 52,411	\$ 278,422	\$ 176,259

CITY OF NORFOLK, NEBRASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)

Governmental Nonmajor Funds

For the Year Ended September 30, 2020

Special Revenue Funds		Capital Projects		Total Governmental Nonmajor Funds
Wireless 911	LB 840 Economic Development	Economic Development Operating	Capital Construction	
\$ -	\$ 368,427	\$ -	\$ -	\$ 468,750
95,776	37,465	163,835	955,480	1,955,287
-	-	-	-	180,211
-	-	-	13,834	13,834
-	20,033	-	-	20,033
-	-	-	13,520	49,024
-	-	-	-	55,587
5,804	8,126	4,508	61,627	88,612
-	-	-	-	3,564
101,580	434,051	168,343	1,044,461	2,834,902
43,321	-	-	1,020,034	1,333,130
-	-	-	712,727	1,262,916
-	-	-	5,991	5,991
-	-	-	1,144,844	1,189,593
-	4,623	276,240	-	756,614
-	-	-	69,086	69,086
-	375,755	-	-	396,251
43,321	380,378	276,240	2,952,682	5,013,581
58,259	53,673	(107,897)	(1,908,221)	(2,178,679)
-	-	163,835	1,476,121	1,683,868
(45,148)	-	-	-	(220,148)
(45,148)	-	163,835	1,476,121	1,463,720
13,111	53,673	55,938	(432,100)	(714,959)
435,550	613,732	229,142	5,159,214	7,617,550
\$ 448,661	\$ 667,405	\$ 285,080	\$ 4,727,114	\$ 6,902,591

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, 2020

	Vehicle Parking			Community Development Block Grant Fund			SNARE		
	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	\$ 99,335	\$ 102,869	\$ 3,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	270	6,811	6,541	1,246,936	600,732	(646,204)	36,900	27,900	(9,000)
Loan Repayments	5,477	5,037	(440)	14,000	50,550	36,550	-	-	-
Rental Income	26,740	34,959	8,219	-	-	-	-	-	-
Interest	2,316	2,092	(224)	5,600	2,621	(2,979)	4,500	4,659	159
Miscellaneous	-	-	-	-	4	4	-	3,560	3,560
Total Revenue	<u>134,138</u>	<u>151,768</u>	<u>17,630</u>	<u>1,266,536</u>	<u>653,907</u>	<u>(612,629)</u>	<u>41,400</u>	<u>36,119</u>	<u>(5,281)</u>
Current Expenditures:									
Public Safety	-	-	-	-	-	-	77,681	31,105	46,576
Public Works	110,156	90,922	19,234	610,331	544,342	65,989	-	-	-
Parks and Recreation	-	-	-	184,800	15,483	169,317	-	-	-
Community Improvement and Development	-	-	-	1,031,005	494,320	536,685	-	-	-
Debt Service	20,496	20,496	-	-	-	-	-	-	-
Total Expenditures	<u>130,652</u>	<u>111,418</u>	<u>19,234</u>	<u>1,826,136</u>	<u>1,054,145</u>	<u>771,991</u>	<u>77,681</u>	<u>31,105</u>	<u>46,576</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,486</u>	<u>40,350</u>	<u>36,864</u>	<u>(559,600)</u>	<u>(400,238)</u>	<u>159,362</u>	<u>(36,281)</u>	<u>5,014</u>	<u>41,295</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 3,486</u>	<u>\$ 40,350</u>	<u>\$ 36,864</u>	<u>\$ (559,600)</u>	<u>\$ (400,238)</u>	<u>\$ 159,362</u>	<u>\$ (36,281)</u>	<u>\$ 5,014</u>	<u>\$ 41,295</u>
Fund Balances-Beginning of Year		<u>110,740</u>			<u>529,708</u>			<u>271,301</u>	
Fund Balances- End of Year		<u>\$ 151,090</u>			<u>\$ 129,470</u>			<u>\$ 276,315</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, 2020

	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	\$ -	\$ -	\$ -	\$ 134,335	\$ 127,480	\$ (6,855)	95,776	95,776	-
Occupation and Franchise Taxes	180,000	183,993	3,993	-	-	-	-	-	-
Interest	800	1,108	308	4,700	3,374	(1,326)	7,600	7,512	(88)
Total Revenue	<u>180,800</u>	<u>185,101</u>	<u>4,301</u>	<u>139,035</u>	<u>130,854</u>	<u>(8,181)</u>	<u>103,376</u>	<u>103,288</u>	<u>(88)</u>
Current Expenditures:									
Public Safety	8,928	8,250	678	154,782	224,637	(69,855)	3,723	53,714	(49,991)
Total Expenditures	<u>8,928</u>	<u>8,250</u>	<u>678</u>	<u>154,782</u>	<u>224,637</u>	<u>(69,855)</u>	<u>3,723</u>	<u>53,714</u>	<u>(49,991)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>171,872</u>	<u>176,851</u>	<u>4,979</u>	<u>(15,747)</u>	<u>(93,783)</u>	<u>(78,036)</u>	<u>99,653</u>	<u>49,574</u>	<u>(50,079)</u>
Other Financing Sources (Uses):									
Transfers In	-	-	-	43,912	43,912	-	-	-	-
Transfers Out	(175,000)	(175,000)	-	-	-	-	(160,000)	(45,148)	114,852
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>	<u>43,912</u>	<u>43,912</u>	<u>-</u>	<u>(160,000)</u>	<u>(45,148)</u>	<u>114,852</u>
Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (3,128)</u>	<u>\$ 1,851</u>	<u>\$ 4,979</u>	<u>\$ 28,165</u>	<u>\$ (49,871)</u>	<u>\$ (78,036)</u>	<u>\$ (60,347)</u>	<u>\$ 4,426</u>	<u>\$ 64,773</u>
Fund Balances-Beginning of Year		<u>13,501</u>			<u>219,657</u>			<u>411,708</u>	
Fund Balances- End of Year		<u>\$ 15,352</u>			<u>\$ 169,786</u>			<u>\$ 416,134</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, 2020

	LB 840 Economic Development			Economic Development Operating		
	Budgeted	Actual	Variance with	Budgeted	Actual	Variance with
	Original & Final		Final Budget Positive (Negative)	Original & Final		Final Budget Positive (Negative)
Revenue:						
Taxes	\$ 400,100	\$ 410,367	\$ 10,267	\$ -	\$ -	\$ -
Intergovernmental Revenue	1,200	37,465	36,265	163,835	161,312	(2,523)
Payments in Lieu of Taxes	20,000	20,043	43	-	-	-
Interest	10,000	10,374	374	2,400	6,184	3,784
Total Revenue	<u>431,300</u>	<u>478,249</u>	<u>46,949</u>	<u>166,235</u>	<u>167,496</u>	<u>1,261</u>
Current Expenditures:						
Community Improvement and Development	350,000	4,575	345,425	499,135	262,592	236,543
Debt Service	375,755	375,755	-	-	-	-
Total Expenditures	<u>725,755</u>	<u>380,330</u>	<u>345,425</u>	<u>499,135</u>	<u>262,592</u>	<u>236,543</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(294,455)</u>	<u>97,919</u>	<u>392,374</u>	<u>(332,900)</u>	<u>(95,096)</u>	<u>237,804</u>
Other Financing Sources:						
Transfers In	-	-	-	163,835	163,835	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,835</u>	<u>163,835</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (294,455)</u>	<u>\$ 97,919</u>	<u>\$ 392,374</u>	<u>\$ (169,065)</u>	<u>\$ 68,739</u>	<u>\$ 237,804</u>
Fund Balances-Beginning of Year		<u>563,815</u>			<u>226,814</u>	
Fund Balances- End of Year		<u>\$ 661,734</u>			<u>\$ 295,553</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, 2020

	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	\$ 2,536,135	\$ 966,789	\$ (1,569,346)	\$ -	\$ -	\$ -
Contributions	189,600	13,923	(175,677)	-	-	-
Rental Income	12,000	13,520	1,520	-	-	-
Interest	55,500	75,980	20,480	19,089	3,582	(15,507)
Total Revenue	<u>2,793,235</u>	<u>1,070,212</u>	<u>(1,723,023)</u>	<u>19,089</u>	<u>3,582</u>	<u>(15,507)</u>
Expenditures:						
Public Safety	1,475,776	1,020,034	455,742	-	-	-
Public Works	4,139,926	673,778	3,466,148	2,930,970	1,020,544	1,910,426
Public Library	212,000	2,295	209,705	-	-	-
Parks and Recreation	2,607,954	1,235,002	1,372,952	-	-	-
General Government	104,772	69,086	35,686	-	-	-
Debt Service	-	-	-	160,793	143,018	17,775
Total Expenditures	<u>8,540,428</u>	<u>3,000,195</u>	<u>5,540,233</u>	<u>3,091,763</u>	<u>1,163,562</u>	<u>1,928,201</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,747,193)</u>	<u>(1,929,983)</u>	<u>3,817,210</u>	<u>(3,072,674)</u>	<u>(1,159,980)</u>	<u>1,912,694</u>
Other Financing Sources:						
Proceeds from Debt Financing	1,180,000	-	(1,180,000)	1,185,000	-	(1,185,000)
Transfers In	1,550,973	1,476,121	(74,852)	-	-	-
Total Other Financing Sources	<u>2,730,973</u>	<u>1,476,121</u>	<u>(1,254,852)</u>	<u>1,185,000</u>	<u>-</u>	<u>(1,185,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (3,016,220)</u>	<u>\$ (453,862)</u>	<u>\$ 2,562,358</u>	<u>\$ (1,887,674)</u>	<u>\$ (1,159,980)</u>	<u>\$ 727,694</u>
Fund Balances-Beginning of Year		<u>5,222,036</u>			<u>1,416,513</u>	
Fund Balances- End of Year		<u>\$ 4,768,174</u>			<u>\$ 256,533</u>	

CITY OF NORFOLK, NEBRASKA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, DEBT SERVICE FUND - BUDGETARY BASIS
For the Year Ended September 30, 2020

	Debt Service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 621,512	\$ 658,709	\$ 37,197
Special Assessments	97,717	327,767	230,050
Intergovernmental Revenue	-	56,845	56,845
Occupation and Franchise Taxes	2,018,000	1,994,302	(23,698)
Payments in Lieu of Taxes	31,000	30,409	(591)
Interest	162,373	138,918	(23,455)
Total Revenue	<u>2,930,602</u>	<u>3,206,950</u>	<u>276,348</u>
Current Expenditures:			
Parks and Recreation	40,360	39,886	474
Debt Service	2,301,544	2,225,220	76,324
Total Expenditures	<u>2,341,904</u>	<u>2,265,106</u>	<u>76,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>588,698</u>	<u>941,844</u>	<u>353,146</u>
Other Financing Sources (Uses):			
Transfers In	122,632	122,632	-
Transfers Out	(107,814)	(106,821)	993
Total Other Financing Sources	<u>14,818</u>	<u>15,811</u>	<u>993</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 603,516</u>	<u>\$ 957,655</u>	<u>\$ 354,139</u>
Fund Balances-Beginning of Year		<u>5,799,248</u>	
Fund Balances- End of Year		<u>\$ 6,756,903</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
For the Year Ended September 30, 2020

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Current Assets:					
Cash and Equity in Pooled Investment Account	\$3,182,923	\$5,486,270	\$1,235,528	\$75,205	\$9,979,926
Receivables:					
Accounts	691,487	662,203	224,148	24,418	1,602,256
Special Assessments	2,183	17,823	-	-	20,006
Interest	13,038	18,120	3,971	108	35,237
Restricted Cash:					
Cash & Cash Equivalents	-	446,247	-	-	446,247
Inventories:					
Fiber Optic System Held for Resale	202,857	-	-	-	202,857
Total Current Assets	4,092,488	6,630,663	1,463,647	99,731	12,286,529
Noncurrent Assets:					
Restricted Assets:					
Restricted Cash	199,000	181,404	185,000	-	565,404
Property, Plant and Equipment:					
Land	2,357,705	904,983	52,284	-	3,314,972
Water and Pollution Control Plant	9,636,308	15,865,751	968,819	-	26,470,878
Water Distribution and Sewage System Equipment	26,236,031	22,541,723	-	-	48,777,754
Equipment	1,858,307	4,148,043	1,552,205	34,961	7,593,516
Construction in Progress	3,847,213	1,839,733	411,114	-	6,098,060
	43,935,564	45,300,233	2,984,422	34,961	92,255,180
Less Accumulated Depreciation	12,371,798	18,053,745	1,392,846	34,961	31,853,350
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	31,563,766	27,246,488	1,591,576	-	60,401,830
Total Noncurrent Assets	31,762,766	27,427,892	1,776,576	-	60,967,234
Total Assets	\$35,855,254	\$34,058,555	\$3,240,223	\$99,731	\$73,253,763

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
For the Year Ended September 30, 2020

LIABILITIES AND EQUITY	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Current Liabilities:					
Accounts and Contracts Payable	\$702,004	\$485,833	\$222,007	\$1,439	\$1,411,283
Accrued Compensated Absences	67,288	70,687	37,405	1,368	176,748
Payables from Restricted Assets:					
Accrued Interest Payable	-	66,247	-	-	66,247
Revenue Bonds - Current	-	380,000	-	-	380,000
Total Current Liabilities	769,292	1,002,767	259,412	2,807	2,034,278
Noncurrent Liabilities:					
Revenue Bonds	-	8,168,370	-	-	8,168,370
Accrued Compensated Absences	98,704	92,159	65,220	-	256,083
Total Noncurrent Liabilities	98,704	8,260,529	65,220	-	8,424,453
Total Liabilities	867,996	9,263,296	324,632	2,807	10,458,731
Net Position					
Net Investment in Capital Assets	31,008,242	18,637,729	1,460,263	-	51,106,234
Restricted for:					
Debt Covenants	199,000	561,404	185,000	-	945,404
Unrestricted	3,780,016	5,596,126	1,270,328	96,924	10,743,394
Total Net Position	\$ 34,987,258	\$ 24,795,259	\$ 2,915,591	\$ 96,924	\$ 62,795,032

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2020

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Operating Revenues:					
User Charges	\$3,310,784	\$4,592,626	\$2,286,962	\$152,737	\$10,343,109
Rental Income	80,207	6,620	-	-	86,827
Miscellaneous Income	2,058	2,842	3,999	17	8,916
Total Operating Revenues	3,393,049	4,602,088	2,290,961	152,754	10,438,852
Operating Expenses:					
Payroll and Related Taxes and Benefits	975,112	1,097,449	592,578	45,542	2,710,681
Utilities	264,025	343,349	24,336	-	631,710
Repairs and Maintenance	419,107	724,631	156,881	1,453	1,302,072
Purchased Services	-	-	842,231	-	842,231
General and Administration	460,404	1,160,122	218,625	11,573	1,850,724
Depreciation and Amortization	602,462	688,892	142,843	-	1,434,197
Total Operating Expenses	2,721,110	4,014,443	1,977,494	58,568	8,771,615
Operating Income	671,939	587,645	313,467	94,186	1,667,237
Nonoperating Revenues (Expenses):					
Interest on Bonds and Other Debt	-	(211,223)	-	-	(211,223)
Interest Income	56,339	82,969	11,817	694	151,819
Gain (Loss) on Disposal of Capital Assets	-	(1,001)	(21,044)	-	(22,045)
Total Nonoperating Revenues (Expenses)	56,339	(129,255)	(9,227)	694	(81,449)
Income before Capital Contributions	728,278	458,390	304,240	94,880	1,585,788
Capital Contributions	875,160	761,802	-	-	1,636,962
Change in Net Position	1,603,438	1,220,192	304,240	94,880	3,222,750
Net Position - Beginning of Period	33,383,820	23,575,067	2,611,351	2,044	59,572,282
Net Position - End of Period	\$34,987,258	\$24,795,259	\$2,915,591	\$96,924	\$62,795,032

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2020

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 3,240,136	\$ 4,639,605	\$ 2,309,286	\$ 128,336	\$ 10,317,363
Cash Paid to Suppliers for Goods and Services	(1,088,688)	(1,922,874)	(1,243,178)	(11,587)	(4,266,327)
Cash Paid to Employees for Services	(932,321)	(1,051,827)	(570,730)	(44,174)	(2,599,052)
Net Cash Provided by Operating Activities	1,219,127	1,664,904	495,378	72,575	3,451,984
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(2,762,250)	(1,393,208)	(253,309)	-	(4,408,767)
Capital Grants and Contributions	5,625	-	-	-	5,625
Principal Paid on Notes and Bonds	-	(370,000)	-	-	(370,000)
Interest Paid on Notes and Bonds	-	(232,153)	-	-	(232,153)
Net Cash (Used) for Capital and Related Financing Activities	(2,756,625)	(1,995,361)	(253,309)	-	(5,005,295)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends on Investments	79,186	112,066	16,107	722	208,081
Net Cash Provided for Investing Activities	79,186	112,066	16,107	722	208,081
Net Increase (Decrease) in Cash and Cash Equivalents	(1,458,312)	(218,391)	258,176	73,297	(1,345,230)
Cash and Cash Equivalents at Beginning of Year	4,840,235	6,332,312	1,162,352	1,908	12,336,807
Cash and Cash Equivalents at End of Year	\$ 3,381,923	\$ 6,113,921	\$ 1,420,528	\$ 75,205	\$ 10,991,577

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2020

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 671,939	\$ 587,645	\$ 313,467	\$ 94,186	\$ 1,667,237
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	602,462	688,892	142,843	-	1,434,197
(Increase) Decrease in Assets:					
Accounts Receivable	(152,913)	37,014	18,325	(24,418)	(121,992)
Special Assessments	-	503	-	-	503
Increase (Decrease) in Liabilities:					
Accounts and Contracts Payable	54,848	305,228	(1,105)	1,439	360,410
Accrued Compensated Absences	42,791	45,622	21,848	1,368	111,629
Total Adjustments	547,188	1,077,259	181,911	(21,611)	1,784,747
Net Cash Provided by Operating Activities	\$ 1,219,127	\$ 1,664,904	\$ 495,378	\$ 72,575	\$ 3,451,984

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Developers Contribution of Distribution System	\$ 869,535	\$ 761,802	\$ -	\$ -	\$ 1,631,337
Accounts Payable Exchanged for Capital Assets	\$ 555,524	\$ 60,389	\$ 131,313	\$ -	\$ 747,226

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	\$ 3,182,923	\$ 5,486,270	\$ 1,235,528	\$ 75,205	\$ 9,979,926
Restricted Cash - Current	-	446,247	-	-	446,247
Restricted Cash - Noncurrent	199,000	181,404	185,000	-	565,404
	\$ 3,381,923	\$ 6,113,921	\$ 1,420,528	\$ 75,205	\$ 10,991,577

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS:

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

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

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

AGENCY FUND:

COMMUNITY DEVELOPMENT AGENCY FUND – This fund is used to account for the accumulation of resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for the redevelopment of 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 NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2020

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ASSETS					
Guaranteed Insurance Contracts	\$ 1,274,530	\$ 632,593	\$ 2,892,652	\$ 10,338,831	\$ 15,138,606
Open Ended Mutual Funds	7,119,613	-	7,691,025	21,862,035	36,672,673
Total Assets	<u>8,394,143</u>	<u>632,593</u>	<u>10,583,677</u>	<u>32,200,866</u>	<u>51,811,279</u>
NET POSITION					
Restricted for Pensions	8,394,143	632,593	10,583,677	32,200,866	51,811,279
Total Net Position	<u>\$ 8,394,143</u>	<u>\$ 632,593</u>	<u>\$ 10,583,677</u>	<u>\$ 32,200,866</u>	<u>\$ 51,811,279</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Employee Retirement Funds
For the Year Ended September 30, 2020

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 289,941	\$ 25,083	\$ 185,474	\$ 551,315	\$ 1,051,813
Employee	144,970	-	193,339	968,046	1,306,355
Total Contributions	<u>434,911</u>	<u>25,083</u>	<u>378,813</u>	<u>1,519,361</u>	<u>2,358,168</u>
Investment Income:					
Interest, Dividends & Market Gains	577,990	23,722	761,131	2,434,239	3,797,082
Total Additions	<u>1,012,901</u>	<u>48,805</u>	<u>1,139,944</u>	<u>3,953,600</u>	<u>6,155,250</u>
DEDUCTIONS					
Pension Benefits	42,571	115,771	463,561	943,493	1,565,396
Contribution Refunds	-	-	3,237	86,168	89,405
Administration	1,631	-	1,142	3,287	6,060
Total Deductions	<u>44,202</u>	<u>115,771</u>	<u>467,940</u>	<u>1,032,948</u>	<u>1,660,861</u>
Change in Net Position	968,699	(66,966)	672,004	2,920,652	4,494,389
Net Position -- Beginning of Period	<u>7,425,444</u>	<u>699,559</u>	<u>9,911,673</u>	<u>29,280,214</u>	<u>47,316,890</u>
Net Position -- End of Period	<u>\$ 8,394,143</u>	<u>\$ 632,593</u>	<u>\$ 10,583,677</u>	<u>\$ 32,200,866</u>	<u>\$ 51,811,279</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
Fiduciary Funds
For the Year Ended September 30, 2020

	Balance September 30, 2019	Additions	Deductions	Balance September 30, 2020
<u>COMMUNITY DEVELOPMENT AGENCY</u>				
<u>Assets</u>				
Cash	\$ 587,188	\$ 287,897	\$ 206,701	\$ 668,384
Cash at County Treasurer	27,515	43,180	27,515	43,180
Taxes Receivable	14,024	11,021	14,024	11,021
	<hr/>			
Total Assets	<u>\$ 628,727</u>	<u>\$ 342,098</u>	<u>\$ 248,240</u>	<u>\$ 722,585</u>
 <u>Liabilities</u>				
Due to Bondholders	<u>\$ 628,727</u>	<u>\$ 342,098</u>	<u>\$ 248,240</u>	<u>\$ 722,585</u>
	<hr/>			
Total Liabilities	<u>\$ 628,727</u>	<u>\$ 342,098</u>	<u>\$ 248,240</u>	<u>\$ 722,585</u>

STATISTICAL SECTION

CITY OF NORFOLK NEBRASKA
STATISTICAL SECTION
(Unaudited)

This part of the City of Norfolk's Comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and 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.

TABLE 1

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities					
Net Investment in Capital Assets	\$ 61,405,541	\$ 56,281,189	\$ 55,056,983	\$ 50,736,098	\$ 40,610,264
Restricted for:					
Debt Service	3,556,622	3,221,437	2,879,341	2,575,381	2,310,289
Road Projects	4,122,543	4,290,994	3,836,877	2,922,144	4,315,636
Community Programs and Services	3,788,391	4,599,009	4,026,973	6,186,742	7,067,955
Unrestricted	20,726,456	17,489,903	16,251,003	14,983,957	16,820,853
Total Governmental Activities Net Position	\$ 93,599,553	\$ 85,882,532	\$ 82,051,177	\$ 77,404,322	\$ 71,124,997
Business-Type Activities					
Net Investment in Capital Assets	\$ 51,106,234	\$ 46,338,591	\$ 43,595,405	\$ 41,031,377	\$ 37,513,730
Restricted	945,404	968,434	847,638	1,841,627	2,609,219
Unrestricted	10,743,394	12,265,257	12,299,011	8,881,735	8,972,087
Total Business-Type Activities Net Position	\$ 62,795,032	\$ 59,572,282	\$ 56,742,054	\$ 51,754,739	\$ 49,095,036
Primary Government:					
Net Investment in Capital Assets	\$ 112,511,775	\$ 102,619,780	\$ 98,652,388	\$ 91,767,475	\$ 78,123,994
Restricted	12,412,960	13,079,874	11,590,829	13,525,894	16,303,099
Unrestricted	31,469,850	29,755,160	28,550,014	23,865,692	25,792,940
Total Primary Government Net Position	\$ 156,394,585	\$ 145,454,814	\$ 138,793,231	\$ 129,159,061	\$ 120,220,033

TABLE 1 (CONT.)

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental Activities					
Net Investment in Capital Assets	\$ 39,859,311	\$ 39,846,176	\$ 38,561,536	\$ 37,538,073	\$ 36,664,204
Restricted for:					
Debt Service	2,056,725	1,718,817	1,556,817	1,117,646	504,468
Road Projects	3,038,500	1,587,443	2,655,276	2,761,835	2,787,524
Community Programs and Services	5,475,708	3,284,448	2,654,437	2,469,929	1,869,768
Unrestricted	17,893,551	16,711,180	15,527,684	14,750,599	13,682,990
Total Governmental Activities Net Position	\$ 68,323,795	\$ 63,148,064	\$ 60,955,750	\$ 58,638,082	\$ 55,508,954
Business-Type Activities					
Net Investment in Capital Assets	\$ 37,014,955	\$ 36,984,047	\$ 33,609,113	\$ 33,789,528	\$ 33,161,053
Restricted	2,480,450	2,545,137	2,732,672	2,233,386	1,723,206
Unrestricted	7,981,527	6,344,841	7,773,246	6,559,493	5,251,421
Total Business-Type Activities Net Position	\$ 47,476,932	\$ 45,874,025	\$ 44,115,031	\$ 42,582,407	\$ 40,135,680
Primary Government:					
Net Investment in Capital Assets	\$ 76,874,266	\$ 76,830,223	\$ 72,170,649	\$ 71,327,601	\$ 69,825,257
Restricted	13,051,383	9,135,845	9,599,202	8,582,796	6,884,966
Unrestricted	25,875,078	23,056,021	23,300,930	21,310,092	18,934,411
Total Primary Government Net Position	\$ 115,800,727	\$ 109,022,089	\$ 105,070,781	\$ 101,220,489	\$ 95,644,634

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 1,660,197
Public Safety	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	8,473,093
Public Works	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	6,877,940
Public Library	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	1,203,191
Parks and Recreation	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	1,468,214
Community Improvement & Development	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	686,717
Debt Service	460,254	398,001	344,297	323,382	454,900	673,579	626,377	673,495	699,623	565,025
Total Governmental Activities Expenses	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	20,934,377
Business-Type Activities										
Water Division	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	1,990,118
Sewer Division	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	2,644,975
Solid Waste Division	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	1,649,899
Stormwater Division	58,568	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	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	6,284,992
Total Primary Government Expenses	\$ 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	\$ 27,219,369
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 970,065	\$ 846,121	\$ 774,415	\$ 675,443	\$ 550,560	\$ 493,501	\$ 514,625	\$ 544,417	\$ 484,150	\$ 482,968
Public Safety	900,867	818,625	1,270,763	1,175,687	1,104,698	1,110,300	1,098,611	1,013,391	965,103	978,401
Public Works	147,856	105,214	127,618	141,147	100,707	110,592	124,738	113,369	182,375	109,797
Public Library	16,792	27,542	21,943	27,119	29,056	30,326	28,627	25,820	27,149	26,970
Parks and Recreation	233,792	490,329	463,339	493,930	495,207	462,350	446,982	445,399	471,172	113,352
Community Improvement and Development	629,643	497,526	113,810	102,647	113,526	98,601	80,000	120,000	120,000	120,000
Operating Grants & Contributions	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	3,315,948
Capital Grants & Contributions	6,728,690	2,124,055	4,709,685	980,028	1,656,522	458,660	531,933	880,045	530,453	1,723,050
Total Governmental Activities Program Revenues	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	6,870,486
Business-Type Activities:										
Charges for Services:										
Water Division	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	2,615,148
Sewer Division	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	3,120,580
Solid Waste	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	1,731,288
Stormwater Division	152,737	-	-	-	-	-	-	-	-	-
Operating Grants & Contributions	-	-	-	-	1,445	81,487	-	125,708	23,545	15,544
Capital Grants & Contributions	1,348,288	819,590	1,293,123	-	243,349	340,886	422,145	99,172	263,456	-
Total Business-Type Activities Program Revenues	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	7,482,560
Total Primary Government Program Revenues	\$ 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	\$ 14,353,046
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (14,063,891)
Business-Type Activities	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	1,197,568
Total Primary Government Net Expense	\$ (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)	\$ (12,866,323)

(Continued)

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 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	\$ 3,097,588
Sales Tax	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	7,072,877
Other Taxes	219,714	230,038	210,413	209,221	203,371	202,868	184,689	176,215	270,292	254,665
Occupation and Franchise Taxes	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	2,030,762
Interest	398,345	619,526	317,718	209,621	107,008	58,091	49,656	56,716	123,026	99,146
General Intergovernmental Revenues Unrestricted	462,641	429,545	409,242	398,194	372,186	365,627	276,969	394,575	124,392	295,309
Unrestricted Keno Revenues	664,431	621,592	642,534	584,717	552,493	611,740	572,632	547,095	494,447	432,584
General Revenue from Electrical Distribution System Lease/Use of Property	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	4,186,984
Revenue from Sale of Uncapitalized Property	-	5,940	35,000	56,219	17,097	74,113	42,511	55,625	14,162	17,747
Miscellaneous	104,449	208,110	120,658	92,345	109,622	55,506	40,009	57,054	32,379	51,113
Interfund Transfers	(287,673)	(59,930)	(2,232,632)	(459,318)	(103,763)	(13,467)	-	(66,125)	(158,646)	-
Total Governmental Activities	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	17,538,775
Business Type of Activities:										
Interest	151,819	245,931	170,004	64,418	27,278	11,899	13,699	8,428	18,008	14,034
Use of Property	-	-	-	-	82,022	84,919	81,422	-	-	-
Miscellaneous	8,916	22,915	22,980	21,859	18,944	22,547	32,190	-	-	-
Interfund Transfers	287,673	59,930	2,232,632	459,318	103,763	13,467	-	66,125	158,646	-
Total Business-Type Activities	448,408	328,776	2,425,616	545,595	232,007	132,832	127,311	74,553	176,654	14,034
Total Primary Government	\$ 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	\$ 17,552,809
Change in Net Position										
Governmental Activities	\$ 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	\$ 3,474,884
Business-Type Activities	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	1,211,602
Total Primary Government	\$ 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	\$ 4,686,486

TABLE 3

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund					
Non Spendable	\$ 55,671	\$ 53,885	\$ 38,468	\$ 34,735	\$ 41,535
Restricted	35,403	35,626	35,948	480,485	488,920
Committed	-	-	-	-	-
Assigned	115,813	131,260	28,484	13,770	-
Unassigned	10,391,447	9,938,855	9,257,812	8,287,694	8,420,582
Total General Fund	<u>\$ 10,598,334</u>	<u>\$ 10,159,626</u>	<u>\$ 9,360,712</u>	<u>\$ 8,816,684</u>	<u>\$ 8,951,037</u>
All Other Governmental Funds					
Non Spendable	\$ 37,769	\$ 27,458	\$ 16,052	\$ 17,950	\$ 16,687
Restricted	11,541,590	12,202,044	10,816,613	11,311,850	13,329,130
Committed	3,285,899	2,727,215	2,155,920	1,810,263	1,579,460
Assigned	3,500,477	3,413,287	2,934,958	2,639,506	2,494,115
Unassigned	(6,475,927)	(6,212,438)	(864,234)	(1,898,527)	(1,878,019)
Total All Other Governmental Funds	<u>\$ 11,889,808</u>	<u>\$ 12,157,566</u>	<u>\$ 15,059,309</u>	<u>\$ 13,881,042</u>	<u>\$ 15,541,373</u>
Total Governmental Funds					
Non Spendable	\$ 93,440	\$ 81,343	\$ 54,520	\$ 52,685	\$ 58,222
Restricted	11,576,993	12,237,670	10,852,561	11,792,335	13,818,050
Committed	3,285,899	2,727,215	2,155,920	1,810,263	1,579,460
Assigned	3,616,290	3,544,547	2,963,442	2,635,276	2,494,115
Unassigned	3,915,520	3,726,417	8,393,578	6,389,167	6,542,563
Total Governmental Fund	<u>\$ 22,488,142</u>	<u>\$ 22,317,192</u>	<u>\$ 24,420,021</u>	<u>\$ 22,679,726</u>	<u>\$ 24,492,410</u>

TABLE 3 (CONT.)

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

	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund					
Non Spendable	\$ 22,742	\$ 37,154	\$ 27,097	\$ 42,528	\$ 51,342
Restricted	476,210	38,291	38,785	111,041	205,522
Committed	-	31,144	141,536	196,394	192,587
Assigned	31,941	10,044	138,401	1,934,062	1,848,271
Unassigned	8,816,995	8,003,963	7,151,157	5,438,679	5,008,200
Total General Fund	\$ 9,347,888	\$ 8,120,596	\$ 7,496,976	\$ 7,722,704	\$ 7,305,922
All Other Governmental Funds					
Non Spendable	\$ 15,128	\$ 9,762	\$ 8,916	\$ 8,561	\$ 9,505
Restricted	12,604,917	9,088,635	7,136,685	6,974,935	15,196,509
Committed	2,836,617	2,952,632	1,973,057	1,436,837	809,108
Assigned	2,697,595	1,353,826	1,464,474	1,220,280	717,619
Unassigned	(1,120,538)	(44,361)	(43,090)	(300)	(269,619)
Total All Other Governmental Funds	\$ 17,033,719	\$ 13,360,494	\$ 10,540,042	\$ 9,640,313	\$ 16,463,122
Total Governmental Funds					
Non Spendable	\$ 37,870	\$ 46,916	\$ 36,013	\$ 51,089	\$ 60,847
Restricted	13,081,127	9,126,926	7,175,470	7,085,976	15,402,031
Committed	2,836,617	2,983,776	2,114,593	1,633,231	1,001,695
Assigned	2,729,536	1,363,870	1,602,875	3,154,342	2,565,890
Unassigned	7,696,457	7,959,602	7,108,067	5,438,379	4,738,581
Total Governmental Fund	\$ 26,381,607	\$ 21,481,090	\$ 18,037,018	\$ 17,363,017	\$ 23,769,044

Table 4

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues					
Taxes	\$ 13,774,312	\$ 13,072,062	\$ 13,789,353	\$ 14,435,331	\$ 14,154,637
Special Assessments	328,504	234,032	655,903	194,862	478,529
Licenses & Permits	563,452	426,812	444,192	367,889	271,234
Intergovernmental Revenue	6,375,503	5,871,649	6,709,209	4,912,529	4,910,812
Nongovernmental Grants	1,200	71,265	134,940	50,000	50,000
Keno Revenue	664,431	621,592	642,534	584,717	552,493
Charges for Services	2,141,961	2,167,855	2,144,854	2,089,143	1,980,265
Occupation & Franchise Taxes	2,869,552	2,965,013	2,827,862	2,705,165	2,680,188
Contributions	40,796	91,081	137,269	436,499	17,661
Payments in Lieu of Taxes	212,886	222,567	207,684	209,221	203,371
Parking Fees and Rentals	4,624,271	4,654,615	4,677,817	4,535,554	4,596,859
Loan Repayments	55,587	20,681	31,428	71,501	156,428
Interest	365,651	537,578	259,251	179,142	94,744
Miscellaneous	124,416	251,518	179,725	190,118	147,949
Total Revenue	32,142,522	31,208,320	32,842,021	30,961,671	30,295,170
Expenditures					
General Government	2,734,938	2,437,532	2,443,110	2,612,548	2,473,293
Public Safety	11,690,704	11,609,441	10,167,136	9,987,194	10,209,750
Public Works	8,060,727	12,517,851	6,633,898	8,501,967	7,181,786
Public Library	1,566,562	1,576,692	5,954,475	5,137,451	1,718,799
Parks and Recreation	3,372,195	2,884,573	3,481,853	2,554,955	2,785,403
Community Improvement & Development	5,870,586	6,132,869	3,334,776	1,091,316	4,449,547
Debt Service					
Principal Retirement	2,245,000	2,235,000	2,155,000	3,960,000	13,535,000
Interest	519,489	448,904	389,154	443,424	595,287
Total Expenditure	36,060,201	39,842,862	34,559,402	34,288,855	42,948,865
Excess (Deficiency) of Revenues over expenditures	(3,917,679)	(8,634,542)	(1,717,381)	(3,327,184)	(12,653,695)
Other Financing Sources (Uses)					
Insurance Proceeds	7,402	13,871	24,676	-	20,885
Issuance of TIF Proceeds	4,081,227	4,210,750	-	-	-
Issuance of Debt	-	2,290,000	3,415,000	-	870,000
Premium on Bonds	-	-	-	-	453,613
Bonds Refunded	-	-	-	1,520,000	9,420,000
Transfers In	2,503,321	1,980,970	4,338,194	4,754,981	4,825,719
Transfers Out	(2,503,321)	(1,963,878)	(4,338,194)	(4,742,481)	(4,825,719)
Total Other Financing Sources (Uses)	4,088,629	6,531,713	3,439,676	1,532,500	10,764,498
Net Change in Fund Balances	\$ 170,950	\$ (2,102,829)	\$ 1,722,295	\$ (1,794,684)	\$ (1,889,197)
Debt Service as a Percentage of Noncapital Expenditures	10.56%	9.06%	9.02%	17.82%	37.92%

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Taxes	\$ 12,803,574	\$ 11,118,944	\$ 10,142,968	\$ 10,758,892	\$ 10,178,587
Special Assessments	184,987	200,654	289,216	325,136	472,266
Licenses & Permits	321,575	271,175	244,733	224,947	201,651
Intergovernmental Revenue	4,347,275	4,079,487	4,330,390	3,619,939	4,414,712
Nongovernmental Grants	-	-	-	-	-
Keno Revenue	611,740	572,632	547,095	494,447	432,584
Charges for Services	1,841,576	1,890,616	1,865,085	1,863,308	1,464,667
Occupation & Franchise Taxes	2,764,651	2,781,029	2,653,429	2,621,917	2,138,542
Contributions	204,577	559,517	54,942	35,293	54,228
Payments in Lieu of Taxes	202,867	184,689	176,215	162,944	146,885
Parking Fees and Rentals	4,620,528	4,681,679	4,584,494	4,474,023	4,204,014
Loan Repayments	570,883	104,783	78,073	557,448	136,519
Interest	51,653	49,655	54,192	114,312	90,235
Miscellaneous	314,105	124,215	138,377	84,580	105,741
Total Revenue	28,839,991	26,619,075	25,159,209	25,337,186	24,040,631
Expenditures					
General Government	2,575,062	2,698,982	2,543,757	2,491,369	4,263,408
Public Safety	10,019,243	8,967,532	9,138,087	8,194,543	8,238,009
Public Works	5,766,816	6,597,380	5,658,796	5,353,264	5,588,853
Public Library	1,334,676	1,355,079	1,288,130	1,204,614	1,329,905
Parks and Recreation	2,314,769	2,816,830	2,661,914	11,655,476	8,267,527
Community Improvement & Development	1,265,759	1,031,844	1,322,343	963,266	794,940
Debt Service					
Principal Retirement	1,695,000	2,620,000	1,453,810	1,928,649	1,179,881
Interest	667,145	649,134	677,052	442,032	442,032
Total Expenditure	25,638,470	26,736,781	24,743,889	32,233,213	30,104,555
Excess (Deficiency) of Revenues over expenditures	3,201,521	(117,706)	415,320	(6,896,027)	(6,063,924)
Other Financing Sources (Uses)					
Insurance Proceeds	218,996	141,778	308,069	-	-
Issuance of TIF Proceeds	-	-	-	-	-
Issuance of Debt	1,480,000	2,625,000	-	490,000	20,305,000
Premium on Bonds	-	-	-	-	49,560
Bonds Refunded	-	795,000	-	-	(2,130,000)
Transfers In	2,765,647	2,171,879	2,272,954	1,832,789	1,919,961
Transfers Out	(2,765,647)	(2,171,879)	(2,322,342)	(1,832,789)	(1,919,961)
Total Other Financing Sources (Uses)	1,698,996	3,561,778	258,681	490,000	18,224,560
Net Change in Fund Balances	\$ 4,900,517	\$ 3,444,072	\$ 674,001	\$ (6,406,027)	\$ 12,160,636
Debt Service as a Percentage of Noncapital Expenditures	11.14%	13.77%	9.72%	11.69%	7.81%

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
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%
2011	467,925,125	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	
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%
2011	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	2020			2010		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 321,444,156	1	51.84%	\$ 266,886,158	1	54.31%
Accommodation & Food Services	77,248,158	2	12.46%	43,637,435	2	8.88%
Other	221,352,980	-	35.70%	180,888,960	-	36.81%
Total	\$ 620,045,294		100.00%	\$ 491,412,553		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
2020	\$ 1,768,115,204	\$ 59,822,198	\$ 1,827,937,402	0.6055
2019	1,587,354,266	58,508,792	1,645,863,058	0.6055
2018	1,527,100,699	58,347,001	1,585,447,700	0.6055
2017	1,414,978,332	51,546,991	1,466,525,323	0.6021
2016	1,336,246,190	47,747,588	1,383,993,778	0.6021
2015	1,269,843,679	50,035,023	1,319,878,702	0.5967
2014	1,214,361,524	44,813,004	1,259,174,528	0.5967
2013	1,160,166,057	42,955,400	1,203,121,457	0.5781
2012	1,145,320,208	44,351,377	1,189,671,585	0.5806
2011	1,140,003,464	44,061,854	1,184,065,318	0.5817

(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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
CITY OF NORFOLK										
GENERAL FUND	0.2095	0.1937	0.1928	0.1880	0.1685	0.1591	0.1549	0.1320	0.1335	0.1341
DEBT SERVICE	0.0460	0.0373	0.0373	0.0366	0.0529	0.0555	0.0581	0.0609	0.0615	0.0618
ECONOMIC DEVELOPMENT FUND	0.0000	0.0245	0.0255	0.0275	0.0306	0.0321	0.0337	0.0352	0.0356	0.0358
VEHICLE PARKING FUND(3)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
TOTAL CITY OF NORFOLK	<u>0.6055</u>	<u>0.6055</u>	<u>0.6055</u>	<u>0.6021</u>	<u>0.6021</u>	<u>0.5967</u>	<u>0.5967</u>	<u>0.5781</u>	<u>0.5806</u>	<u>0.5817</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3700	0.3793	0.3265	0.3267	0.3268	0.3283	0.3557	0.4255	0.4249	0.4211
SCHOOL DISTRICT NO 2	1.1275	1.1735	1.1766	1.1880	1.2051	1.2098	1.2154	1.2154	1.2589	1.3182
NORTHEAST COMMUNITY COLLEGE	0.0950	0.0950	0.0950	0.0909	0.0913	0.0953	0.0990	0.0993	0.0983	0.0953
NORFOLK AIRPORT AUTHORITY	0.0357	0.0397	0.0412	0.0437	0.0318	0.0334	0.0306	0.0310	0.0313	0.0315
LOWER ELKHORN NRD	0.0244	0.0237	0.0231	0.0233	0.0240	0.0241	0.0251	0.0266	0.0296	0.0340
AGRICULTURAL SOCIETY MADISON COUNTY	0.0109	0.0112	0.0109	0.0110	0.0110	0.0110	0.0116	0.0131	0.0139	0.0144
EDUCATIONAL SERVICES UNIT #8	0.0135	0.0133	0.0131	0.0131	0.0126	0.0126	0.0126	0.0150	0.0150	0.0150
NORFOLK SANITARY DISTRICT	0.0062	0.0147	0.0148	0.0099	0.0100	0.0099	0.0099	0.0100	0.0098	0.0095
RAILROAD TRANSPORTATION SAFETY DIST.	0.0079	0.0083	0.0083	0.0101	0.0093	0.0079	0.0060	0.0060	0.0050	0.0106
TOTAL OVERLAPPING RATES	<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>	<u>1.9496</u>
TOTAL PROPERTY TAXES	2.2966	2.3642	2.3150	2.3188	2.3240	2.3290	2.3626	2.4200	2.4673	2.5313

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

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

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

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

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2020			2011		
		TAXABLE ASSESSED VALUE	RANK	% OF TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TAXABLE ASSESSED VALUE
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	\$ 32,586,135	1	1.78%	\$ 9,394,512	4	0.79%
WAL-MART STORES INC	RETAIL STORE	12,212,145	2	0.67%	10,180,058	2	0.86%
WIS-PAK	BOTTLING DISTRIBUTION	11,225,750	3	0.61%	5,266,340	7	0.44%
HEARTLAND PANTRY INC	RETAIL STORE	10,508,727	4	0.57%	9,579,200	3	0.81%
MENARD INC	RETAIL STORE	9,031,403	5	0.49%	5,990,081	6	0.51%
SABR HEALTH CARE HOLDINGS III LLC	REAL ESTATE	8,139,017	6	0.45%	-	-	0.00%
HERITAGE OF NORFOLK INC	NURSING HOME	6,933,912	7	0.38%	6,298,274	5	0.53%
N S P LLC	SHOPPING MALL	6,500,000	8	0.36%	-	-	0.00%
NORFOLK MARKET SQUARE HOLDINGS LLC	RETAIL STORE	6,498,540	9	0.36%	-	-	0.00%
TIMM VILLAGE GREEN LLC	APARTMENTS	6,471,040	10	0.35%	-	-	0.00%
DIAL - SUNSET MALL LLC	SHOPPING MALL	-	-	0.00%	13,820,783	1	1.17%
QWEST COPORATION	UTILITY	-	-	0.00%	4,999,929	8	0.42%
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		\$ 110,106,669		6.02%	\$ 75,041,517		6.33%

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
2020	\$ 4,307,369	\$ 4,195,494	97.40%	\$ -	\$ 4,195,494	97.40%
2019	4,153,321	3,586,171	86.34%	554,975	4,141,146	99.71%
2018	3,790,655	3,687,877	97.29%	90,081	3,777,958	99.67%
2017	3,573,866	3,466,463	96.99%	96,030	3,562,493	99.68%
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%	88,443	2,825,317	100.00%
2012	2,823,416	2,737,455	96.96%	85,237	2,822,692	99.97%
2011	2,825,657	2,726,631	96.50%	98,688	2,825,319	99.99%

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

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	DEBT PER CAPITA (1)	PERCENTAGE OF PERSONAL INCOME (1)
	GENERAL OBLIGATION BONDS	SPECIAL ASSESSMENT BONDS	NOTES PAYABLE	REVENUE BONDS	STATE REVOLVING LOAN			
2020	\$ 12,016,891	\$ 1,650,000	\$ -	\$ 8,548,370	\$ -	\$ 22,215,261	N/A	N/A
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
2011	21,210,000	1,415,000	255,359	3,550,000	710,008	27,140,367	1,119.28	2.08

Notes: (1) See Table 16 for income and population data. 2020 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
2020	\$ 12,016,891	\$ 632,066	\$ 12,648,957	\$ 3,556,622	\$ 9,092,335	N/A	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%
2011	21,210,000	371,013	21,581,013	504,468	21,076,545	869.21	1.85%

Notes: (1) See Table 16 for population data. 2020 population numbers are unavailable.

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

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 13,666,891	100.00%	\$ 13,666,891
OVERLAPPING:			
Norfolk School District #2	\$ 11,522,028	64.59%	\$ 7,442,467

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	
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
2011	7,482,560	4,818,232	2,664,328	852,058	218,512	1,070,570	2.49

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)
2020	N/A	N/A	N/A	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%
2011	24,248	1,305,431	37,372	4,009	3.6%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2020 numbers are unavailable.
 (2) Bureau of Economic Analysis. 2020 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	2020			2011		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,377	1	5.63%	1,275	1	5.59%
Norfolk Public Schools	750	2	3.07%	705	2	3.09%
Northeast Community College	698	3	2.85%			
Nucor Steel Division of Nucor Corp	508	4	2.08%	423	6	1.85%
Associated Wholesale Grocers	471	5	1.93%			
Walmart	440	6	1.80%	407	7	1.78%
Conitech	353	7	1.44%			
Vulcraft Division of Nucor Corp	352	8	1.44%	478	5	2.09%
Cardinal Health	320	9	1.31%			
Norfolk Iron & Metal Co	295	10	1.21%	320	9	1.40%
Affiliated Foods Midwest				654	3	2.87%
Covidien				500	4	2.19%
Veyance Technologies				350	8	1.53%
Wis-Pak				102	10	0.45%
Total	5,564		22.76%	5,214		22.84%

Source: City of Norfolk Economic Development

CITY OF NORFOLK, NEBRASKA
 Full-Time Equivalent City Governmental Employees by Function
 Last Ten Fiscal Years

TABLE 18

Full-Time Equivalent City Government Employees by Function as of September 30										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	28.15	26.34	29.00	29.00	29.00	26.88	25.88	25.88	25.88	26.18
Engineering	6.00	6.00	7.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Public Safety										
Police	62.50	62.40	62.00	60.50	60.00	60.00	58.00	58.00	58.00	58.00
Fire	35.40	31.55	36.55	36.05	36.05	37.00	37.00	37.00	38.00	38.00
Region 11	1.10	0.95	0.95	0.95	0.95	1.00	1.00	1.00	1.00	1.00
SNARE	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.50	0.50	0.50
Streets	23.60	22.62	22.62	22.62	22.62	23.25	23.25	23.25	22.25	22.25
Planning & Development	6.00	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture & Recreation										
Parks	24.40	21.00	19.00	19.00	20.00	20.00	22.00	21.00	20.00	20.00
Recreation	0.00	2.00	2.00	2.00	2.00	2.00	2.00	1.67	1.67	1.00
Auditorium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.43	2.43	2.43
Library	16.07	16.07	15.64	15.64	15.21	15.38	15.38	15.1	15.1	14.97
Housing	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	5.75	5.75
Economic Development										
Operating	3.25	2.66	2.00	3.00	3.00	3.00	3.00	2.00	2.00	0.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	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	9.00	9.00	9.00	9.00	9.50
Solid Waste Management	7.88	8.38	7.38	7.38	6.38	5.38	6.38	6.38	6.38	5.88
Stormwater Utility	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	244.98	236.60	233.77	231.77	230.84	229.77	228.77	228.96	227.96	225.46

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Purchase Ordered Processed	-	-	-	-	-	-	31	765	1,223	1,393
Water/Sewer Customers Billed	9,835	9,712	9,649	9,633	9,602	9,551	9,523	9,479	9,419	9,392
Engineering										
Miles of Paving Districts	0.68	0.78	0.00	0.00	0.14	0.33	0.00	0.00	0.00	0.20
Miles of Street Reconstruction	0.71	1.20	1.40	0.00	0.17	0.32	0.10	0.40	1.10	0.75
Public Safety										
Police:										
Criminal Arrests	1,279	1,178	1,525	1,465	1,392	1,394	1,448	1,645	1,809	1,701
Traffic Arrests	2,226	2,115	1,865	2,129	2,391	3,097	2,388	2,294	2,709	2,804
Drug/Alcohol Arrests	797	709	705	712	749	696	705	817	897	762
Fire:										
Rescue Calls	2,078	2,048	2,100	1,960	2,066	2,007	1,912	1,941	1,866	1,861
Culture and Recreation										
Library										
Total Circulation	200,529	288,029	253,346	265,698	295,787	309,281	321,954	320,282	299,776	324,042
Community Improvement and Development										
Planning and Development										
Building Permits	516	457	423	461	423	411	388	347	356	375
Water:										
Water Inspections	53	53	59	69	56	51	56	66	47	42
Locates	5,548	3,354	3,308	3,565	3,475	3,198	3,272	3,449	3,070	2,521
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.077	1.253	1.128	1.054	1.099	1.02	1.02	1.077	1.083	1.189
Sewer Maintenance										
Sewer Inspections	37	29	46	48	31	35	34	61	34	20
Solid Waste Management										
Average Daily Tonnage	111	122	113	112	109	106	102	104	108	108

Souces: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
City Auditorium (1)	-	-	-	-	-	1.00	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	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)	150.70	147.75	147.15	145.56	145.09	144.55	144.09	144.08	144.29	144.29
Streetlights	2,344	2,327	2,282	2,305	2,277	2,279	2,257	2,257	2,258	2,327
Parks										
Parks Acreage	430.96	422.20	422.20	422.20	421.60	421.60	414.00	403.50	403.50	403.50
Parks #	16.00	16.00	16.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Swimming Pools	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
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)	141.00	137.00	131.00	127.00	126.00	126.00	129.00	123.00	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	142.00	140.00	137.00	133.00	131.00	128.00	127.00	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

Supplementary Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Cash Basis Revenues	Cash Basis Expenditures
Direct Financial Assistance:				
U.S. Department of Health & Human Services				
COVID-19 - Care Act	21.019	Cares Act	\$ 18,896	\$ 18,896
		Program 21.019 Subtotal	18,896	18,896
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	2019BUBX19098499	2,029	2,029
		Program 16.607 Subtotal	2,029	2,029
Indirect Financial Assistance:				
Pass-Through the Nebraska Game & Parks Commission:				
RTP - 2019(003)	20.219	RTP 2019(003)	3,988	22,521
RTP-2017(001)	20.219	RTP 2017(001)	7,836	904
		Program 20.219 Subtotal	11,824	23,424
U.S. Department of Homeland Security				
Pass-Through the Nebraska Emergency Management Agency:				
2019 Floods	97.036	DR-4420 PW 1100	130,437	130,437
5th Street Culverts	97.036	DR-4420 PW 1096	38,365	-
		Program 97.036 Subtotal	168,801	130,437
2019 Emergency Management Performance Grant (EMPG)	97.042	2019-EMPG	46,216	36,741
2020 Emergency Management Performance Grant EMPG	97.042	2020-EMPG	-	12,578
2019 State Homeland Security Grant Program (SHSP)	97.042	2019-SHSP	14,518	14,518
		Program 97.042 Subtotal	60,734	63,838
2018 State Homeland Security Grant Program (SHSP)	97.067	2018-SHSP	5,839	425
		Program 97.067 Subtotal	5,839	425
U.S. Department of Housing & Urban Development				
Pass-Through Nebraska Department of Economic Development				
Community Development Block Grant	14.228	15-CR-007	2,878	2,878
Community Development Block Grant	14.228	17-DTR-104	50,964	50,244
Community Development Block Grant	14.228	16-CD-105	112,973	111,085
Community Development Block Grant	14.228	16-CD-205	433,257	433,257
Community Development Block Grant	14.228	18-TD-001	362,465	362,555
Community Development Block Grant	14.228	18-TD-002	-	220
		Program 14.228 Subtotal	962,537	960,239
Institute of Museum and Library Services				
Pass-Through Nebraska Library Commission				
Makerspace Equip	20.070	Makerspace Equip	2,560	2,560
		Program 20.070 Subtotal	2,560	2,560
Pass-Through Nebraska Library Commission	45.025	1856019-61	244	244
		Program 45.025 Subtotal	244	244
Pass-Through Nebraska Library Commission	45.313	Intern Grant	-	810
		Program 45.313 Subtotal	-	810
Total Federal Award Expenditures			\$ 1,233,464	\$ 1,202,902

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and Independent Auditor's Report

City of Norfolk, Nebraska
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of City of Norfolk, Nebraska (the City). The City's reporting entity is defined in Note 1.A to the City's financial statements. Federal financial assistance received directly from federal agencies, as well as passed through other governmental agencies, is included on the Schedule.

The accompanying schedule presents total expenditures for each federal award program in accordance with U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Federal program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA) whenever possible.

2. Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards has been prepared on the cash basis of accounting. Under this method, revenues are recognized when received and expenditures are recognized when paid. Expenditures of federal funds are not accumulated in the accounting records by funding source.

3. Reporting Entity

The reporting entity for the supplementary schedule of expenditures of federal awards is the City of Norfolk, a municipal corporation governed by an eight-member Council and elected Mayor.

4. Pass-Through Awards

The City receives federal awards in the form of pass-through awards from the State of Nebraska. Such amounts received as pass-through awards are specifically identified on the supplementary schedule of expenditures of federal awards.

City of Norfolk, Nebraska
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
For the year ended September 30, 2020

NOTE B. CONTINGENCIES

The City receives funds under various federal grant programs, and such awards are to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies, which may impose sanctions in the event of noncompliance. Management believes that it has complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

NOTE C. INDIRECT COST ALLOCATION

The City elects to not use the 10% de minimis rate to cost allocate indirect expenses. All costs assigned to grants are considered direct expenses.



INDEPENDENT AUDITOR'S 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*

Honorable Members
of the City Council
City of Norfolk, Nebraska

We have audited, in accordance with the 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, 2020, 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 26, 2021.

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.

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 26, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
UNIFORM GUIDANCE

Honorable and 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 each of the City's major federal program for the year ended September 30, 2020. 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 each of 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 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, 2020.

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.

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 26, 2021

City of Norfolk, Nebraska
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 For the year ended September 30, 2020

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' reports issued:	Unmodified
Internal controls over financial reporting:	
• Material weaknesses identified:	None Reported
• Significant deficiencies identified:	None Reported
Noncompliance material to financial statements noted:	None Reported

Federal Awards

Internal control over major programs:	
• Material weaknesses identified:	None Reported
• Significant deficiencies identified:	None Reported
Type of auditors' report issued on compliance for each major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of Uniform Guidance:	None Reported

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee:	No
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City of Norfolk, Nebraska
SCHEDULE OF FINDINGS AND QUESTIONED COST - CONTINUED
For the year ended September 30, 2020

II. FINDINGS—FINANCIAL STATEMENTS

None reported.

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None reported.

City of Norfolk, Nebraska
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2020

II. FINDINGS—FINANCIAL STATEMENTS

None reported.

III. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS

None reported.