

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

CITY OF NORFOLK, NEBRASKA



for the year ended

SEPTEMBER 30, 2022

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

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NORFOLK
NEBRASKA**

for the year ended

September 30, 2022

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

*for the
fiscal year
ended
September 30, 2022*

Prepared by:
The Finance Division

CITY OF NORFOLK, NEBRASKA

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INTRODUCTORY SECTION

March 27, 2023

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

The annual comprehensive financial report of the City of Norfolk for the fiscal year ended September 30, 2022 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, 2022.

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 FORVIS, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, 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, 2022, are fairly presented in accordance with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

CITY PROFILE

The City of Norfolk is located in Madison County, a prime agricultural region in northeast Nebraska, approximately 112 miles northwest of Omaha and 121 miles north of the state capital of Lincoln.

The City was incorporated September 12, 1881, and utilizes the mayor and council form of government. The Council is elected on a nonpartisan basis. Council members serve four year staggered terms with four council members elected every two years. The mayor serves a four-year term. The City is divided into four wards and each ward is represented by two council members with staggered terms.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of streets and infrastructure; recreational activities; a public library; a system of parks; planning, zoning, health, and housing; water and sewer utilities; off-street parking facilities; and a solid waste transfer station. In addition to general government activities, the governing body oversees the City's various employee retirement systems and these activities are included in the reporting entity. The Community Development Agency created by the Mayor and Council to provide for redevelopment of blighted areas throughout the City is included because of the significance of its operational and financial relationships with the City. However, the Norfolk Housing Agency does not meet the established criteria for inclusion in the reporting entity, and is excluded from the report. The Agency issues its own financial statements which are available upon request from its office at 110 North Fourth Street.

The Council is required to adopt a final budget by no later than September 30 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 United States is experiencing the highest inflation rates in 40 years. The June 2022 inflation rate accelerated to 9.1%, the highest since November 1981. Inflation rates for the last couple months are still over 6%. Over the past year gas prices have soared due to a number of factors, including the war in Ukraine. There is a workforce shortage across the nation and Norfolk is no exception. In December 2022 there were 11 million job openings, or almost two jobs for every unemployed worker. In December 2022 the national unemployment rate was 3.5% and Norfolk's unemployment rate was 2.0%. The workforce shortage is affecting all sectors of the economy from health care to hospitality to transportation and others. To cool inflation the Federal Reserve has been raising the federal funds rate. It was near zero in 2021 and after a series of increases is now 4.5%.

During the Covid-19 pandemic Nebraska's economy fared better than other parts of the country that are heavily reliant on the hospitality industry. Other than two months of decreases in sales tax in fiscal year 2020 at the start of the pandemic, Norfolk sales tax has continued strong growth. Sales tax revenue in fiscal year 2022 was \$11,141,231, an increase of \$637,599 or 6.07% from fiscal year 2021. Internet sales, construction activity, and annexation have continued to boost sales tax receipts.

An Iowa-based company announced plans to build a \$375 million soybean crushing plant near Norfolk. Operation of the plant is expected to start in 2024. The plant will crush 38.5 million bushels of soybeans annually and create up to 55 jobs. It will produce 847,000 tons of soybean meal per year for livestock feed markets, 450 million pounds of crude soybean oil per year, and 77,000 tons of pelleted soybean hulls per year. The plant is expected to increase area soybean prices 20 cents per bushel, resulting in a \$7.7 million annual increase in area farm income. The City was awarded a \$200,000 Site and Building Development Fund Grant from the State of Nebraska Department of Economic Development for Norfolk Crush.

In June 2022 Nucor announced a \$58 million upgrade to the Norfolk facility. The modernization project includes a new reheat furnace, new intermediate mill and coil inspection and trimming station. The project will better serve the automotive market and continue to meet its customers' needs for high-quality products. It also furthers the company's commitment to safety by allowing the employees to do their work away from the rolling process.

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

The City and Community Development Agency approved a Redevelopment Contract for the Legacy Bend Housing Development between Benjamin Avenue and Norfolk Avenue west of Victory Road. Legacy Bend is using tax increment financing to implement their 7 phase project over multiple years consisting of approximately: 175 single family homes, 51 townhomes, and 224 living units in multiple dwelling units. Approximately 20 single family homes, 6 duplexes,

a clubhouse, and 8 apartment buildings consisting of around 22 living units each have been constructed or are currently in progress. Tax increment financing bonds have been issued for the project, upon which \$4,646,898 principal has been advanced.

A Redevelopment Agreement was recently approved for the second phase of the Medelmans Lake Redevelopment Plan. The project area is south of the Elkhorn River and east of Highway 81. The Plan provides for construction of 188 single family homes in multiple phases. The second phase is comprised of 17 lakeside homes and 3 off-lake homes. The first phase was comprised of 14 lakefront dwellings and 4 villas with associated improvements and \$1.6 million of tax increment financing bonds were issued in May 2020 for this phase. The second phase provides for \$1,808,132 of tax increment financing. Currently 13 single family homes have been constructed or are in progress.

A Redevelopment Agreement was approved for apartments and other housing units for the Nor-Park Housing Development. The project consists of 4 apartment buildings with 28 units each, 5 triplex lots, 12 single family attached structures, and 28 single family detached homes. This development is planned in 5 phases thru 2023. Over three-fourths of the buildings have been constructed or are currently under construction. \$2,085,000 of tax increment financing bonds were issued in November 2019 for this project. A Redevelopment Contract was approved for 13 single family homes just north of the Nor-Park Housing Development, of which 10 single family homes have been constructed. 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 recently approved for the Foundry Apartments Redevelopment project. The project is located on the south side of West Pasewalk Avenue and consists of five 36-unit apartment buildings, one clubhouse and pool area, and six 12-unit garage structures. Total project costs are expected to be over \$26 million with tax increment financing providing \$4,015,810 of this cost.

A Redevelopment Contract was approved for the Grand Theater Redevelopment project. The former theater has been 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, which was amended to provide an additional \$93,000 of grant funds for a total award of \$593,000.

A Redevelopment Contract was approved which provides for using tax increment financing for hotel construction southeast of 13th Street and Omaha Avenue with associated improvements. Construction on the dual-brand hotel was finished in January 2023 after being delayed due to the pandemic. \$794,400 of tax increment financing bonds were issued in October 2021 for this project. The City also provided \$2.2 million of Property Assessed Clean Energy Act financing for this hotel.

A Redevelopment Contract was approved providing tax increment financing near downtown for 2 apartment buildings for Wayne State students as part of the Growing Together Initiative, 5 two-story commercial structures all but one having residential on the second floor, and 5

condominiums. A total of 44 residential units and 18 commercial units are planned over 3 phases. The Contract provides for up to \$4,853,274 of tax increment financing. Another Redevelopment Contract approved is the area northwest of the intersection of South Victory Road and Omaha Avenue. The Redeveloper plans to add 25 duplex lots for a total of 50 housing units. Currently 16 duplexes are under construction. Total project costs are expected to be over \$9.5 million, with tax increment financing providing \$1,220,476 of this cost.

A Redevelopment Contract was recently approved for the Wisner West Redevelopment project. This is a multi-phase project consisting of 8 lots with the first phase being construction of a Prime Stop convenience store and truck stop. Development of the other seven lots will occur in subsequent phases. The Contract provides for up to \$528,472 of tax increment financing bonds for the first phase.

Real estate values are increasing in Norfolk. For the ninth consecutive year there is a significant increase in assessed valuation. Norfolk's 2022 assessed valuation increased 14.86% and the average annual increase the previous eight years was 5.95%.

Other economic indicators appear mainly favorable. Norfolk's population increased from 24,955 in 2020 to an estimated 24,967 in 2021. Madison County's unemployment rate increased from 1.0% in December 2021 to 2.0% in December 2022. Public school enrollment increased from 4,480 in September 2021 to 4,546 in September 2022. The most recent assessed valuation, released August 18, 2022, shows taxable property in Norfolk valued at \$2,189,472,320, a 14.86% 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.

For the fiscal year 2022-2023 budget, the City's maintenance level budget allows for 8% expenditure growth; however, two of the City's 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 3.9% in the LTFP based on past history. Recently, actual sales tax receipts have exceeded the 3.9% annual growth rate in the LTFP and if this continues the projected growth rate will be increased in the LTFP. The City's 1 ½ cent sales tax increased 13.97% in the prior fiscal year and 6.07% in the current fiscal year.

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

Slow growth in the City's two large revenue sources puts pressure on property tax, which is the second largest general revenue source. Prior LTFP's showed the City would need to increase its property tax rate to maintain the same level of service. In 2021-2022 the property tax rate was increased .051977 from .255511 last year to .307488.

The City annually prepares a ten-year CIP. This program outlines capital needs for the next ten years and identifies potential funding sources. These projects are prioritized in the categories of urgent, necessary, desirable or deferrable. The CIP is prepared so that capital items do not exceed funding sources provided in the revenue and expenditure trends. The CIP can change from year to year as the revenue and expenditure trends change. The Council determines its top goals and works with City staff to develop strategies to achieve these goals. An action plan is created and specifics are incorporated into the budget to carry out the action plan. The City recently updated its sewer master plan and is currently updating its water master plan. The water master plan provides information on whether the water lines are sized properly to extend water to new areas, on whether the existing water treatment plant can handle current capacity and growth, and what the well field can supply for water. The sewer master plan identified forthcoming sewer projects and determined associated sewer rate increases.

The Mayor and Council currently have eight goals, the same goals as the prior year. The first goal is community and economic development. For the past few years the City has been exploring annexation of land around the city limits. A boundary study was conducted and the City Council selected areas to be annexed. In October 2021 the annexation was approved by City Council. The annexation contained approximately 450 separate parcels totaling approximately 6.5 square miles and added 910 residents to the City. The increase in operating costs as a result of the annexation was a significant consideration when preparing the budget. Now that the annexation is complete the next step in this goal is to expand the extra territorial jurisdiction. The Mayor and Council are exploring the creation of a Business Improvement District downtown and have hired PUMA to facilitate this process. Phase I development and infrastructure at the business park in southwest Norfolk has been completed. The City will continue to market this area and other potential properties for growth. A plan for wastewater reuse for industrial processing is available for prospective businesses. The Mayor and Council support the Northeast Nebraska Growing Together initiative to attract young professionals and entrepreneurs. A Norfolk Arts Council has been established and permanent public art has been placed. The Mayor and Council continue to support retail development, small business growth, workforce development, people attraction and retention, and infrastructure expansion.

Parks and recreation is another goal of the Mayor and Council. A big focus is on the \$9.6 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, private donations have been received, and the City has committed keno and ARP 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. A groundbreaking ceremony was held in August 2022 and work on the river has commenced. The swimming pool at Liberty Bell Park has been demolished and now redevelopment of the park is in the early planning stages.

Street maintenance continues to be a goal of the Mayor and Council. An \$18 million project to reconstruct Benjamin Avenue from 1st Street to 13th Street is in the construction phase with the project anticipated to be finished by November 2023. City Highway Allocation Fund pledge bonds of \$20,285,000 have been issued to provide funding for Benjamin Avenue, Michigan Avenue, 8th Street, and 1st Street bridge and storm sewer. Replacement of the 1st Street bridge and storm sewer for \$3.8 million is in conjunction with the Johnson Park and North Fork River project. Other street maintenance goals this year include improvements to 1st Street south of Benjamin Avenue, Riverside Boulevard south of Benjamin Avenue, and East Maple Avenue. A design consultant for Highway 81 and Highway 275 corridor median landscaping has been engaged. Staff plan to develop a comprehensive preventative maintenance plan using new street scan pavement management system, and continue to hold public open houses to explain the 1 to 6 year street plan.

Another goal is Public Safety expansion. The Mayor and Council desire expanding the Police Station. Phase I renovation to accommodate an expanded regional dispatch center has been completed. Preliminary plans for Phase II addition to the east of the existing building has also been finished, and options for funding construction of Phase II are being discussed. Dispatch services have been combined with Madison County and staff have worked on dispatch regionalization in northeast Nebraska. Six agencies are involved, with Norfolk and South Sioux City being the host sites.

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. The timeline of the project has been adjusted and now construction of improvements to the flood control levee are anticipated to start in 2024. The City is implementing the Solid Waste master plan to improve the flow of traffic at the transfer station, construct a maintenance facility, and improve site security and safety. New scales, sale house, and video surveillance system have been finished. Construction of the maintenance facility should be completed within the next year. Revenue bonds of \$5,050,000 were issued to fund the project. The Mayor and Council are also focused on wastewater resource recovery, increasing the City's water supply, and adding sidewalks throughout the City.

Another goal is increasing emergency cash reserves to the GFOA recommended minimum of 16% of operating expenditures. Reserves of \$975,000 were used to pay off the Series 2017 Refunding Building Bonds. Debt service on these bonds was funded with Council priority dollars and paying off the bonds frees up approximately \$125,000 annually to be used on other Council priority projects. The Mayor and Council intend to replenish budgeted cash reserves to get back to the GFOA recommended practice of 16% of operating expenditures.

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 \$2.5 million. Over the last several years, the City has been increasing General Fund ending balance to bring it up to a more appropriate level.

AWARDS AND ACKNOWLEDGEMENTS

CERTIFICATE OF ACHIEVEMENT. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk for its annual comprehensive financial report for the fiscal year ended September 30, 2021. This was the thirty-fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

DISTINGUISHED BUDGET PRESENTATION AWARD. In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for the last thirty years, the most recent for the 2022-2023 budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Sincerely,

CITY OF NORFOLK

A handwritten signature in black ink, appearing to read 'Randy Gates', written over a horizontal line.

Randy Gates
Finance Officer

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Norfolk, Nebraska for its annual comprehensive financial report for the fiscal year ended September 30, 2021.

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

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Norfolk
Nebraska**

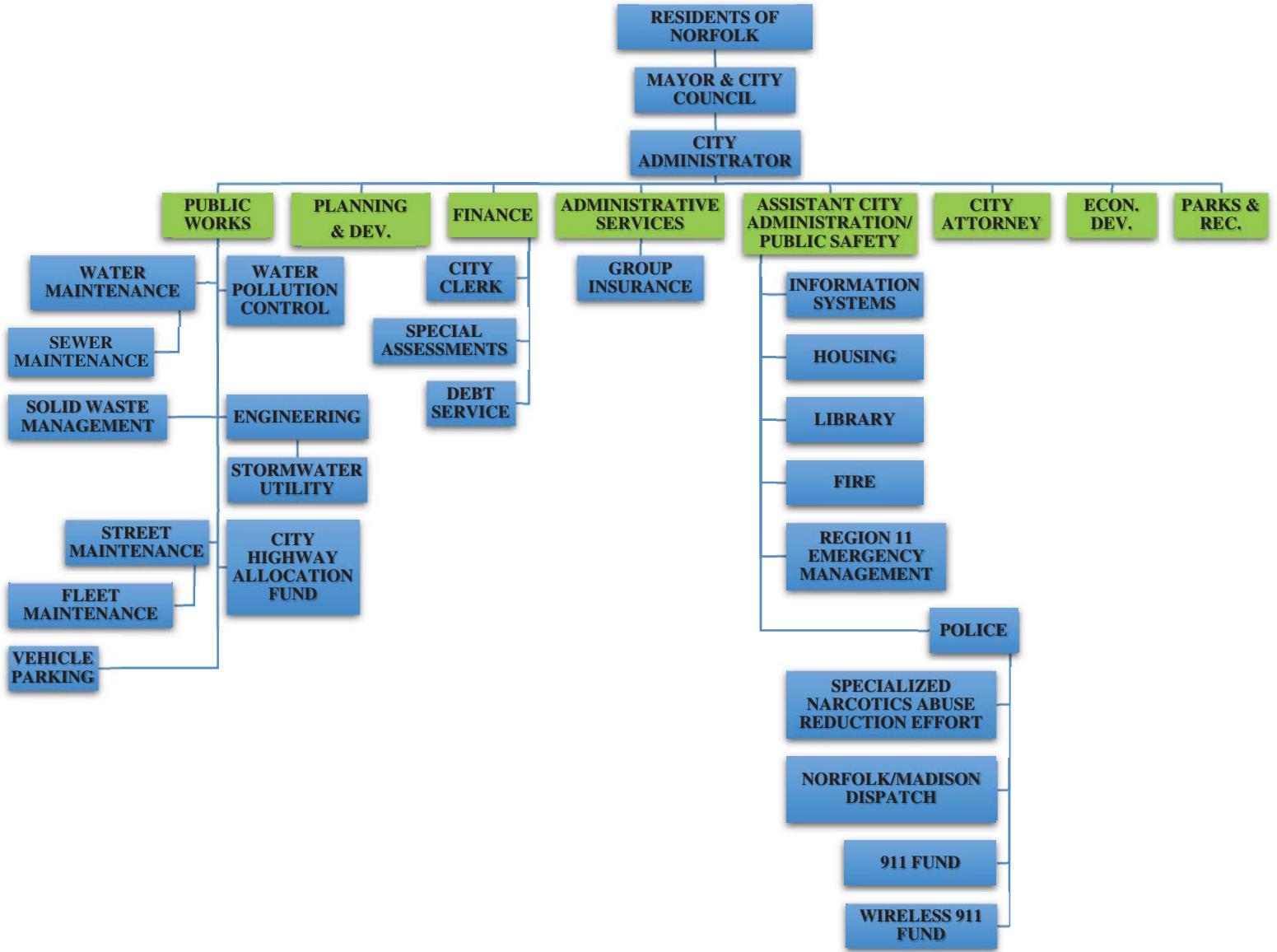
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

City of Norfolk, Nebraska
Organizational Chart



CITY OF NORFOLK, NEBRASKA

List of Principal Officials

October 1, 2022

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

FINANCIAL SECTION



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Independent Auditor's Report

Honorable Members of the City Council
City of Norfolk, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Norfolk, Nebraska, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a

going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary 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 combining and individual fund statements and schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS,LLP

Lincoln, Nebraska
March 27, 2023

Management Discussion and Analysis

September 30, 2022

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, 2022. 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, 2022, by \$181,925,915. Of this amount, \$37,936,531 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$10,229,495 during the year. Of this amount, the net position of Governmental Activities increased \$6,875,069 and the net position of Business Activities increased \$3,354,426.
- Bonds payable increased \$21,273,765. Outstanding revenue bonds total \$12,931,929, general obligation bonds \$25,582,432, and special assessment bonds \$4,200,000 backed by the City's full faith and credit. Bond anticipation notes increased \$140,000 and total \$2,515,000.

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 overall City 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 OVERALL CITY

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the overall City 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 overall City 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 overall City. 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 OVERALL CITY

As stated earlier, net position may serve over time as a useful indicator of a government’s financial position. The largest part of the City’s net position reflects its investment in

capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities. This year the City's net investment in capital assets is \$130,218,171.

For the year ended September 30, 2022, net position was as follows:

City of Norfolk's Net Position

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 62,317,385	\$ 42,286,845	\$ 17,810,023	\$ 14,114,342	\$ 80,127,408	\$ 56,401,187
Capital Assets	90,852,712	82,966,627	70,857,282	65,307,953	161,709,994	148,274,580
Total Assets	153,170,097	125,253,472	88,667,305	79,422,295	241,837,402	204,675,767
Deferred Outflows of Resources	23,172	32,073	-	-	23,172	32,073
Long-Term Liabilities	32,455,263	15,981,504	13,329,876	8,595,563	45,785,139	24,577,067
Other Liabilities	11,786,982	7,286,019	1,432,097	1,148,334	13,219,079	8,434,353
Total Liabilities	44,242,245	23,267,523	14,761,973	9,743,897	59,004,218	33,011,420
Deferred Inflows of Resources	57,933	-	872,508	-	930,441	-
Net Position:						
Net Investment in Capital Assets	71,802,323	67,600,237	58,415,848	56,429,491	130,218,171	124,029,728
Restricted	12,587,527	13,420,384	1,183,686	1,006,136	13,771,213	14,426,520
Unrestricted	24,503,241	20,997,401	13,433,290	12,242,771	37,936,531	33,240,172
Total Net Position	\$ 108,893,091	\$ 102,018,022	\$ 73,032,824	\$ 69,678,398	\$ 181,925,915	\$ 171,696,420

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 \$37,936,531 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 overall City 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 \$6,188,443 increase in net investment in capital assets. The Governmental Activities increased \$4,202,086 primarily due to North Fork River instream improvements, trail projects, and early pay off of \$630,000 of General Obligation Bonds. The Business-Type Activities increased \$1,986,357 primarily due to 4th Street sanitary sewer rehabilitation, South Highway 81 water extension, and developer contributions of water and sewer mains.

Total revenue reported in fiscal year 2022 was \$58,401,317. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities:

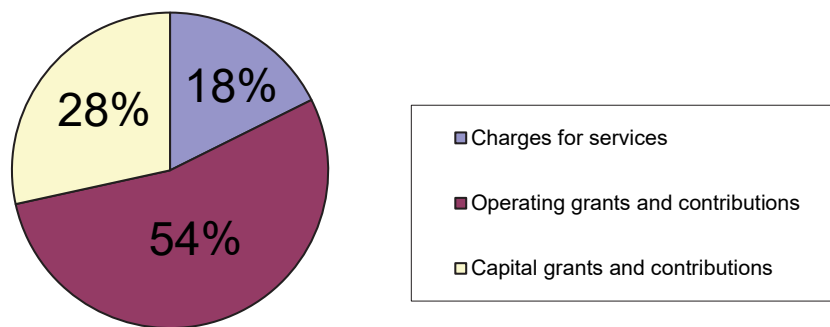
City of Norfolk's Changes in Net Position

	General Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 3,372,698	\$ 3,421,768	\$ 11,978,052	\$ 10,864,637	\$ 15,350,750	\$ 14,286,405
Operating grants and contributions	10,317,438	9,921,051	33,136	-	10,350,574	9,921,051
Capital grants and contributions	5,438,961	6,064,400	364,963	2,287,972	5,803,924	8,352,372
Total Program Revenues	19,129,097	19,407,219	12,376,151	13,152,609	31,505,248	32,559,828
General Revenues:						
Property taxes	6,070,915	4,954,639	-	-	6,070,915	4,954,639
Sales taxes	11,141,231	10,503,632	-	-	11,141,231	10,503,632
Other taxes	264,198	220,840	-	-	264,198	220,840
Occupation and franchise taxes	1,257,245	3,073,366	-	-	1,257,245	3,073,366
Interest	359,321	193,263	75,274	20,304	434,595	213,567
General intergovernmental revenues	1,856,222	518,515	-	-	1,856,222	518,515
Keno revenues	785,108	782,377	-	-	785,108	782,377
General revenue from electrical distribution system lease	4,666,382	4,580,816	-	-	4,666,382	4,580,816
Gain on sales of capital assets	19,840	20,075	-	-	19,840	20,075
Miscellaneous	203,323	123,141	14,609	18,429	217,932	141,570
Net position received from annexation	114,185	-	68,216	-	182,401	-
Total General Revenues	26,737,970	24,970,664	158,099	38,733	26,896,069	25,009,397
Total Revenues	45,867,067	44,377,883	12,534,250	13,191,342	58,401,317	57,569,225
Expenses:						
General Government	3,447,008	3,107,535	-	-	3,447,008	3,107,535
Public Safety	12,988,140	12,009,577	-	-	12,988,140	12,009,577
Public Works	8,763,148	7,201,836	-	-	8,763,148	7,201,836
Public Library	1,923,155	1,869,748	-	-	1,923,155	1,869,748
Parks and Recreation	3,839,233	3,273,798	-	-	3,839,233	3,273,798
Community Improvement and Development	6,791,856	5,496,064	-	-	6,791,856	5,496,064
Debt Service	491,339	371,104	-	-	491,339	371,104
Water System	-	-	3,182,728	2,887,287	3,182,728	2,887,287
Sewer System	-	-	4,192,958	3,673,607	4,192,958	3,673,607
Solid Waste	-	-	2,446,408	2,264,535	2,446,408	2,264,535
Stormwater	-	-	105,849	112,299	105,849	112,299
Total Expenses	38,243,879	33,329,662	9,927,943	8,937,728	48,171,822	42,267,390
Increase in Net Position before Transfers	7,623,188	11,048,221	2,606,307	4,253,614	10,229,495	15,301,835
Transfers	(748,119)	(2,629,752)	748,119	2,629,752	-	-
Increase in Net Position	6,875,069	8,418,469	3,354,426	6,883,366	10,229,495	15,301,835
Net Position - Beginning	102,018,022	93,599,553	69,678,398	62,795,032	171,696,420	156,394,585
Net Position - Ending	\$ 108,893,091	\$ 102,018,022	\$ 73,032,824	\$ 69,678,398	\$ 181,925,915	\$ 171,696,420

Program revenues totaled \$31,505,248. Of this total \$19,129,097 was program revenues from General Governmental Activities, which decreased \$278,122 from the prior year. In the prior year the City received federal funding through the State of Nebraska Coronavirus Relief Fund Program as reimbursement of payroll costs for police officers, firefighters, dispatchers, and other qualified employees whose services were substantially dedicated to mitigating or responding to the Covid-19 public health emergency. This was partially offset by large donations received for park improvements. Program revenues from Business-Type Activities were \$12,376,151, which decreased \$776,458 from the prior year. About 96% of Business-Type Activities program revenues is use fees for water, sewer, solid waste and stormwater. Water, sewer, and solid waste rates increased effective October 1, 2021. These increases were offset by developer contributions for water and sewer lines in new developments such as Blackberry Heights, Victory Village, and Wyndham Hills in the prior year.

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

Program Revenues General Governmental

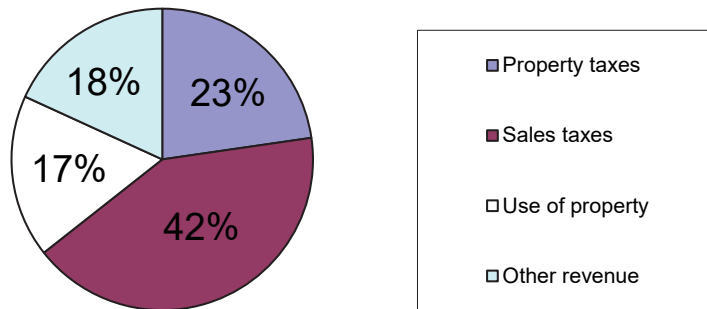


General revenues for Governmental Activities increased \$1,767,306 or 7.08% going from \$24,970,664 last year to \$26,737,970 in the current year. The largest general revenue source is sales tax, which increased \$637,599 or 6.07%. The City annexed approximately 6.5 square miles and added 910 residents. Sales tax in the annexed areas became effective April 1, 2022. The second largest general revenue source, property taxes, increased \$1,116,276 or 22.53%. The property tax levy rate increased .051977 per \$100 of valuation to fund additional items in the budget such as an IT position, parks maintenance worker, street capital outlay, wayfinding signage, and increasing cash reserves. Occupation and franchise taxes decreased \$1,816,121 due to the 2% food and beverage and 4% lodging occupation taxes ending November 30, 2021. These

occupation taxes were restricted for debt service on the Recreation Facilities Bonds and these bonds were paid early. General intergovernmental revenues increased \$1,337,707 primarily due to funds from the American Rescue Plan Act. The City received \$4.3 million from this Act and recognized \$1.2 million in revenue this year, which is the amount spent on river rehabilitation, a downtown study, and acquisition of electrical distribution system. The annexation resulted in net position received of \$182,401, which consisted primarily of water lines and cash on hand.

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

General Revenues General Governmental



Total expenses increased \$5,904,432 or 13.97% going from \$42,267,390 last year to \$48,171,822 this year. The increase was primarily in the Governmental Activities which increased \$4,914,217 or 14.74%, while expenses in Business-Type Activities increased \$990,215 or 11.08%.

The biggest increase was in public works, which increased \$1,561,312 going from \$7,201,836 last year to \$8,763,148 this year. The City hired Elkhorn Paving Construction Co. and Constructors Inc. to do asphalt overlays and concrete improvements on various streets throughout the City and this was \$1,914,282 in the current year.

Community improvement and development increased \$1,295,792 or 23.58% due to a \$1,757,450 increase in tax increment financing projects. Tax increment financing projects in the current year include: Channel Road, Fountain Point North, and Norfolk Extended Lodging. This was partially offset by a \$625,000 contribution to the YMCA to fund a portion of their building expansion in the prior year.

Public safety increased \$978,563 going from \$12,009,577 in the prior year to \$12,988,140 in the current year. The City entered into an agreement with Madison

County to combine dispatch services to be housed at the Norfolk Police Station. A dispatch supervisor and three dispatchers were added as a result of the agreement. Public safety is personnel intensive, with over 80% of expenses being personnel costs. This year there was a 3% cost of living adjustment and a 15% increase in group health insurance premiums. Parks and recreation increased \$565,435 or 17.27% also partially due to the cost of living adjustment and increase in group health insurance premiums, and due to the addition of an arborist, park maintenance worker, and professional fees for recreation architectural concepts.

Expenses for Business-Type Activities increased \$990,215 or 11.08% going from \$8,937,728 last year to \$9,927,943 this year. High inflation increased the cost of fuel and materials in the Water, Sewer, and Solid Waste Divisions. Expenses in the Water Division increased \$295,441 or 10.23% partially due to consultant fees to develop a water master plan, while expenses in the Sewer Division increased \$519,351 or 14.14% partially due to the addition of a waste water plant operator and a \$81,083 loss on disposal of capital asset. Expenses in the Solid Waste Division increased \$181,873 or 8.03% partially due to interest on the bonds issued in November 2022 to fund implementation of the site master plan. Expenses in the Stormwater Division decreased \$6,450 or 5.74% due to a drainage study in the prior year.

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

<u>Program Level</u>	<u>Activity</u>
General Government.....	Administration, Support Services
Public Safety.....	Emergency Medical Services, Police, Fire, Emergency Management
Public Works	Engineering, Streets, Fleet,
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

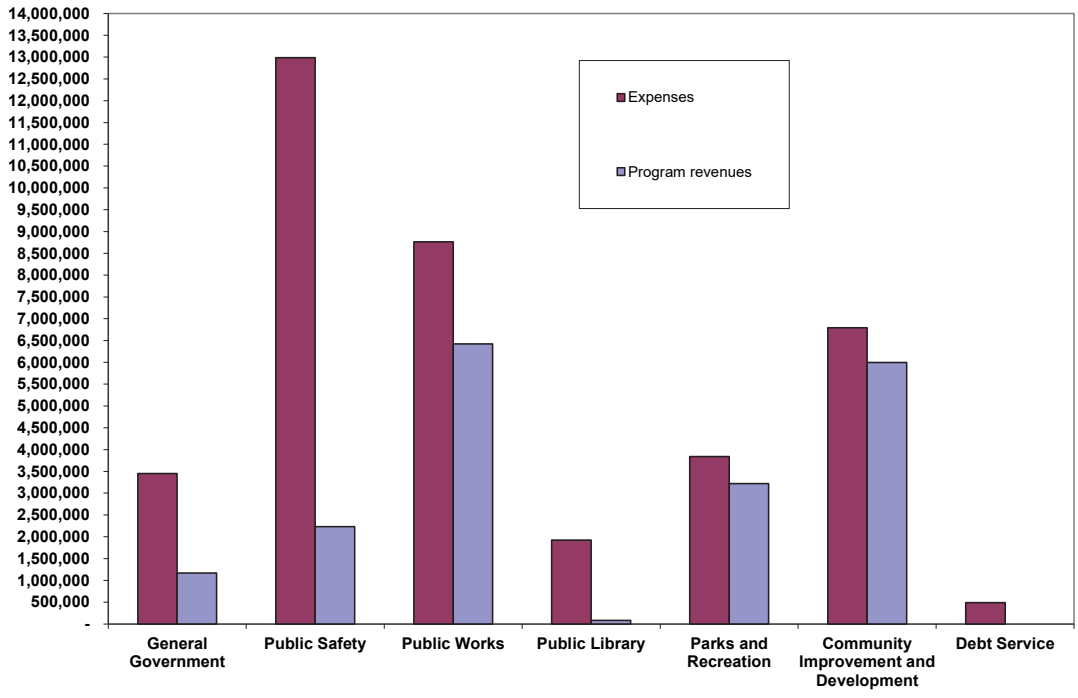
Governmental Activities

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. As would be expected, expenses exceed revenues for all governmental activities. For example, public safety had expenses of

\$12,988,140 and total program revenues of only \$2,233,580 comprised of \$1,071,402 of charges for services, \$1,012,594 of operating grants and contributions, and \$149,584 of capital grants and contributions. The net cost of public safety was \$10,754,560 which must be funded by general revenues.

Expenses and Program Revenues - Governmental Activities



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

- General Government..... Fees, 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

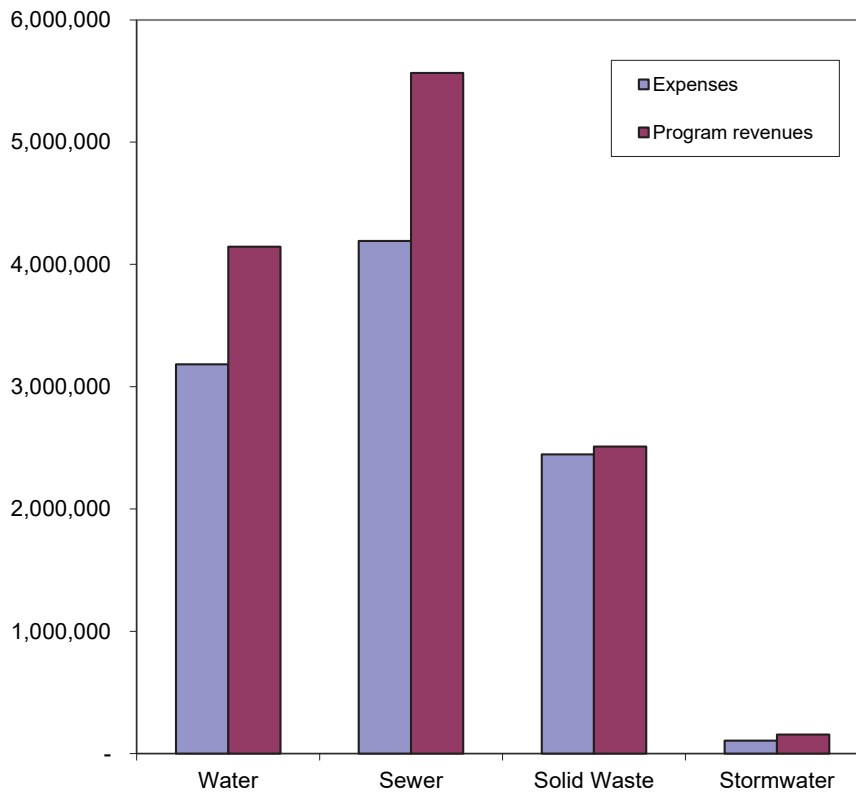
Business-Type Activities

Business-Type Activities net position increased \$3,354,426 accounting for 33% 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 \$962,522. Water rates are set to fund the City’s water master plan, which is currently being updated. The last master plan included about \$20 million of improvements through 2020. Water rates increased 5% effective October 1, 2021. The City updated its sewer master plan and the update includes \$10.5 million of improvements through 2040. Sewer rates increased 5% effective October 1, 2021 and Sewer Division program revenues exceeded expenses by \$1,372,645. Solid Waste Division program revenues exceeded expenses by \$63,825 and also included a 5% rate increase effective October 1, 2021. A stormwater fee was implemented October 1, 2019 to fund compliance with federally mandated stormwater regulations. This generated \$155,065 in fees its third year and exceeded Stormwater Division expenses by \$49,216.

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 \$42,871,051. The combined Governmental Fund balance increased \$13,582,609 or 46.38% from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General Fund by \$620,054 decreasing fund balance from \$11,845,348 last year to \$11,225,294 this year. At the July 2022 budget review session the Mayor and Council voted to pay off the outstanding Series 2017 Refunding Building Bonds to free up Council priority dollars. This was \$975,000 transferred to the Debt Service Fund.

The City Highway Allocation Fund increased \$14,257,608 going from \$5,442,806 last year to \$19,700,414 this year. In May 2022 the City issued \$20,285,000 of Highway Allocation Fund Pledge Bonds to fund street projects including: Benjamin Avenue reconstruction, 1st Street bridge replacement, 8th Street reconstruction, and Michigan Avenue reconstruction. At the end of the year there was \$16,975,025 of bond proceeds remaining to be spent. In the current year the City also had almost \$2 million of asphalt overlays and concrete improvements on various streets throughout the City.

The Debt Service Fund decreased \$588,908 or 9.9%. In January 2022 the City paid off the remaining \$630,000 General Obligation Recreation Facilities Bonds with accumulated occupation tax. This was partially offset by special assessment collections to be used on future debt service.

The Capital Construction Fund increased \$399,596 or 6.7%. During the year the City received \$1,055,982 from two estates to be used for park improvements and \$805,330 from the Greater Norfolk Economic Development Foundation to be used for Johnson Park improvements. As mentioned earlier the City and Madison County combined dispatch services. This required renovation of the Police Station and additional equipment of approximately \$770,000. Also during the year the City spent grant awards on trails and Johnson Park improvements.

The Special Assessment Fund had a decrease in fund balance of \$36,831. Bond anticipation notes of \$2,320,000 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 on the projects. Most of the construction occurred in the previous year, with a number of districts being completed in the current year. The projects assessed were to extend water, sewer, and paving to Legacy Bend Addition and extend water on South Highway 81.

The only other major funds are the Community Development Agency Fund and the American Rescue Plan Fund. The Community Development Agency Fund had an increase in fund balance of \$2,151 or 0.6% due to interest earnings. During the year \$4,652,802 of tax increment financing proceeds were issued and distributed to developers in accordance with the Redevelopment Agreements. The American Rescue Plan Fund had no change in fund balance. As mentioned earlier the City received \$4.3 million and recognized \$1.2 million in revenue this year, which is the amount spent on river

rehabilitation, a downtown study, and acquisition of electrical distribution system. The remaining \$3.1 million is unearned revenue and results in no change in fund balance.

Governmental nonmajor funds increased \$169,047. The Norfolk/Madison Dispatch Fund increased \$205,730 during its first year of operation. Of the remaining funds, four funds had an increase in fund balance and three funds had a decrease in fund balance. The increases ranged from \$2,063 to \$32,593 and the decreases ranged from \$8,639 to \$44,614.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was not amended during the year and included approximately \$24.5 million of revenues and \$28.2 million of expenditures resulting in a budgeted decrease in fund balance of \$3.7 million. Actual fund balance decreased \$853,241 because revenues exceeded budget by \$2.6 million and expenditures were under budget by \$0.3 million. This combined with beginning fund balance exceeding budget by \$1.0 million, resulted in an ending fund balance of about \$3.9 million more than budgeted.

The largest amount of revenues over budget was in taxes which exceeded budget by \$1,011,168. This consisted of sales tax exceeding budget by \$1,321,445. To be conservative, a growth rate was not factored in the budget. Sales tax has grown in recent years due to construction activity and sales tax on internet sales, and most recently with the annexation. Intergovernmental revenue exceeded budget by \$524,431 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, which is why property tax was \$389,805 under budget. Charges for services exceeded budget by \$380,836, of which \$253,290 was from ambulance fees due to an increase in calls for service. When the budget was prepared, it was not known if the annexation was going to occur so nothing was budgeted. Actual annexation revenue was \$119,623, which was primarily cash.

Expenditures in most categories were under budget resulting in \$1,414,704 less expenditures than budgeted. Public safety had the largest amount of under budget expenditures followed by public works. The City always budgets conservatively and expenditures are normally under budget. Vacant police officer positions remained unfilled as the City sees a shortage in police officers similar to the rest of the nation. Capital outlays are prioritized and lower priority items are often not purchased. General government was over budget \$104,751 due to one-time funding of \$201,200 to North Fork Area Transit to start a flex route transit system.

Transfers in exceeded budget by \$11,758 due to closing out Special Assessment Fund 425 to the General Fund after the outstanding various purpose bonds were paid. Transfers out were over budget by \$1,134,126. As mentioned earlier the Mayor and Council voted to pay off the outstanding Series 2017 Refunding Building Bonds to free up Council priority dollars. This was \$975,000 transferred to the Debt Service Fund.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, right-to-use leased assets, 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, 2022, was \$130,218,171 (net of accumulated depreciation/amortization and outstanding financings). The gross additions to capital assets for the last two years follows:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 18,439	\$ 463,047	\$ -	\$ 62,405	\$ 18,439	\$ 525,452
Leased land	8,196	-	-	-	8,196	-
Buildings and improvements	255,420	333,015	18,320	-	273,740	333,015
Water distribution and sewage system	-	-	2,976,026	10,507,900	2,976,026	10,507,900
Equipment, furniture and fixtures	1,935,976	720,626	633,026	130,314	2,569,002	850,940
Infrastructure	2,683,486	7,549,286	-	-	2,683,486	7,549,286
Construction in progress	12,207,136	4,696,245	6,252,156	1,949,683	18,459,292	6,645,928
Total Gross Additions	\$ 17,108,653	\$ 13,762,219	\$ 9,879,528	\$ 12,650,302	\$ 26,988,181	\$ 26,412,521

Gross additions to capital assets for Governmental Activities were \$17,108,653 compared to \$13,762,219 of additions in the prior year. The largest project in the current year is reconstruction of Benjamin Avenue from 4 lanes to 5 lanes from 1st Street to 13th Street. This is a multiyear project and \$6,993,886 was added to construction in progress this year. Another large project is the riverfront project, which consists of: 1st Street bridge replacement, North Fork River rehabilitation, and improvements at Johnson Park. Almost \$2.5 million was added to construction in progress for this project. Approximately \$2 million is streets in a new subdivision and streets in annexed areas. Other significant additions in the current year include: the police dispatch renovation, Motorola radios, trail projects, and two snow plows.

Total gross additions to capital assets for Business-Type activities were \$9,879,528 compared to \$12,650,302 in the prior year. The largest additions in the current year were in construction in progress, with \$3,912,038 attributable to implementation of the transfer station site master plan. This project includes a truck maintenance facility, new scalehouse, scales, extensive concrete, and improved site security. Significant additions to water distribution and sewage system include: water extension on South Highway 81, 4th Street sewer rehabilitation, developer contributions of water and sewer lines in new subdivisions, and water lines in annexed areas. Significant additions to equipment include: solids applicator truck, belt reconditioning, and two pickups.

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

DEBT ADMINISTRATION

At year-end the City had \$42,714,361 of bonded debt outstanding, net of original issue discounts/premiums. This is an increase of \$21,273,765 from the prior year. During the year the City issued \$20,285,000 of Highway Allocation Fund Pledge Bonds to fund various street improvements. The City also issued \$5,050,000 of Combined Utilities Revenue Bonds to fund implementation of the transfer station site master plan.

Moody's rated both the Highway Allocation Fund Pledge Bonds and the Combined Utilities Revenue Bonds Aa3. The ratio of general bonded debt to assessed real property value for the City has decreased from 1.54% in 2013 to 1.06% currently due to an increased in assessed valuation over the last 10 years. Total debt per capita was \$1,208.83 in 2013 compared to \$858.76 in 2021, the most recent date per capita information is available. The debt coverage ratio for the City's enterprise bonds is 6.09.

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 8 of the financial statements.

ECONOMIC FACTORS

In 2020 the City updated its sewer master plan and is now in the process of updating the water master plan. The water master plan will provide information on whether the water lines are sized properly to extend water to new areas, on whether the existing water treatment plant can handle current capacity and growth, and what the well field can supply for water. Water and sewer rates are set according to the master plans. The last rate increases were 3.5% for both water and sewer rates effective November 1, 2022.

Solid waste rates increased 13.7% effective November 1, 2022 to fund increases in operating costs and improvements at the transfer station. Stormwater rates increased \$1 per month for residential customers and \$3 per month for commercial and industrial customers effective November 1, 2022 to fund additional drainage projects.

At the October 4, 2021 City Council meeting the final reading of Ordinance 5743 was approved annexing land to the City of Norfolk on all sides of the existing city limits. The annexation contained approximately 450 separate parcels adding up to approximately 6.5 square miles. The residential parcels added 910 residents to the city.

A contract amendment for a Community Development Block Grant was approved which increases the grant by \$505,000 for a total grant of \$1,010,000. The grant aids a medical business to purchase a recreation vehicle, necessary medical equipment, and working capital to develop a mobile health clinic to serve the residents of northeast Nebraska to prepare, prevent, and respond to Covid-19.

The City was awarded a \$200,000 Site and Building Development Fund Grant from the State of Nebraska Department of Economic Development to assist Norfolk Crush with construction of their soybean crushing plant.

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

The City's property tax levy rate for the 2022-2023 budget decreased .003185 per \$100 of valuation.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$10,883,760. The City has appropriated \$3,427,947 of this amount for spending in the 2021-2022 fiscal year budget. This action was taken as a precaution, given that the City budgets conservatively.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
September 30, 2022
With Summarized Financial Information as of September 30, 2021

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2022	2021
ASSETS				
Cash and Equity in Pooled Investment Account	\$ 52,951,567	\$ 12,857,451	\$ 65,809,018	\$ 44,989,355
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	379,950	2,078,130	2,458,080	2,069,991
Taxes	2,200,950	-	2,200,950	2,210,855
Accrued Interest	16,470	6,546	23,016	28,784
Special Assessments	3,632,636	489,871	4,122,507	3,216,648
Notes	1,017,738	-	1,017,738	980,805
Leases	56,575	873,444	930,019	-
Settlements	100,548	-	100,548	-
TIF Bond	177,708	-	177,708	220,506
Due from Other Governmental Agencies	1,582,653	-	1,582,653	1,247,474
Inventories	70,564	202,857	273,421	246,481
Prepaid Assets	130,026	8,973	138,999	121,237
Restricted Assets:				
Cash and Cash Equivalents	-	1,292,751	1,292,751	1,069,051
Capital Assets not Being Depreciated	24,439,568	8,841,025	33,280,593	21,442,890
Capital Assets, Net of Accumulated Depreciation & Amortization	66,413,144	62,016,257	128,429,401	126,831,690
Total Assets	153,170,097	88,667,305	241,837,402	204,675,767
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	-	-	-	9,293
Deferred Outflow of Resources Related to Pensions	23,172	-	23,172	22,780
Total Deferred Outflows of Resources	23,172	-	23,172	32,073
LIABILITIES				
Accounts Payable	5,038,292	1,323,032	6,361,324	3,684,598
Unearned Revenue	3,919,087	-	3,919,087	2,247,326
Accrued Interest Payable	314,603	-	314,603	64,515
Bond Anticipation Notes	2,515,000	-	2,515,000	2,375,000
Payables from Restricted Assets:				
Accrued Revenue Bond Interest	-	109,065	109,065	62,914
Revenue Bonds - Current	-	615,000	615,000	395,000
Noncurrent Liabilities:				
Due within one year:				
General Obligation Bonds	415,000	-	415,000	1,915,000
Various Purpose Bonds	365,000	-	365,000	415,000
Leases	20,526	15,884	36,410	-
Compensated Absences and Benefits	1,241,363	166,345	1,407,708	1,378,683
Due in more than one year:				
Revenue Bonds Payable	-	12,316,929	12,316,929	7,761,894
General Obligation Bonds	25,167,432	-	25,167,432	6,753,702
Various Purpose Bonds	3,835,000	-	3,835,000	4,200,000
Leases	51,128	31,884	83,012	-
Compensated Absences and Benefits	1,331,809	183,834	1,515,643	1,730,772
Net Pension Liability	28,005	-	28,005	27,016
Total Liabilities	44,242,245	14,761,973	59,004,218	33,011,420
DEFERRED INFLOWS OF RESOURCES				
Lease Related	57,933	872,508	930,441	-
Total Deferred Outflows of Resources	57,933	872,508	930,441	-
NET POSITION				
Net Investment in Capital Assets	71,802,323	58,415,848	130,218,171	124,029,728
Restricted for:				
Debt Service	5,032,126	1,183,686	6,215,812	5,016,728
Road Projects	2,725,389	-	2,725,389	5,442,806
Community Programs & Services	4,830,012	-	4,830,012	3,966,986
Unrestricted	24,503,241	13,433,290	37,936,531	33,240,172
Total Net Position	\$ 108,893,091	\$ 73,032,824	\$ 181,925,915	\$ 171,696,420

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

With Summarized Financial Information for the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2022	2021
Primary Government:								
Governmental Activities:								
General Government	\$ 3,447,008	\$ 1,170,501	\$ -	\$ -	\$ (2,276,507)	\$ (2,276,507)	\$ (1,939,910)	
Public Safety	12,988,140	1,071,402	1,012,594	149,584	(10,754,560)	(10,754,560)	(8,373,679)	
Public Works	8,763,148	93,416	3,746,998	2,580,519	(2,342,215)	(2,342,215)	2,598,760	
Public Library	1,923,155	25,511	53,945	5,839	(1,837,860)	(1,837,860)	(1,813,961)	
Parks and Recreation	3,839,233	501,590	16,642	2,703,019	(617,982)	(617,982)	(2,604,555)	
Community Improvement and Development	6,791,856	510,278	5,487,259	-	(794,319)	(794,319)	(1,417,994)	
Debt Service	491,339	-	-	-	(491,339)	(491,339)	(371,104)	
Total Governmental Activities	<u>38,243,879</u>	<u>3,372,698</u>	<u>10,317,438</u>	<u>5,438,961</u>	<u>(19,114,782)</u>	<u>(19,114,782)</u>	<u>(13,922,443)</u>	
Business-Type Activities:								
Water Division	3,182,728	3,913,399	-	231,851		962,522	2,109,565	
Sewer Division	4,192,958	5,432,491	-	133,112		1,372,645	1,992,831	
Solid Waste Division	2,446,408	2,477,097	33,136	-		63,825	72,176	
Stormwater Division	105,849	155,065	-	-		49,216	40,309	
Total Business-Type Activities:	<u>9,927,943</u>	<u>11,978,052</u>	<u>33,136</u>	<u>364,963</u>		<u>2,448,208</u>	<u>4,214,881</u>	
Total Primary Government	<u>\$ 48,171,822</u>	<u>\$ 15,350,750</u>	<u>\$ 10,350,574</u>	<u>\$ 5,803,924</u>	<u>(19,114,782)</u>	<u>2,448,208</u>	<u>(16,666,574)</u>	<u>(9,707,562)</u>
General Revenues:								
Property Taxes					6,070,915	-	6,070,915	4,954,639
Sales Taxes					11,141,231	-	11,141,231	10,503,632
Other Taxes					264,198	-	264,198	220,840
Occupation and Franchise Taxes					1,257,245	-	1,257,245	3,073,366
Interest					359,321	75,274	434,595	213,567
General Intergovernmental Revenues Unrestricted					1,856,222	-	1,856,222	518,515
Unrestricted Keno Revenue					785,108	-	785,108	782,377
General Revenue from Electrical Distribution System Lease					4,666,382	-	4,666,382	4,580,816
Gain on Sale of Capital Assets					19,840	-	19,840	20,075
Miscellaneous					203,323	14,609	217,932	141,570
Interfund Transfers					(748,119)	748,119	-	-
Net Position Received from Annexation					114,185	68,216	182,401	-
Total General Revenues and Transfers					<u>25,989,851</u>	<u>906,218</u>	<u>26,896,069</u>	<u>25,009,397</u>
Change in Net Position					<u>6,875,069</u>	<u>3,354,426</u>	<u>10,229,495</u>	<u>15,301,835</u>
Net Position - Beginning					<u>102,018,022</u>	<u>69,678,398</u>	<u>171,696,420</u>	<u>156,394,585</u>
Net Position - Ending					<u>\$ 108,893,091</u>	<u>\$ 73,032,824</u>	<u>\$ 181,925,915</u>	<u>\$ 171,696,420</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
BALANCE SHEET
Governmental Funds
September 30, 2022

	General	City Highway Allocation	American Rescue Plan	Debt Service	Special Assessments	Capital Construction	Community Development Agency	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and Equity in Pooled Investment Account	\$ 7,771,955	\$ 21,854,658	\$ 3,094,971	\$ 4,946,600	\$ 222,515	\$ 8,452,873	\$ 391,695	\$ 2,053,814	\$ 48,789,081
Cash at County Treasurer	715,001	-	-	138,009	-	-	-	11,939	864,949
Receivables (Net, where applicable, of allowance for uncollectibles)									
Accounts	249,637	-	-	-	-	127,379	-	2,934	379,950
Taxes	2,147,652	-	-	23,573	-	-	-	29,725	2,200,950
Accrued Interest	3,593	5,280	-	2,206	51	2,884	-	1,088	15,102
Special Assessments	57,147	-	-	3,575,489	-	-	-	-	3,632,636
Notes	-	-	-	-	-	-	-	1,017,738	1,017,738
Leases	56,575	-	-	-	-	-	-	-	56,575
Settlements	100,548	-	-	-	-	-	-	-	100,548
TIF Bond	-	-	-	177,708	-	-	-	-	177,708
Due from Other Governmental Agencies	622,270	321,246	-	-	-	621,446	-	17,690	1,582,652
Inventories	44,480	-	-	-	-	-	-	-	44,480
Prepaid Assets	98,467	-	-	-	-	-	-	31,559	130,026
Total Assets	11,867,325	22,181,184	3,094,971	8,863,585	222,566	9,204,582	391,695	3,166,487	58,992,395
Liabilities									
Accounts Payable	320,570	2,480,770	-	-	-	1,477,295	-	6,311	4,284,946
Unearned Revenue	50,406	-	3,094,971	-	-	757,043	-	16,667	3,919,087
Bond Anticipation Notes	-	-	-	-	2,515,000	-	-	-	2,515,000
Total Liabilities	370,976	2,480,770	3,094,971	-	2,515,000	2,234,338	-	22,978	10,719,033
Deferred Inflows of Resources									
Unavailable Revenue-Property Taxes	55,427	-	-	11,497	-	-	-	1,008	67,932
Unavailable Revenue-Loan Repayments	-	-	-	-	-	-	-	1,013,026	1,013,026
Unavailable Revenue-Special Assessments	57,147	-	-	3,327,651	-	-	-	-	3,384,798
Unavailable Revenue-Grants	-	-	-	-	-	600,366	-	-	600,366
Lease Related	57,933	-	-	-	-	-	-	-	57,933
Unavailable Revenue-TIF Bond	-	-	-	177,708	-	-	-	-	177,708
Unavailable Revenue-Settlements	100,548	-	-	-	-	-	-	-	100,548
Total Deferred Inflows of Resources	271,055	-	-	3,516,856	-	600,366	-	1,014,034	5,402,311
Fund Balances (Deficits)									
Non Spendable	142,947	-	-	-	-	-	-	31,559	174,506
Restricted	43,155	19,700,414	-	5,346,729	-	2,285,426	391,695	2,097,916	29,865,335
Committed	-	-	-	-	-	117,044	-	-	117,044
Assigned	155,432	-	-	-	-	3,967,408	-	-	4,122,840
Unassigned	10,883,760	-	-	-	(2,292,434)	-	-	-	8,591,326
Total Fund Balances (Deficits)	11,225,294	19,700,414	-	5,346,729	(2,292,434)	6,369,878	391,695	2,129,475	42,871,051
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,867,325	\$ 22,181,184	\$ 3,094,971	\$ 8,863,585	\$ 222,566	\$ 9,204,582	\$ 391,695	\$ 3,166,487	\$ 58,992,395

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, 2022

Total Fund Balance - Governmental Funds (page 33)	\$ 42,871,051
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	90,852,712
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.	2,545,559
Unavailable revenues that provide current financial resources for governmental activities	5,344,378
Donated land held for resale is not reported in the funds since a sales contract has not been established	26,085
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(314,603)
Deferred outflows related to pensions are not current financial resources and, therefore, are not reported in the funds.	23,172
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(32,455,263)</u>
Total Net Position - Governmental Activities (page 31)	<u><u>\$ 108,893,091</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, 2022

	General	City Highway Allocation	American Rescue Plan	Debt Service	Special Assessments	Capital Construction	Community Development Agency	Other Governmental Funds	Total Governmental Funds
Revenue:									
Taxes	\$ 16,180,189	\$ -	\$ -	\$ 970,582	\$ -	\$ -	\$ -	\$ 97,726	\$ 17,248,497
Special Assessments	7,412	-	-	1,052,097	36,464	-	-	-	1,095,973
Licenses and Permits	411,007	-	-	-	-	-	-	-	411,007
Intergovernmental Revenue	1,091,388	3,728,246	1,232,202	95,549	-	717,901	-	1,462,895	8,328,181
Nongovernmental Grants	5,520	-	-	-	-	-	-	-	5,520
Charges for Services	2,657,235	-	-	-	-	-	-	116,081	2,773,316
Keno Revenue	785,107	-	-	-	-	-	-	-	785,107
Occupation and Franchise Taxes	688,751	-	-	423,253	-	-	-	145,241	1,257,245
Contributions	27,160	-	-	-	-	1,882,341	-	-	1,909,501
Payments in Lieu of Taxes	210,152	-	-	43,412	-	-	-	-	253,564
Parking Fees and Rentals	4,682,552	-	-	-	-	6,040	-	-	4,688,592
Loan Repayments	-	-	-	-	-	-	-	50,971	50,971
Interest	21,776	121,336	-	133,375	1,513	45,649	2,151	13,973	339,773
TIF Bond Revenue	-	-	-	-	-	-	4,652,802	-	4,652,802
Miscellaneous	127,218	-	-	-	-	-	-	321	127,539
Annexation Revenue	114,185	-	-	-	-	-	-	-	114,185
Total Revenue	27,009,652	3,849,582	1,232,202	2,718,268	37,977	2,651,931	4,654,953	1,887,208	44,041,773
Current Expenditures:									
Public Safety	10,506,651	-	-	-	-	1,186,615	-	1,521,126	13,214,392
Public Works	4,208,230	9,812,501	1,000,000	-	77,535	1,159,671	-	54,266	16,312,203
Public Library	1,715,090	-	-	-	-	3,274	-	-	1,718,364
Parks and Recreation	2,937,483	-	-	8,465	-	1,876,221	-	-	4,822,169
Community Improvement and Development	1,186,591	-	14,767	-	-	13,523	4,652,802	1,018,513	6,886,196
General Government	3,653,245	-	217,435	800	-	70,811	-	-	3,942,291
Debt Service:									
Debt Service	20,684	-	-	4,161,732	15,809	-	-	16,014	4,214,239
Total Expenditures	24,227,974	9,812,501	1,232,202	4,170,997	93,344	4,310,115	4,652,802	2,609,919	51,109,854
Excess (Deficiency) of Revenues Over Expenditures	2,781,678	(5,962,919)	-	(1,452,729)	(55,367)	(1,658,184)	2,151	(722,711)	(7,068,081)
Other Financing Sources (Uses):									
Issuance of Debt	-	20,285,000	-	-	-	-	-	-	20,285,000
Leases	8,196	-	-	-	-	-	-	-	8,196
Premium on Bonds	-	175,527	-	-	-	-	-	-	175,527
Insurance Proceeds	11,251	-	-	-	-	-	-	-	11,251
Transfers In	251,758	-	-	1,099,223	18,536	2,057,780	-	1,008,136	4,435,433
Transfers Out	(3,672,937)	(240,000)	-	(235,402)	-	-	-	(116,378)	(4,264,717)
Total Other Financing Sources (Uses)	(3,401,732)	20,220,527	-	863,821	18,536	2,057,780	-	891,758	20,650,690
Net Change in Fund Balance	(620,054)	14,257,608	-	(588,908)	(36,831)	399,596	2,151	169,047	13,582,609
Fund Balances Beginning of Year	11,845,348	5,442,806	-	5,935,637	(2,255,603)	5,970,282	389,544	1,960,428	29,288,442
Fund Balances End of Year	\$ 11,225,294	\$ 19,700,414	\$ -	\$ 5,346,729	\$ (2,292,434)	\$ 6,369,878	\$ 391,695	\$ 2,129,475	\$ 42,871,051

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, 2022

Net change in fund balances - total governmental funds (page 35) \$ 13,582,609

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

Governmental funds report capital outlay, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 14,057,752	
Depreciation expense	<u>(5,220,257)</u>	8,837,495

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, contributions and donations). (951,410)

Revenues in the statement of activities that are not available to provide current financial resources 1,639,173

Accrued interest expense that does not require current financial resources (250,088)

Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was: 97,614

Pension expenses reported in the statement of activities do not require the use of current financial resources. (597)

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. 499,947

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:

Bonded debt	(20,285,000)	
Premium on bonded debt	(175,527)	
Leases	<u>(92,137)</u>	(20,552,664)

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 17,506

The repayment of the principal of 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 long-term debt. The principal paid on long-term debt during the current year was:

Bonded debt	3,935,000	
Leases	<u>20,483</u>	3,955,483

Change in net position of governmental activities (page 32) \$ 6,875,069

CITY OF NORFOLK, NEBRASKA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2022

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
ASSETS		
Current Assets:		
Cash and Equity in Pooled Investment Account	\$ 12,857,451	\$ 3,297,537
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	2,078,130	-
Accrued Interest	6,546	1,368
Special Assessments	489,871	-
Leases	873,444	-
Restricted Cash		
Cash and Cash Equivalents	724,065	-
Inventories	202,857	-
Prepaid Assets	8,973	-
Total Current Assets	<u>17,241,337</u>	<u>3,298,905</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	568,686	-
Capital Assets:		
Land	3,377,377	-
Construction in Progress	5,463,648	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation & Amortization	62,016,257	-
Total Noncurrent Assets	<u>71,425,968</u>	<u>-</u>
Total Assets	<u>88,667,305</u>	<u>3,298,905</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,323,032	753,346
Accrued Compensated Absences	166,345	-
Leases - Current	15,884	-
Payables from Restricted Assets:		
Accrued Revenue Bond Interest	109,065	-
Revenue Bonds - Current	615,000	-
Total Current Liabilities	<u>2,229,326</u>	<u>753,346</u>
Noncurrent Liabilities:		
Due in more than one year:		
Leases	31,884	-
Revenue Bonds Payable	12,316,929	-
Compensated Absences and Benefits, Long-Term	183,834	-
Total Noncurrent Liabilities	<u>12,532,647</u>	<u>-</u>
Total Liabilities	<u>14,761,973</u>	<u>753,346</u>
DEFERRED INFLOWS OF RESOURCES		
Lease Related	872,508	-
Total Deferred Outflows of Resources	<u>872,508</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	58,415,848	-
Restricted for:		
Debt Covenants	1,183,686	-
Unrestricted	13,433,290	2,545,559
Total Net Position	<u>\$ 73,032,824</u>	<u>\$ 2,545,559</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, 2022

	Business Type Activities Combined Utilities	Governmental Activities Internal Service
Operating Revenues:		
Charges for Services	\$ 11,899,023	\$ 5,122,512
Rental Income	79,029	-
Miscellaneous Income	14,609	-
Total Operating Revenue	11,992,661	5,122,512
Operating Expenses:		
Payroll and Related Taxes and Benefits	3,002,970	-
Purchased Services	835,756	-
General and Administration	2,284,497	4,642,109
Repairs and Maintenance	1,122,125	-
Utilities	694,072	-
Depreciation and Amortization	1,605,420	-
Total Operating Expenses	9,544,840	4,642,109
Operating Income	2,447,821	480,403
Non-Operating Income (Expense):		
Intergovernmental Revenue	33,136	-
Interest Income	75,274	19,544
Annexation Revenue	68,216	-
(Loss) on Disposal of Capital Assets	(108,830)	-
Interest on Bonds and Other Debt	(274,273)	-
Total Non-Operating Income (Expenses)	(206,477)	19,544
Income before Contributions and Transfers	2,241,344	499,947
Capital Contributions	1,283,798	
Transfers (Out)	(170,716)	-
Change in Net Position	3,354,426	499,947
Net Position - Beginning of Year	69,678,398	2,045,612
Net Position - End of Year	\$ 73,032,824	\$ 2,545,559

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2022

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 11,704,179	\$ 5,114,635
Cash Paid to Suppliers for Goods and Services	(4,770,630)	(4,670,790)
Cash Paid to Employees for Services	(3,091,459)	-
Net Cash Provided by Operating Activities	<u>3,842,090</u>	<u>443,845</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Grants	33,136	-
Transfers (to) Other Funds	(170,716)	-
Net Cash (Used) for Noncapital Financing Activities	<u>(137,580)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(5,907,321)	-
Capital Grants and Contributions	98,115	-
Proceeds from Sales of Capital Assets	19,918	-
Bond Proceeds	5,217,079	-
Principal Paid on Capital Debt and Leases	(410,897)	-
Interest Paid on Capital Debt and Leases	(275,165)	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,258,271)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	73,348	20,001
Net Cash Provided for Investing Activities	<u>73,348</u>	<u>20,001</u>
Net Increase in Cash and Cash Equivalents	2,519,587	463,846
Cash and Cash Equivalents at Beginning of Year	<u>11,630,615</u>	<u>2,833,691</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,150,202</u>	<u>\$ 3,297,537</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, 2022

	Business Type Activities	Governmental Activities
	Combined Utilities	Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,447,821	\$ 480,403
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,605,420	-
Loss on Disposal	16,558	-
(Increase) Decrease in Assets:		
Accounts Receivable	(290,847)	-
Special Assessments	2,685	-
Prepaid Assets	(93)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	147,173	(36,558)
Accrued Compensated Absences	(88,490)	-
Deferred Inflows of Resources	1,863	-
Total Adjustments	1,394,269	(36,558)
Net Cash Provided by Operating Activities	\$ 3,842,090	\$ 443,845

Supplemental Schedule of Noncash Capital and Related Financing Activities:

Contribution of Distribution System Assets	\$ 1,170,413	\$ -
Accounts Payable Exchanged for Capital Assets	812,007	-
Assumption of Assets through Annexation of SIDs	68,216	-

Reconciliation of Cash and Cash Equivalents to the Balance Sheet:

Cash and Equity in Pooled Investment Account	\$ 12,857,451	\$ 3,297,537
Restricted Cash - Current	724,065	-
Restricted Cash - Noncurrent	568,686	-
	<u>\$ 14,150,202</u>	<u>\$ 3,297,537</u>

See Accompanying Notes to Financial Statements

CITY OF NORFOLK, NEBRASKA
STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
	<u>Employee Retirement Funds</u>	<u>Community Development Agency</u>
ASSETS		
Current Assets:		
Cash	\$ -	\$ 864,194
Cash at County Treasurer	-	128,283
Guaranteed Insurance Contracts Managed by Trustee	16,099,084	-
Open Ended Mutual Funds Managed by Trustee	35,804,761	-
Taxes Receivable	-	2,401
Total Current Assets	<u>51,903,845</u>	<u>994,878</u>
LIABILITIES		
Current Liabilities:		
Due to Bondholders	-	994,878
Total Current Liabilities	<u>-</u>	<u>994,878</u>
FIDUCIARY NET POSITION		
Restricted for Pensions	<u>\$ 51,903,845</u>	<u>\$ -</u>

CITY OF NORFOLK, NEBRASKA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2022

	Pension Trust Funds	Custodial Fund
	Employee Retirement Funds	Community Development Agency
ADDITIONS		
Contributions:		
Employer	\$ 1,162,746	\$ -
Employee	1,665,279	-
Total Contributions	<u>2,828,025</u>	<u>-</u>
Property Taxes	-	1,065,784
Investment Income:		
Interest, Dividends and Market Gain	<u>(8,653,647)</u>	<u>3,828</u>
Total Additions	<u>(5,825,622)</u>	<u>1,069,612</u>
DEDUCTIONS		
Pension Benefits	6,847,351	-
Contribution Refunds	57,744	-
Administrative Costs	10,113	-
Taxes Distributed or Owed to Bondholders	<u>-</u>	<u>1,069,612</u>
Total Deductions	<u>6,915,208</u>	<u>1,069,612</u>
Change in Net Position	(12,740,830)	-
Fiduciary Net Position -- Beginning of Period	<u>64,644,675</u>	<u>-</u>
Fiduciary Net Position -- End of Period	<u><u>\$ 51,903,845</u></u>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

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

Blended Component Units

Community Development Agency (CDA)

The CDA is included in the City's reporting entity as a blended component unit because of the significance of its operational and financial relationships with the City. The Mayor and Council to provide for redevelopment of various blighted areas within the City created the CDA. Members of the CDA consist of the Mayor and City Council with the Mayor serving as Chairman. Officers of the CDA are also officers of the City. Although it is legally separate from the City, the CDA is reported as if it were part of the primary government because its sole purpose is to provide redevelopment of various areas within the City. The City has operational responsibility for the CDA. The CDA does not issue separate financial statements, and is included within the City's financial statements as a fiduciary custodial fund.

City of Norfolk Facilities Corporation (NFC)

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

Joint Venture – Northeast Nebraska Solid Waste Coalition (NNSWC)

The City, in conjunction with twenty-four other cities and counties in Northeast Nebraska, has created the NNSWC. The NNSWC's Board is composed of a member from each of the participating cities and counties. The purpose of the NNSWC is to provide solid waste management by means of building and operating a solid waste disposal facility, commonly referred to as a landfill. The NNSWC landfill began operation on October 30, 1995. The City does not have an equity interest in the NNSWC. The NNSWC issues its own financial statements, available upon request at 309 North 5th 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 overall City) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primarily activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects and internal service funds are classified as governmental activities. Fiduciary funds are excluded from the government-wide financial statements.

In the government-wide Statement of Net Position, both the governmental and business type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual basis of accounting using the economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, parks and recreation, community improvement and development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The City does not allocate indirect costs.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and other charges between the government's combined utilities function and various other functions of the government.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting

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

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

The City reports the following major governmental funds:

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

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

- 2) Special Revenue Funds

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

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

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

- 4) Capital Project Funds

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 1) Pension Trust Funds – The Pension Trust Funds represent the resources accumulated for pension benefit payments to qualified City employees. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting, so that revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City includes the firefighter, police, civilian, and 457 deferred compensation retirement funds in its combined retirement fund.

- 2) Custodial Fund – The Community Development Agency Fund is used to account for the resources for payment of principal and interest on tax increment financing bonds issued by the Community Development Agency of the City of Norfolk. These bonds were issued to provide the long-term financing for redevelopment of various blight and substandard areas around the City of Norfolk. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or the City.

D. Basis of Accounting

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

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

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

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

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

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

E. Budgets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Liabilities and Fund Equity

1. Pooled Investment Account – The City maintains a commingled pool of cash and investments for all funds, except the Community Development Agency. This pool is under the management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the principal balance of this pooled investment account, which is recorded at cost. Interest income received is allocated to each fund based on its proportionate interest in the pool.
2. Short-Term Interfund Receivables/Payables – During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2022, balances of interfund amounts payable or receivable have been recorded. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.
3. Proprietary Fund Types – Contributions of capital assets are treated as revenue and capital assets. Contributions and grants received for operating purposes are included in revenues when earned.
4. Governmental Fund Types – Contributions and grants for both capital and operating purposes are included in revenues when earned.
5. Estimated Unbilled Enterprise Revenue – Within the City’s enterprise fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the year involved. The receivable was arrived at by taking the cycle billings the City sent the customer in October and November and prorating the amount of days applicable to the current year. This unbilled revenue totaled \$1,092,225 at September 30, 2022.
6. Inventories and Prepaid Items – Purchases of materials and supplies are recorded as expenditures as incurred except for items (e.g. fuel and certain office supplies) held in central storage for the use of several of the City’s funds. Inventories held in central storage are valued at cost, which approximates market, using the first-in/first-out (FIFO) method are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.
7. Restricted Assets - Proceeds from debt and funds set aside for payment of enterprise fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indentures.
8. Property and Equipment – Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1.F.12.). 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 as required by GASB 34. Depreciation/amortization on all assets

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is provided on the straight-line basis over the following estimated lives:

Buildings	40 – 50 Years
Utility Plant	20 – 100 Years
Right-to-Use Leased Assets	5 – 15 Years
Machinery & Equipment	3 – 25 Years
Infrastructure	30 – 100 Years

9. Accrued Compensated Absences - These amounts represent the unpaid vacation costs and related employee benefits as of the end of the period. All compensated amounts for governmental and proprietary fund types are accrued as liabilities on the government-wide statement for governmental funds and applicable enterprise funds respectively and are not recorded as expenditures of the current reporting period for governmental fund types because they do not represent amounts that are expected to be liquidated with expendable available financial resources. Other long-term obligations are recognized as fund liability when amounts are due and payable rather than when amounts are expected to be liquidated with expendable available financial resources. A liability is recognized for that portion of accumulating sick leave benefits in which the employee becomes vested after twenty years of service. The compensated absence liability has been computed based on rates of pay in effect at September 30, 2022. The compensated absence liability attributable to governmental activities will be paid primarily by the General Fund.
10. Long-Term Obligations – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. Other long-term obligations (e.g. compensated absences, claims and judgments, etc.) are recognized as fund liabilities when amounts are due and payable. Bond Anticipation Notes are recognized as fund liabilities prior to the long-term financing being issued. The remaining portion of such obligations is reported in the government-wide financial statement. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the combined utility fund.
11. Net Position/Fund Balances – The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fund balances of governmental funds are defined as follows:

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

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

Committed – amounts that can be used only for specific purposes pursuant to ordinances adopted by formal action of the Mayor and Council. Amendments or modifications of the commitments must also be approved by ordinances adopted by the Mayor and Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes as determined by the City's Finance Officer or his or her designee. Resolution 2011-43 adopted by the Mayor and Council on October 31, 2011 authorizes the City's Finance Officer or his or her designee to determine assigned amounts. General Fund amounts that are encumbered by departments are classified as assigned.

Unassigned – all other amounts remaining after allocation to the non-spendable, restricted, committed and assigned fund balances. These amounts can be used for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to these purposes, it may be necessary to report a negative unassigned fund balance in that fund. When an expenditure is incurred for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

12. Leases – The City is a lessee for noncancellable leases of assets. A lease liability and an intangible right-to-use lease asset is recognized in the government-wide and proprietary fund financial statements. Lease liabilities with an initial individual value of \$5,000 or more are recognized. At the commencement of a lease, the lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or the lease term. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for noncancellable leases of assets. A lease receivable and deferred inflow of resources is recognized in the government-wide and governmental fund financial statements. At the commencement of a lease, the lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City uses the rate stated in the lease

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

agreement as the discount rate for leases. If no rate is stated, the City uses its estimated incremental borrowing rate.

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.

G. Landfill Closure Costs

The City is not currently responsible for any landfill closure or post-closure care costs.

H. Statement of Cash Flows

As described in Note 2.A., the City maintains a cash and investment pool for all funds except the Community Development Agency. The funds use their equity in the pooled investment account as a demand deposit account and, for purposes of the statements of cash flows, the interest in the pooled investment account is considered cash. Restricted cash consists of equity in the pooled investment account that is also considered cash for the Statement of Cash Flows.

I. Recent Accounting Pronouncements:

Adoption of New Accounting Pronouncements

During the year, the City adopted four GASB Statements. Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance of information about capital assets and the cost of borrowing, and simplifies accounting for interest cost incurred before the end of a construction period. Statement No. 92 *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Statement No. 93 *Replacement of Interbank Offered Rates* addresses implications that result from the replacement of an interbank offered rate, most notably, the London Interbank Offered Rates. Statement No. 87 *Leases*

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. See Note 6 for more information. Beginning net position/fund balance and the previously reported change in net position/fund balance did not require restatement as a result of the implementation of Statement No. 87.

New Accounting Pronouncements Not Yet Adopted

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. In March 2020, GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. In May 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This Statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, provides the capitalization criteria, and requires note disclosures regarding a SBITA. In April 2022, GASB issued Statement No. 99 *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. These Statements are effective for the City's year ending September 30, 2023. The portions of Statement No. 99 required to be adopted by year ending September 30, 2022 have been adopted.

NOTE 2 - CASH AND EQUITY IN POOLED INVESTMENT ACCOUNT

A. Cash and Pooled Investments:

At September 30, 2022, the City's cash and pooled investments consisted of the following:

Cash, principally in interest bearing accounts (at cost)	\$ 20,059,534
Money Market Account (at cost)	12,819,117
Certificates of Deposit (Cost = Fair Value)	5,026,060
United States Treasury (Cost, which approximates Fair Value)	29,197,058
	<u>\$ 67,101,769</u>

The City maintains a cash and investment pool for all funds, except the Community Development Agency. This pool is under management of the City Treasurer. Each of the applicable City funds reports its undistributed interest in the pooled investment account. A separate bank account is used to track program income in the Community Development Block Grant Fund. Statutes authorize the City to invest City funds in direct obligations of the U.S. Government, selected Federal Agency securities, certain state and local obligations of the State of Nebraska, collateralized bank certificates of deposit and certain other high-grade investments. City policy is to limit these investments to U.S. Treasury obligations and fully collateralized bank certificates of deposit with maximum maturities of approximately one year. At September 30, 2022 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.

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

B. Investments Managed by Trustee:

The City acts as the Trustee for the Pension Trust Funds, and has delegated administration for the plan assets to an insurance company. Plan participants are able to invest their assets in a variety of investment options, which are selected, and can be modified, by the City. For investment purposes, certain pension assets are pooled with the general assets of the insurance company and invested in guaranteed insurance accounts.

Under this arrangement, the insurance company guarantees the City a minimum rate of return. If the rate of return on the general assets of the insurance company exceeds the guaranteed rate of return, the City's investments are credited with the actual rate of return. These guaranteed insurance contracts are not marketable. Any withdrawals from these accounts are at cost plus accumulated earnings and these insurance contracts are valued on that basis. At September 30, 2022, \$16,099,084 was held in these guaranteed insurance contracts. The other pension assets are invested in open-ended mutual funds, which are stated at net asset value, and, at September 30, 2022, amounted to \$35,804,761. As the mutual funds are open-ended, they are not subject to credit risk disclosures. Additionally, the funds are redeemable immediately and are thus not subject to interest rate risk.

C. Restricted Assets:

The following schedule details the restricted assets at September 30, 2022:

	<u>Enterprise Fund</u>
Pursuant to revenue bond ordinances:	
Revenue bond account	\$ 573,751
Operation and maintenance account	719,000
	<u>\$ 1,292,751</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.

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

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

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

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

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 3 – RECEIVABLES

Receivables at September 30, 2022, are net of allowance for uncollectibles. The allowance for uncollectibles in the General Fund was \$358,000 at September 30, 2022.

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

As of September 30, 2022, there were no short-term payables.

As of September 30, 2022, there were no long-term advances.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance October 1, 2021 (as restated)	Additions	Deletions	Transfers	Balance September 30, 2022
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 9,611,915	\$ 18,439	\$ -	\$ -	\$ 9,630,354
Construction in Progress	6,655,755	12,207,136	3,134,842	(918,835)	14,809,214
Total capital assets not being depreciated	16,267,670	12,225,575	3,134,842	(918,835)	24,439,568
Capital assets being depreciated/amortized:					
Leased Land	13,775	8,196	-	-	21,971
Buildings and improvements	33,207,466	255,420	260,856	-	33,202,030
Leased Buildings and Improvements	70,166	-	-	-	70,166
Equipment, furniture and fixtures	15,934,106	1,935,976	148,201	-	17,721,881
Infrastructure	73,613,308	2,683,486	-	-	76,296,794
Total capital assets being depreciated/amortized	122,838,821	4,883,078	409,057	-	127,312,842
Less: Accumulated depreciation/amortization for:					
Leased Land	-	2,564	-	-	2,564
Buildings and improvements	12,042,635	1,029,011	229,801	-	12,841,845
Leased Buildings and improvements	-	17,915	-	-	17,915
Equipment, furniture and fixtures	10,615,241	1,094,496	146,681	-	11,563,056
Infrastructure	33,398,047	3,076,271	-	-	36,474,318
Total accumulated depreciation/amortization	56,055,923	5,220,257	376,482	-	60,899,698
Total capital assets being depreciated, net	66,782,898	(337,179)	32,575	-	66,413,144
Governmental activities capital assets, net	\$ 83,050,568	\$ 11,888,396	\$ 3,167,417	\$ (918,835)	\$ 90,852,712

Construction in progress at September 30, 2022 for the governmental activities consisted of costs associated with Benjamin Avenue Reconstruction, 1st Street Bridge Replacement, Trail Projects, Ambulance, Police Dispatch Renovation, Library Storywalk, Various Assessment Districts, Park Improvements and Levee Repairs.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2021 (as restated)	Additions	Deletions	Transfers	Balance September 30, 2022
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 3,377,377	\$ -	\$ -	\$ -	\$ 3,377,377
Construction in Progress	1,797,843	6,252,156	2,586,351	-	5,463,648
Total capital assets not being depreciated	<u>5,175,220</u>	<u>6,252,156</u>	<u>2,586,351</u>	<u>-</u>	<u>8,841,025</u>
Capital assets being depreciated/amortized:					
Leased Land	63,665	-	-	-	63,665
Buildings and improvements	26,407,002	18,320	68,070	-	26,357,252
Equipment, furniture and fixtures	34,659,986	633,026	248,513	-	35,044,499
Infrastructure	32,457,905	2,057,191	7,020	918,835	35,426,911
Total capital assets being depreciated/amortized:	<u>93,588,558</u>	<u>2,708,537</u>	<u>323,603</u>	<u>918,835</u>	<u>96,892,327</u>
Less: Accumulated depreciation/amortization for:					
Leased Land	-	16,608	-	-	16,608
Buildings and improvements	20,903,955	185,731	39,093	-	21,050,593
Equipment, furniture and fixtures	7,105,703	425,615	75,400	-	7,455,918
Infrastructure	5,382,502	977,466	7,017	-	6,352,951
Total accumulated depreciation/amortization	<u>33,392,160</u>	<u>1,605,420</u>	<u>121,510</u>	<u>-</u>	<u>34,876,070</u>
Total capital assets being depreciated/amortized, net	<u>60,196,398</u>	<u>1,103,117</u>	<u>202,093</u>	<u>918,835</u>	<u>62,016,257</u>
Business-type activities capital assets, net	<u>\$ 65,371,618</u>	<u>\$ 7,355,273</u>	<u>\$ 2,788,444</u>	<u>\$ 918,835</u>	<u>\$ 70,857,282</u>

Construction in progress at September 30, 2022 consisted of costs associated with Northeast Industrial Utility Extension, Channel Road Water District, Hwy 275 Lift Station Upgrade, Sewer Rehab Monroe Ave, Sewer Rehab Omaha Ave, Water Pollution Control Plant Upgrades, and Solid Waste Transfer Station Site Improvements.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 126,015
Public Safety	795,478
Public Works	3,025,135
Parks and Recreation	1,020,305
Public Library	230,944
Community Improvement and Development	22,380
Total depreciation and amortization - governmental activities	<u>\$ 5,220,257</u>

Business-Type Activities:

Solid Waste Management	\$ 142,221
Water	710,648
Sewer	752,551
Total depreciation and amortization - business-type activities	<u>\$ 1,605,420</u>

Reconciliation of Net Investment in Capital Assets:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	\$ 9,630,354	\$ 3,377,377
Construction in Progress	14,809,214	5,463,648
Capital Assets (Net of Accumulated Depreciation and Amortization)	66,413,144	62,016,257
Unspent Bond Proceeds for Capital Assets	17,268,685	1,350,270
Less: General Obligation Bonds Payable	25,582,432	-
Various Purpose Bonds Payable	4,200,000	-
Bond Anticipation Notes	2,515,000	-
Revenue Bonds Payable	-	12,931,929
Leases	71,654	47,768
Accounts Payable for Capital Assets	3,949,988	812,007
	<u>\$ 71,802,323</u>	<u>\$ 58,415,848</u>

NOTE 6 – LEASES

During the current year the City began leasing space on its communications tower to a third party. The lease is for 10 years with the third party having the option to extend the lease for 3 additional 5 year periods. The City will receive monthly payments of \$2,500, increasing each year by 3%. The City has other leases in effect during the year to lease out space of a building at the fire training center, space above a street, and land at the west water treatment plant. The City recognized \$16,378 in lease revenue and \$2,936 in interest revenue during the current year related to leases. Of the lease revenue \$87 was from a variable payment and was not included in the original measurement of the lease receivable. The City has a lease agreement with Nebraska Public Power District to lease the City-owned electrical distribution system. The lease is strictly variable with the City receiving 12% of system revenues. During the current year the City recognized \$4,666,382 in lease revenue from this variable lease.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 6 – LEASES (CONTINUED)

During the current year the City renewed its lease agreement for land south of Norfolk where the entrance sign is located. It is a 5 year lease and the City will make payments of \$1,558 annually, increasing 3% each year. An initial lease liability of \$8,196 was recorded in the current year. The City has other lease agreements in effect during the year to lease land east of Norfolk where the entrance sign is located, land used for application of WPC biosolids, and a digital sign used for advertising. The value of the right-to-use assets at the end of the current year by asset class is: land \$85,636 with accumulated amortization of \$19,172, and building and improvements \$70,166 with accumulated amortization of \$17,915.

Future principal and interest lease payments as of September 30, 2022 were as follows:

Fiscal Year	Principal	Interest	Total
Ending			
2023	\$ 36,410	\$ 354	\$ 36,764
2024	36,591	257	36,848
2025	35,275	158	35,433
2026	2,938	83	3,021
2027	1,240	65	1,305
2028	1,289	56	1,345
2029	1,340	45	1,385
2030	1,392	35	1,427
2031	1,446	23	1,469
2032	1,501	12	1,513
	<u>\$ 119,422</u>	<u>\$ 1,088</u>	<u>\$ 120,510</u>

NOTE 7 – BOND ANTICIPATION NOTES

Changes in bond anticipation notes for the period ended September 30, 2022 were as follows:

	Balance October 1, 2021	Additions	Retirements	Balance September 30, 2022
Governmental Activities:				
Bond Anticipation Notes 0.65% to 2.70%, various maturities through 2025	\$ 2,375,000	\$ 195,000	\$ 55,000	\$ 2,515,000
Total Governmental Activities	<u>\$ 2,375,000</u>	<u>\$ 195,000</u>	<u>\$ 55,000</u>	<u>\$ 2,515,000</u>

The City's intent is to issue permanent financing to replace the outstanding bond anticipation notes prior to maturity after the special assessment districts are assessed and the first payments from the benefited property owners have been received. Bond anticipation notes interest payment requirements in fiscal year 2022-2023 are \$20,462.

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2022

NOTE 8 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

	Balance October 1, 2021 (as restated)	Additions	Retirements	Balance September 30, 2022	Due Within One Year
Governmental Activities:					
General obligation bonds (excluding special assessment bonds) 0.35% to 4.00%, various maturities through 2042	\$ 7,225,000	\$ 20,285,000	\$ 2,420,000	\$ 25,090,000	\$ 380,000
General obligation direct placements 1.64% to 2.99%, mature in 2031	1,425,000	-	1,100,000	325,000	35,000
Bond issuance premium/discount	18,702	175,527	26,797	167,432	-
Total General Obligation	8,668,702	20,460,527	3,546,797	25,582,432	415,000
Special assessment bonds, with City commitment, 0.40% to 3.50%, various maturities through 2040	4,425,000	-	380,000	4,045,000	330,000
Special assessment direct placements, with City commitment, 1.59% to 1.99%, mature in 2026	190,000	-	35,000	155,000	35,000
Total Special Assessments	4,615,000	-	415,000	4,200,000	365,000
Lease	83,941	8,196	20,483	71,654	20,526
Net Pension Liability	27,016	28,005	27,016	28,005	-
Accrued compensated absences	2,670,786	1,097,663	1,195,277	2,573,172	1,241,363
Total Governmental Activities	\$ 16,065,445	\$ 21,594,391	\$ 5,204,573	\$ 32,455,263	\$ 2,041,889
Business Type Activities:					
Revenue Bonds, 2.00% to 4.00%, various maturities through 2041	\$ 8,140,000	\$ 5,050,000	\$ 395,000	\$ 12,795,000	\$ 615,000
Bond Issuance Premium/Discount	16,894	167,079	47,044	136,929	-
Total Revenue Bonds	8,156,894	5,217,079	442,044	12,931,929	615,000
Leases	63,665	-	15,897	47,768	15,884
Accrued compensated absences	438,669	94,916	183,406	350,179	166,345
Total Business Type Activities	\$ 8,659,228	\$ 5,311,995	\$ 641,347	\$ 13,329,876	\$ 797,229
Grand Total	\$ 24,724,673	\$ 26,906,386	\$ 5,845,920	\$ 45,785,139	\$ 2,839,118

City of Norfolk, NEBRASKA

Notes to Financial Statements

September 30, 2022

NOTE 8 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements as of September 30, 2022 for general obligation 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
2023	\$ 380,000	\$ 824,945	\$ 35,000	\$ 7,538	\$ 330,000	\$ 71,935	\$ 35,000	\$ 2,765
2024	385,000	826,321	35,000	6,964	330,000	69,475	40,000	2,208
2025	385,000	821,136	35,000	6,320	340,000	66,685	40,000	1,532
2026	400,000	815,634	35,000	5,623	340,000	63,240	40,000	796
2027	400,000	809,421	35,000	4,874	340,000	59,180	-	-
2028	1,455,000	802,879	35,000	4,073	245,000	54,505	-	-
2029	1,505,000	753,974	35,000	3,219	245,000	50,410	-	-
2030	1,535,000	702,896	40,000	2,312	255,000	45,948	-	-
2031	1,485,000	650,089	40,000	1,196	175,000	41,050	-	-
2032	1,535,000	607,095	-	-	180,000	37,075	-	-
2033	1,375,000	560,913	-	-	185,000	32,928	-	-
2034	1,420,000	516,993	-	-	190,000	28,490	-	-
2035	1,465,000	469,745	-	-	195,000	23,600	-	-
2036	1,515,000	420,924	-	-	200,000	18,535	-	-
2037	1,565,000	368,570	-	-	165,000	13,295	-	-
2038	1,620,000	314,490	-	-	170,000	8,495	-	-
2039	1,585,000	258,400	-	-	80,000	3,520	-	-
2040	1,650,000	196,080	-	-	80,000	1,760	-	-
2041	1,710,000	131,160	-	-	-	-	-	-
2042	1,720,000	64,500	-	-	-	-	-	-
	<u>\$ 25,090,000</u>	<u>\$ 10,916,165</u>	<u>\$ 325,000</u>	<u>\$ 42,119</u>	<u>\$ 4,045,000</u>	<u>\$ 690,126</u>	<u>\$ 155,000</u>	<u>\$ 7,301</u>

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 8 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements as of September 30, 2022 for enterprise fund debt is as follows:

Fiscal Year Ending	Business Type Activities	
	Enterprise Fund	
	Principal	Interest
2023	\$ 615,000	\$ 327,408
2024	630,000	310,709
2025	640,000	293,659
2026	655,000	276,259
2027	670,000	258,349
2028	685,000	239,589
2029	695,000	220,992
2030	715,000	203,721
2031	725,000	186,646
2032	745,000	167,971
2033	750,000	148,021
2034	780,000	127,571
2035	800,000	106,446
2036	820,000	84,494
2037	840,000	61,564
2038	865,000	37,696
2039	280,000	22,531
2040	285,000	16,528
2041	300,000	10,313
2042	300,000	3,563
	<u>\$ 12,795,000</u>	<u>\$ 3,104,030</u>

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

Tax increment financing bonds issued by the Community Development Agency are issued to provide the long-term financing for the redevelopment of blight and substandard areas around the City. These bonds are payable only from real estate taxes on certain property located within these plan areas and do not constitute general obligations of the Agency or City.

Revenue bonds are the obligation of the Enterprise Fund and are payable solely from the revenues of the Water, Sewer and Solid Waste Funds. The City has pledged future water, sewer and solid waste customer revenues to repay \$9.22 million of bonds issued November 2017 and \$5,050,000 of bonds issued November 2021. The bonds issued in November 2021 are to fund implementation of the transfer station site master plan and have interest rates of 2% to 4% with a final maturity of 2041. Annual principal and interest payments on both bond issues are expected to require less than 8% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$15,899,030. Principal and interest paid for the current year was \$670,063 and total water, sewer and solid waste customer net revenues were \$3,866,625.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 8 - BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS (CONTINUED)

On May 18, 2022 the City issued \$20,285,000 of Highway Allocation Fund Pledge Bonds. The bonds have a final maturity of May 15, 2042 and interest rates ranging from 3.00% to 4.00%. The City's Capital Improvement Program provides for the issuance of \$11 million of Highway Allocation Fund Pledge Bonds in the current fiscal year and \$4.5 next fiscal year. Due to the expectation of rising interest rates over the next several years, a single bond issue was done. Construction projects being funded are Benjamin Ave, 1st Street Bridge, Michigan Ave and 8th Street. Total principal and interest remaining to be paid on the bonds is \$30,421,610. Interest only payments are scheduled for the first 5 years followed by 15 years of regular principal and interest payments. Highway allocation revenue in the current year was \$3,728,246.

On August 23, 2022 the City issued \$195,000 special assessment bond anticipation notes with a maturity of September 1, 2025 and an interest rate of 2.70% to fund improvements in Water District 127.

NOTE 9 – TRANSFERS

The following is a summary of transfers between funds:

	Governmental Funds			Transfers out:		Proprietary Funds		Total
	General	CHAF	Debt Service	Nonmajor Governmental	Water	Sewer		
Transfers in:								
General	\$ -	\$ 240,000	\$ 11,758	\$ -	\$ -	\$ -	\$ -	\$ 251,758
Debt Service	1,099,223	-	-	-	-	-	-	1,099,223
Capital Construction	1,742,594	-	205,108	110,078	-	-	-	2,057,780
Special Assessment	-	-	18,536	-	-	-	-	18,536
Nonmajor Governmental	831,120	-	-	6,300	85,358	85,358	-	1,008,136
Total	\$ 3,672,937	\$ 240,000	\$ 235,402	\$ 116,378	\$ 85,358	\$ 85,358	\$ -	\$ 4,435,433

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, 2022

NOTE 10 – NET POSITION/FUND BALANCES

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

	General	City Highway Allocation	American Rescue Plan	Debt Service	Special Assessments	Capital Construction	Community Development Agency	Other Governmental Funds	Total
Nonspendable:									
Fuel Inventory	\$ 44,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,480
Prepaid Items	98,467	-	-	-	-	-	-	31,559	130,026
Restricted For:									
Road Projects	-	19,700,414	-	-	-	-	-	-	19,700,414
Flood Control Projects	-	-	-	-	-	100,189	-	-	100,189
Vehicle Parking	-	-	-	-	-	-	-	232,302	232,302
Hazardous Materials	29,970	-	-	-	-	-	-	-	29,970
W W II Memorial	4,825	-	-	-	-	-	-	-	4,825
Opioid Settlement	3,981	-	-	-	-	-	-	-	3,981
Library Renovations	-	-	-	-	-	200,184	-	-	200,184
Grant Programs	-	-	-	-	-	-	-	290,875	290,875
911 Operations	-	-	-	-	-	-	-	659,110	659,110
Recreation Projects	4,379	-	-	-	-	1,982,576	-	-	1,986,955
Drug Enforcement	-	-	-	-	-	-	-	257,407	257,407
Community Betterment	-	-	-	-	-	2,477	391,695	658,222	1,052,394
Debt Service	-	-	-	5,346,729	-	-	-	-	5,346,729
Committed For:									
Recreation Projects	-	-	-	-	-	117,044	-	-	117,044
Assigned to:									
Capital Improvements	155,432	-	-	-	-	1,175,176	-	-	1,330,608
Recreation Projects	-	-	-	-	-	348,439	-	-	348,439
Community Betterment	-	-	-	-	-	1,754,107	-	-	1,754,107
Council Priority Projects	-	-	-	-	-	689,686	-	-	689,686
Unassigned:	10,883,760	-	-	-	(2,292,434)	-	-	-	8,591,326
Total	\$11,225,294	\$19,700,414	\$ -	\$ 5,346,729	\$ (2,292,434)	\$ 6,369,878	\$ 391,695	\$ 2,129,475	\$ 42,871,051

NOTE 11 - EMPLOYEE PENSION PLANS

The City has four single-employer retirement systems covering City employees. Employees make contributions to the 457 Deferred Compensation System and both employees and employer make contributions to the other three retirement systems. Employees are allowed to invest their participant account balances in certain stock and/or bond mutual funds as well as guaranteed insurance accounts. Participants can direct their entire account balance to mutual funds. Nonemployee directed investments are directed by the City Council, whose policy is to direct them to guaranteed insurance accounts. All of these funds are invested through Ameritas Life Insurance Corporation. All investments are valued at market or contract value as more fully discussed in note 2. B. to these statements. Forfeitures of non-vested employer contributions are used to pay for administrative costs. If forfeitures are insufficient, costs are financed through investment earnings. The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are withheld from pay and due to the plan. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Publicly issued financial reports are not available for any of the pension plans nor are they included in the report of a public employee retirement system or another government.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 11 – EMPLOYEE PENSION PLANS (CONTINUED)

The Firemen’s Retirement System has minimum benefit guarantees for participants employed prior to January 1, 1984. With only 5 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 \$1,067,755, and the City recognized pension expense of \$626,708.

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 \$201,041, and the City recognized pension expense of \$201,041.

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 \$243,821, and the City recognized pension expense of \$307,981.

The 457 Deferred Compensation System is a defined contribution plan, which covers substantially all regular employees working greater than 1,000 hours per year. Plan provisions, including contribution requirements, are established and amended by City ordinances. Participation in this plan is voluntary and employees may contribute a percentage of total compensation up to the IRS allowed maximum. Employee contributions totaled \$152,662.

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

	Civilian	Police	Fire	457
Vested inactive members	50	17	5	18
Active plan members:				
Non-vested	29	3	8	-
Partially vested	30	11	5	-
Fully vested	91	27	25	40
Total membership	200	58	43	58

NOTE 11 – 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
Total participants	5

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

Net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The actuarial value of assets is market or contract value as more fully discussed in note 2. B. to these statements. The City uses the entry age actuarial method for reporting and disclosure purposes. Any actuarial gains or losses are amortized in the current year, since there is no future working careers of covered participants remaining. The City annually contributes actuarially determined amounts in addition to any matching contributions. Significant actuarial assumptions include a 6% return on plan assets. Mortality rates are based on the 1994 Group Annuity Mortality-Static Table.

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

Expected real rates of return are determined by subtracting expected inflation from expected rates of return. Expected real rates of return for each major asset class and asset allocation as of September 30, 2022 are as summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Guaranteed Investment Account	100%	1.11%

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2022

NOTE 11 – EMPLOYEE PENSION PLANS (CONTINUED)

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

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.24%. 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 10/1/21	\$ 598,096	\$ 571,080	\$ 27,016
Changes for the year:			
Service cost	27,016	-	27,016
Interest	29,267	-	29,267
Differences between expected and actual experience	(10,889)	-	(10,889)
Contributions-employer	-	27,016	(27,016)
Net investment income	-	17,389	(17,389)
Benefit payments, including refunds of employee contributions	<u>(193,598)</u>	<u>(193,598)</u>	<u>-</u>
Net changes	<u>(148,204)</u>	<u>(149,193)</u>	<u>989</u>
Balances at 9/30/22	<u>\$ 449,892</u>	<u>\$ 421,887</u>	<u>\$ 28,005</u>

Plan fiduciary net position as a percentage of the total pension liability 94%

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

	<u>1% Decrease (5%)</u>	<u>Current Discount Rate (6%)</u>	<u>1% Increase (7%)</u>
City’s net pension liability (asset)	\$57,724	\$28,005	\$1,697

For the current year, the City recognized pension expense of \$27,613. The City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 23,172

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 11 – EMPLOYEE PENSION PLANS (CONTINUED)

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

Year ended September 30:	
2023	\$ 9,177
2024	6,926
2025	4,693
2026	2,376

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

NOTE 12 - 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, 2022.

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 \$22,529,111. \$27,512 will be paid from the General Fund, \$15,462,853 will be paid from the City Highway Allocation Fund, \$89,777 will be paid from the Economic Development Operating Fund, \$54,499 will be paid from the American Rescue Plan Fund and \$6,894,470 will be paid from the Capital Construction Fund. The City also entered into various contracts for Enterprise Fund Improvement Projects. The remaining commitment under these contracts is approximately \$2,285,900. \$439,683 will be paid by the Water Division, \$348,314 will be paid by the Sewer Division and \$1,497,903 will be paid out of the Solid Waste Management Division.

In May 2011 the City entered into a Loan Agreement with the Norfolk Housing Agency (the Agency) in conjunction with the Agency issuing \$675,000 of Revenue and Refunding Bonds to refund existing debt and pay costs of improvements on the Kensington building. The debt is expected to be paid with revenues of the Agency; however, the City has agreed to lend to the Agency a sum of up to \$1,092,000 if the Agency’s revenues are insufficient to pay principal and interest on the bonds. The maximum amount the Agency can draw in any fiscal year is \$53,850. Any amounts drawn by the Agency are due on September 30, 2031, the date of final maturity of the bonds. No amounts have been drawn to date.

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	\$155,432
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City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 13 - INDIVIDUAL FUND DISCLOSURES

Certain information concerning individual funds is as follows:

- A.** The following fund had a deficit balance as of September 30, 2022:

Capital Project Fund	Special Assessment	(\$2,292,434)
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This deficit will be resolved when the City issues permanent financing for the outstanding bond anticipation notes.

- B.** The City maintains the following insurance coverage on the water and sewage treatment and solid waste facilities of the Enterprise Fund:

Fire and extended coverage with a \$25,000 deductible on various water and sewage treatment and solid waste facilities. Scheduled values for related buildings and contents were \$71,113,780.

The City carries a blanket limit of \$133.4 million.

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

CONDENSED STATEMENT OF NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Assets:					
Current assets	\$ 6,066,910	\$ 7,417,939	\$ 3,570,990	\$ 185,498	\$ 17,241,337
Restricted assets	211,000	202,138	155,548	-	568,686
Capital assets	34,884,254	30,623,351	5,345,085	4,592	70,857,282
Total assets	41,162,164	38,243,428	9,071,623	190,090	88,667,305
Liabilities:					
Current liabilities	202,407	1,045,215	979,558	2,146	2,229,326
Noncurrent liabilities	64,386	7,448,183	5,020,078	-	12,532,647
Total liabilities	266,793	8,493,398	5,999,636	2,146	14,761,973
Deferred Inflows of Resources:	872,508	-	-	-	872,508
Net Position					
Net Investment in Capital Assets	34,876,325	22,592,813	942,118	4,592	58,415,848
Restricted	211,000	607,138	365,548	-	1,183,686
Unrestricted	4,935,538	6,550,079	1,764,321	183,352	13,433,290
Total Net Position	\$ 40,022,863	\$ 29,750,030	\$ 3,071,987	\$ 187,944	\$ 73,032,824

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2022

NOTE 13 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Operating revenues	\$ 3,922,795	\$ 5,433,216	\$ 2,481,564	\$ 155,086	\$ 11,992,661
Depreciation and amortization	710,648	752,551	142,221	-	1,605,420
Other operating expenses	2,472,080	3,158,922	2,202,569	105,849	7,939,420
Operating Income	740,067	1,521,743	136,774	49,237	2,447,821
Nonoperating revenues (expenses):					
Intergovernmental revenues	-	-	33,136	-	33,136
Interest on bonds and other debt	-	(200,402)	(73,871)	-	(274,273)
Interest income	24,578	40,965	8,776	955	75,274
Annexation Revenue	68,216	-	-	-	68,216
Gain (Loss) on disposal of capital assets	-	(81,083)	(27,747)	-	(108,830)
Interfund transfers out	(85,358)	(85,358)	-	-	(170,716)
Contributions	973,395	310,403	-	-	1,283,798
Change in net position	1,720,898	1,506,268	77,068	50,192	3,354,426
Beginning net position	38,301,965	28,243,762	2,994,919	137,752	69,678,398
Ending net position	\$ 40,022,863	\$ 29,750,030	\$ 3,071,987	\$ 187,944	\$ 73,032,824

CONDENSED STATEMENT OF CASH FLOWS

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Net cash provided (used) by:					
Operating activities	\$ 1,259,294	\$ 2,317,729	\$ 224,465	\$ 40,602	\$ 3,842,090
Noncapital financing activities	(85,358)	(85,358)	33,136	-	(137,580)
Capital and related financing activities	(660,184)	(2,368,858)	1,770,771	-	(1,258,271)
Investing activities	22,372	42,342	7,668	966	73,348
Net increase (decrease)	536,124	(94,145)	2,036,040	41,568	2,519,587
Beginning cash and cash equivalents	3,305,651	6,773,684	1,434,087	117,193	11,630,615
Ending cash and cash equivalents	\$ 3,841,775	\$ 6,679,539	\$ 3,470,127	\$ 158,761	\$ 14,150,202

City of Norfolk, NEBRASKA
Notes to Financial Statements

September 30, 2022

NOTE 13 - INDIVIDUAL FUND DISCLOSURES (CONTINUED)

Individual Fund Information for the Employee Retirement Funds follows:

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total
ASSETS:						
Guaranteed Insurance Contracts	\$ 967,205	\$421,887	\$ 2,349,953	\$11,087,953	\$ 1,272,086	\$16,099,084
Open Ended Mutual Funds	7,742,133	-	7,823,382	18,945,310	1,293,936	35,804,761
Total Assets	8,709,338	421,887	10,173,335	30,033,263	2,566,022	51,903,845
NET POSITION:						
Held in Trust for Pension Benefits	8,709,338	421,887	10,173,335	30,033,263	2,566,022	51,903,845
Total Net Position	\$ 8,709,338	\$421,887	\$10,173,335	\$30,033,263	\$ 2,566,022	\$51,903,845
ADDITIONS						
Contributions:						
Employer	\$ 307,981	\$ 27,016	\$ 201,041	\$ 626,708	\$ -	\$ 1,162,746
Employee	243,821	-	201,041	1,067,755	152,662	1,665,279
Total Contributions	551,802	27,016	402,082	1,694,463	152,662	2,828,025
Investment Income:						
Interest, Dividends and						
Market Gains	(1,925,555)	17,389	(2,005,348)	(4,454,520)	(285,613)	(8,653,647)
Total Additions	(1,373,753)	44,405	(1,603,266)	(2,760,057)	(132,951)	(5,825,622)
DEDUCTIONS						
Pension Benefits	663,326	193,598	1,260,919	4,630,826	98,682.00	6,847,351
Administration	2,907	-	1,197	5,279	730	10,113
Contribution Refunds	-	-	-	57,744	-	57,744
Total Deductions	666,233	193,598	1,262,116	4,693,849	99,412	6,915,208
Change in Net Position	(2,039,986)	(149,193)	(2,865,382)	(7,453,906)	(232,363)	(12,740,830)
Net Position-Beginning of Period	10,749,324	571,080	13,038,717	37,487,169	2,798,385	64,644,675
Net Position-End of Period	\$ 8,709,338	\$421,887	\$ 10,173,335	\$ 30,033,263	\$ 2,566,022	\$51,903,845

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 14 - 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 \$100,000 per occurrence/\$450,000 per occurrence all CAT Perils 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, 2021 to September 30, 2022. The terms of coverage did not change substantially in the current fiscal year from the prior fiscal year and settled claims have not exceeded this coverage in any of the past three fiscal years. Group health and dental coverage provided by the City is accounted for in the Internal Service Fund, which is used to accumulate resources to fund claims under the City's self-insured health and dental plans. City contributions to fund this coverage are reported by the respective funds as expenditures and shown as revenue in the Internal Service Fund. The employees' share is also shown as revenue in the internal service fund. The City purchases reinsurance to protect against large losses. This reinsurance pays for individual claims in excess of \$100,000 and limits City payments for claims during the year to a maximum of \$4,677,208. The September 30, 2022 claims liability of \$679,223 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, 2022 and the year ending September 30, 2021 are:

	Beginning	Claims & Changes in Estimates	Claim Payments	Ending
2021	\$247,617	\$3,408,736	\$2,948,449	\$707,904
2022	\$707,904	\$3,483,400	\$3,512,081	\$679,223

NOTE 15 – 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 \$832,113 in garbage fees and at September 30, 2022, \$68,341 was due to the NNSWC. The City provides administrative services for the NNSWC. During the year \$43,463 was received from the NNSWC for administrative services. The City was reimbursed by the NNSWC \$7,934 for NNSWC expenses paid by the City and at September 30, 2022, \$4,844 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 \$141,342 for a portion of employees' salaries. The Housing Agency manages different properties and the City provides administrative services. During the year \$27,303 was received from the Housing Agency.

City of Norfolk, NEBRASKA
Notes to Financial Statements
September 30, 2022

NOTE 16 – 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, 2022 the City's sales tax revenues were reduced by \$12,544 under these tax abatement agreements.

NOTE 17 – ANNEXATION

During the year, the City annexed the following three Sanitary Improvement Districts (SID): SID No. 3, SID No. 5, and SID No. 10. At the time of annexation, the City assumed all assets and liabilities of the annexed areas. Annexation resulted in revenue of \$114,185 included in annexation revenues in the governmental funds statement of revenues, expenditures, and changes in fund balances and \$68,216 in the proprietary fund statement of revenues, expenses, and changes in fund net position. Net position received from annexation of \$182,401 is included in the statement of activities.

NOTE 18 – SUBSEQUENT EVENTS

On November 17, 2022 the City issued \$1,965,000 Various Purpose Bonds for permanent financing of Paving District 519, Water Districts 124 and 126 and Sewer Districts 250 and 254 . The interest rate on the bonds range from 3.25% to 5% with a final maturity date of November 1, 2041.

REQUIRED SUPPLEMENTARY INFORMATION

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 27,016	\$ 25,908	\$ 25,083	\$ 17,137	\$ 30,967	\$ 57,038	\$ 27,285	\$ 66,451	\$ 84,332
Interest	29,267	31,938	34,887	54,092	159,925	201,041	243,025	76,781	230,999
Differences between expected and actual experience	(10,889)	(10,480)	(10,340)	(3,491)	(14,448)	(39,200)	63,779	(89,509)	(39,513)
Benefit payments, including refunds of contributions	(193,598)	(107,771)	(115,771)	(899,382)	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Net change in total pension liability	(148,204)	(60,405)	(66,141)	(831,644)	(986,358)	(770,288)	237,444	(510,778)	169,647
Total pension liability-beginning	598,096	658,501	724,642	1,556,286	2,542,644	3,312,932	3,075,488	3,586,266	3,416,619
Total pension liability-ending (a)	<u>\$ 449,892</u>	<u>\$ 598,096</u>	<u>\$ 658,501</u>	<u>\$ 724,642</u>	<u>\$ 1,556,286</u>	<u>\$ 2,542,644</u>	<u>\$ 3,312,932</u>	<u>\$ 3,075,488</u>	<u>\$ 3,586,266</u>
Plan fiduciary net position									
Contributions-employer	\$ 27,016	\$ 25,908	\$ 25,083	\$ 17,137	\$ 24,254	\$ 39,284	\$ 48,190	\$ 51,220	\$ 66,996
Contributions-member	-	-	-	-	3,752	5,018	9,095	10,812	17,044
Net investment income	17,389	20,350	23,722	42,840	148,374	187,177	228,466	62,180	217,060
Benefit payments, including refunds of contributions	(193,598)	(107,771)	(115,771)	(899,382)	(1,162,802)	(989,167)	(96,645)	(564,501)	(106,171)
Administrative expense	-	-	-	(185)	(323)	(101)	(829)	(490)	(500)
Net change in plan fiduciary net position	(149,193)	(61,513)	(66,966)	(839,590)	(986,745)	(757,789)	188,277	(440,779)	194,429
Plan fiduciary net position-beginning	571,080	632,593	699,559	1,539,149	2,525,894	3,283,683	3,095,406	3,536,185	3,341,756
Plan fiduciary net position-ending (b)	<u>\$ 421,887</u>	<u>\$ 571,080</u>	<u>\$ 632,593</u>	<u>\$ 699,559</u>	<u>\$ 1,539,149</u>	<u>\$ 2,525,894</u>	<u>\$ 3,283,683</u>	<u>\$ 3,095,406</u>	<u>\$ 3,536,185</u>
Firemen's net pension liability (asset)-ending (a) - (b)	<u>\$ 28,005</u>	<u>\$ 27,016</u>	<u>\$ 25,908</u>	<u>\$ 25,083</u>	<u>\$ 17,137</u>	<u>\$ 16,750</u>	<u>\$ 29,249</u>	<u>\$ (19,918)</u>	<u>\$ 50,081</u>
Plan fiduciary net position as a percentage of the total pension liability	94%	95%	96%	97%	99%	99%	99%	101%	99%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224
City's net pension liability (asset) as a percentage of covered payroll	-	-	-	-	30%	22%	21%	(12%)	19%

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

City of Norfolk, NEBRASKA
 Required Supplementary Information
 September 30, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 27,016	\$ 25,908	\$ 25,083	\$ 17,137	\$ 16,750	\$ 29,249	\$ -	\$ 29,596	\$ 32,906	\$ 39,593
Contributions in relation to the actuarially determined contribution	27,016	25,908	25,083	17,137	16,750	29,249	30,000	29,596	32,906	39,593
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 57,722	\$ 77,194	\$ 139,920	\$ 166,340	\$ 262,224	\$ 258,540
Contributions as a percentage of covered payroll	-	-	-	-	29%	38%	21%	18%	13%	15%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

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

City of Norfolk, NEBRASKA
Required Supplementary Information
September 30, 2022

SCHEDULE OF FIRE INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	3.24%	3.43%	3.61%	5.11%	6.56%	7.32%	7.32%	1.90%	6.56%

This schedule is being built prospectively until it contains ten years of data.
Data for fiscal year 2013 is 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, 2022

	General Fund		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 14,992,711	\$ 16,003,879	\$ 1,011,168
Special Assessments	-	7,412	7,412
Licenses and Permits	349,110	411,659	62,549
Intergovernmental Revenue	467,439	991,870	524,431
Nongovernmental Grants	-	5,520	5,520
Charges for Services	2,313,030	2,693,866	380,836
Occupation and Franchise Taxes	602,000	688,454	86,454
Payments in Lieu of Taxes	160,000	211,433	51,433
Contributions	1,500	27,163	25,663
Rental Income	4,582,842	4,676,971	94,129
Interest	8,900	23,748	14,848
Keno Revenue	718,000	792,271	74,271
Miscellaneous	74,000	148,213	74,213
Annexation Revenue	-	119,623	119,623
Total Revenue	<u>24,269,532</u>	<u>26,802,082</u>	<u>2,532,550</u>
Current Expenditures:			
Public Safety	11,306,797	10,490,476	816,321
Public Works	4,529,373	4,219,132	310,241
Public Library	1,837,535	1,745,668	91,867
Parks and Recreation	3,158,062	2,939,519	218,543
Community Improvement and Development	1,268,318	1,185,835	82,483
General Government	3,560,014	3,664,765	(104,751)
Total Expenditures	<u>25,660,099</u>	<u>24,245,395</u>	<u>1,414,704</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,390,567)</u>	<u>2,556,687</u>	<u>3,947,254</u>
Other Financing Sources (Uses):			
Insurance Proceeds	-	11,251	11,251
Transfers In	240,000	251,758	11,758
Transfers Out	(2,538,811)	(3,672,937)	(1,134,126)
Total other Financing Sources (Uses)	<u>(2,298,811)</u>	<u>(3,409,928)</u>	<u>(1,111,117)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (3,689,378)</u>	<u>\$ (853,241)</u>	<u>\$ 2,836,137</u>
Fund Balances-Beginning of Year		<u>9,340,197</u>	
Fund Balances- End of Year		<u>\$ 8,486,956</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, 2022

	City Highway Allocation Fund			American Rescue Plan		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 3,205,000	\$ 3,724,886	\$ 519,886	\$ 2,163,587	\$ 2,163,587	\$ -
Interest	2,100	119,413	117,313	-	-	-
Total Revenue	<u>3,207,100</u>	<u>3,844,299</u>	<u>637,199</u>	<u>2,163,587</u>	<u>2,163,587</u>	<u>-</u>
Current Expenditures:						
Public Works	14,609,913	8,135,503	6,474,410	4,327,174	1,000,000	3,327,174
Community Improvement and Development	-	-	-	-	14,767	(14,767)
General Government	-	-	-	-	217,435	(217,435)
Debt Service	403,069	-	403,069	-	-	-
Total Expenditures	<u>15,012,982</u>	<u>8,135,503</u>	<u>6,877,479</u>	<u>4,327,174</u>	<u>1,232,202</u>	<u>3,094,972</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,805,882)</u>	<u>(4,291,204)</u>	<u>7,514,678</u>	<u>(2,163,587)</u>	<u>931,385</u>	<u>3,094,972</u>
Other Financing Sources (Uses):						
Proceeds from Debt Financing	11,516,250	20,285,000	8,768,750	-	-	-
Premium on Bonds	-	175,527	175,527	-	-	-
Transfers Out	(240,000)	(240,000)	-	-	-	-
Total other Financing Sources (Uses)	<u>11,276,250</u>	<u>20,220,527</u>	<u>8,944,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (529,632)</u>	<u>\$ 15,929,323</u>	<u>\$ 16,458,955</u>	<u>(2,163,587)</u>	<u>\$ 931,385</u>	<u>\$ 3,094,972</u>
Fund Balances-Beginning of Year		<u>5,925,335</u>			<u>2,163,587</u>	
Fund Balances- End of Year		<u>\$ 21,854,658</u>			<u>\$ 3,094,972</u>	

City of Norfolk, NEBRASKA
Notes to Required Supplementary Information
Budgetary Reporting
September 30, 2022

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, 2022

	General	City Highway Allocation	American Rescue Plan
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a budgetary basis	\$ (853,241)	\$ 15,929,323	\$ 931,385
Basis differences:			
To adjust revenues from recognition on a cash basis	215,766	5,283	(931,385)
To adjust total expenditures from a recognition on a cash basis	17,421	(1,676,998)	-
Excess (deficiency) of revenues and other financial sources over expenditures and other financial uses, on a GAAP basis	\$ (620,054)	\$ 14,257,608	\$ -
Total Budgeted Governmental Funds			
Expenditures and other financing uses, on a budgetary basis	\$ 48,349,016		
Basis differences:			
To adjust total expenditures from a recognition on a cash basis		2,372,753	
Expenditures and other financing uses, on a GAAP basis	\$ 50,721,769		

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

Fund	Budget	Actual	Variance Over (Under) Budget
Governmental Funds Expenditures	\$70,381,440	\$48,349,016	\$(22,032,424)

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.

SNARE FUND - This fund is used to account for the contributions from member cities, counties and Nebraska State Patrol to address the drug problem in a ten county area in Northeast Nebraska.

REGION 11 EMERGENCY MANAGEMENT FUND – This fund is used to account for revenue received for emergency management in Antelope County, Pierce County, Madison County and the City of Norfolk. These governments contribute to the fund based upon population. This fund also accounts for emergency management grants received for the area.

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

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

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

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

CITY OF NORFOLK, NEBRASKA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
September 30, 2022

	Special Revenue Funds								Total Governmental Nonmajor Funds
	Vehicle Parking	Community Development Block Grant	SNARE	Region 11	Wireless 911	LB 840 Economic Development	Economic Development Operating	Norfolk/Madison Dispatch	
Assets									
Cash and Equity in Pooled Investment Account	\$ 220,395	\$ 88,841	\$ 255,918	\$ 182,109	\$ 440,392	\$ 300,507	\$ 358,035	\$ 207,617	\$ 2,053,814
Cash at County Treasurer	11,939	-	-	-	-	-	-	-	11,939
Receivables (Net, where applicable, of allowance for uncollectibles)									
Accounts	-	-	1,528	-	-	-	-	1,406	2,934
Taxes	1,807	-	-	-	-	-	-	27,918	29,725
Accrued Interest	88	-	116	102	213	137	242	190	1,088
Notes	-	1,017,738	-	-	-	-	-	-	1,017,738
Due from Other Governmental Agencies	-	2,265	-	15,425	-	-	-	-	17,690
Prepaid Assets	-	-	1,400	-	14,538	-	-	15,621	31,559
Total Assets	234,229	1,108,844	258,962	197,636	455,143	300,644	358,277	252,752	3,166,487
Liabilities									
Accounts Payable	919	2,265	155	314	222	-	699	1,737	6,311
Unearned Revenue	-	-	-	-	-	-	-	16,667	16,667
Total Liabilities	919	2,265	155	314	222	-	699	18,404	22,978
Deferred Inflows of Resources									
Unavailable Revenue-Property Taxes	1,008	-	-	-	-	-	-	-	1,008
Unavailable Revenue-Loan Repayments	-	1,013,026	-	-	-	-	-	-	1,013,026
Total Deferred Inflows of Resources	1,008	1,013,026	-	-	-	-	-	-	1,014,034
Fund Balances									
Non Spendable	-	-	1,400	-	14,538	-	-	15,621	31,559
Restricted	232,302	93,553	257,407	197,322	440,383	300,644	357,578	218,727	2,097,916
Total Fund Balances	232,302	93,553	258,807	197,322	454,921	300,644	357,578	234,348	2,129,475
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 234,229	\$ 1,108,844	\$ 258,962	\$ 197,636	\$ 455,143	\$ 300,644	\$ 358,277	\$ 252,752	\$ 3,166,487

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended September 30, 2022

	Special Revenue Funds								Total Governmental Nonmajor Funds
	Vehicle Parking	Community Development Block Grant	SNARE	Region 11	Wireless 911	LB 840 Economic Development	Economic Development Operating	Norfolk/Madison Dispatch	
Revenue:									
Taxes	\$ 97,346	-	\$ -	\$ -	\$ -	\$ 380	\$ -	\$ -	\$ 97,726
Intergovernmental Revenue	4,238	649,146	26,400	126,620	95,775	-	170,716	390,000	1,462,895
Occupation & Franchise Taxes	-	-	-	-	-	-	-	145,241	145,241
Charges for Services	-	-	-	-	-	-	-	116,081	116,081
Loan Repayments	-	50,971	-	-	-	-	-	-	50,971
Interest	1,289	294	1,515	1,309	2,753	1,683	2,734	2,396	13,973
Miscellaneous	-	2	319	-	-	-	-	-	321
Total Revenue	102,873	700,413	28,234	127,929	98,528	2,063	173,450	653,718	1,887,208
Expenditures:									
Public Safety	-	-	36,873	217,363	32,602	-	-	1,234,288	1,521,126
Public Works	54,266	-	-	-	-	-	-	-	54,266
Community Improvement and Development	-	685,865	-	-	-	-	332,648	-	1,018,513
Debt Service	16,014	-	-	-	-	-	-	-	16,014
Total Expenditures	70,280	685,865	36,873	217,363	32,602	-	332,648	1,234,288	2,609,919
Excess (Deficiency) of Revenues over Expenditures	32,593	14,548	(8,639)	(89,434)	65,926	2,063	(159,198)	(580,570)	(722,711)
Other Financing Sources (Uses):									
Transfers In	-	-	-	51,120	-	-	170,716	786,300	1,008,136
Transfers Out	-	-	-	(6,300)	(110,078)	-	-	-	(116,378)
Total other Financing Sources (Uses)	-	-	-	44,820	(110,078)	-	170,716	786,300	891,758
Net Change in Fund Balance	32,593	14,548	(8,639)	(44,614)	(44,152)	2,063	11,518	205,730	169,047
Fund Balances - Beginning of Year	199,709	79,005	267,446	241,936	499,073	298,581	346,060	28,618	1,960,428
Fund Balances - End of Year	\$ 232,302	\$ 93,553	\$ 258,807	\$ 197,322	\$ 454,921	\$ 300,644	\$ 357,578	\$ 234,348	\$ 2,129,475

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, 2022

	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	\$ 101,112	\$ 98,289	\$ (2,823)	\$ 1,840,000	\$ 752,851	\$ (1,087,149)	\$ -	\$ -	\$ -
Intergovernmental Revenue	270	4,238	3,968	31,128	51,890	20,762	36,900	26,400	(10,500)
Loan Repayments	1,920	1,175	(745)	100	298	198	-	-	-
Rental Income	-	723	723	-	-	-	-	-	-
Interest	212	1,318	1,106	-	-	-	400	1,588	1,188
Miscellaneous	-	-	-	-	1	1	-	319	319
Total Revenue	<u>103,514</u>	<u>105,743</u>	<u>2,229</u>	<u>1,871,228</u>	<u>805,040</u>	<u>(1,066,188)</u>	<u>37,300</u>	<u>28,307</u>	<u>(8,993)</u>
Current Expenditures:									
Public Safety	-	-	-	-	-	-	78,537	36,713	41,824
Public Works	169,770	53,944	115,826	-	-	-	-	-	-
Community Improvement and Development	-	-	-	1,943,195	678,703	1,264,492	-	-	-
Debt Service	16,014	16,014	-	-	-	-	-	-	-
Total Expenditures	<u>185,784</u>	<u>69,958</u>	<u>115,826</u>	<u>1,943,195</u>	<u>678,703</u>	<u>1,264,492</u>	<u>78,537</u>	<u>36,713</u>	<u>41,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(82,270)</u>	<u>35,785</u>	<u>118,055</u>	<u>(71,967)</u>	<u>126,337</u>	<u>198,304</u>	<u>(41,237)</u>	<u>(8,406)</u>	<u>32,831</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (82,270)</u>	<u>\$ 35,785</u>	<u>\$ 118,055</u>	<u>\$ (71,967)</u>	<u>\$ 126,337</u>	<u>\$ 198,304</u>	<u>\$ (41,237)</u>	<u>\$ (8,406)</u>	<u>\$ 32,831</u>
Fund Balances-Beginning of Year		196,549			(37,497)			264,324	
Fund Balances- End of Year		<u>\$ 232,334</u>			<u>\$ 88,840</u>			<u>\$ 255,918</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, 2022

	Region 11			Wireless 911		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:						
Intergovernmental Revenue	\$ 101,680	\$ 125,623	\$ 23,943	\$ 95,776	\$ 95,776	\$ -
Interest	300	1,346	1,046	300	2,859	2,559
Total Revenue	<u>101,980</u>	<u>126,969</u>	<u>24,989</u>	<u>96,076</u>	<u>98,635</u>	<u>2,559</u>
Current Expenditures:						
Public Safety	152,638	218,037	(65,399)	51,375	33,929	17,446
Total Expenditures	<u>152,638</u>	<u>218,037</u>	<u>(65,399)</u>	<u>51,375</u>	<u>33,929</u>	<u>17,446</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,658)</u>	<u>(91,068)</u>	<u>(40,410)</u>	<u>44,701</u>	<u>64,706</u>	<u>20,005</u>
Other Financing Sources (Uses):						
Transfers In	51,120	51,120	-	-	-	-
Transfers Out	-	(6,300)	(6,300)	(276,000)	(110,078)	165,922
Total Other Financing Sources (Uses)	<u>51,120</u>	<u>44,820</u>	<u>(6,300)</u>	<u>(276,000)</u>	<u>(110,078)</u>	<u>165,922</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ 462</u>	<u>\$ (46,248)</u>	<u>\$ (46,710)</u>	<u>\$ (231,299)</u>	<u>\$ (45,372)</u>	<u>\$ 185,927</u>
Fund Balances-Beginning of Year		<u>228,357</u>			<u>485,764</u>	
Fund Balances- End of Year		<u>\$ 182,109</u>			<u>\$ 440,392</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, 2022

	LB 840 Economic Development			Economic Development Operating			Norfolk/Madison Dispatch		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:									
Taxes	\$ -	\$ 417	\$ 417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	-	-	170,716	170,716	-	390,000	390,000	-
Charges for Services	-	-	-	-	-	-	94,078	132,748	38,670
Occupation and Franchise Taxes	-	-	-	-	-	-	179,000	145,977	(33,023)
Interest	100	1,927	1,827	400	2,834	2,434	-	2,206	2,206
Total Revenue	100	2,344	2,244	171,116	173,550	2,434	663,078	670,931	7,853
Current Expenditures:									
Public Safety	-	-	-	-	-	-	1,440,117	1,249,614	190,503
Community Improvement and Development	285,559	-	285,559	525,059	332,652	192,407	-	-	-
Total Expenditures	285,559	-	285,559	525,059	332,652	192,407	1,440,117	1,249,614	190,503
Excess (Deficiency) of Revenues over Expenditures	(285,459)	2,344	287,803	(353,943)	(159,102)	194,841	(777,039)	(578,683)	198,356
Other Financing Sources:									
Transfers In	-	-	-	170,716	170,716	-	780,000	786,300	6,300
Total Other Financing Sources	-	-	-	170,716	170,716	-	780,000	786,300	6,300
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$(285,459)</u>	<u>\$ 2,344</u>	<u>\$ 287,803</u>	<u>\$(183,227)</u>	<u>\$ 11,614</u>	<u>\$ 194,841</u>	<u>\$ 2,961</u>	<u>\$ 207,617</u>	<u>\$ 204,656</u>
Fund Balances-Beginning of Year		298,163			346,421			-	
Fund Balances- End of Year		<u>\$ 300,507</u>			<u>\$358,035</u>			<u>\$ 207,617</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, 2022

	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	\$ 2,508,375	\$ 1,609,369	\$ (899,006)	\$ -	\$ -	\$ -
Contributions	2,257,578	1,882,281	(375,297)	-	-	-
Rental Income	12,000	6,039	(5,961)	-	-	-
Interest	4,500	46,205	41,705	32	1,805	1,773
Total Revenue	4,782,453	3,543,894	(1,238,559)	32	1,805	1,773
Expenditures:						
Public Safety	1,284,547	1,085,240	199,307	-	-	-
Public Works	6,917,966	805,183	6,112,783	884,000	419,571	464,429
Public Library	200,000	3,274	196,726	-	-	-
Parks and Recreation	4,632,832	1,219,700	3,413,132	-	-	-
General Government	125,000	70,811	54,189	-	-	-
Debt Service	-	-	-	24,810	70,810	(46,000)
Total Expenditures	13,160,345	3,184,208	9,976,137	908,810	490,381	418,429
Excess (Deficiency) of Revenues Over Expenditures	(8,377,892)	359,686	8,737,578	(908,778)	(488,576)	420,202
Other Financing Sources:						
Proceeds from Debt Financing	3,385,000	-	(3,385,000)	900,000	195,000	(705,000)
Transfers In	2,009,099	2,057,780	48,681	-	18,536	18,536
Total Other Financing Sources	5,394,099	2,057,780	(3,336,319)	900,000	213,536	(686,464)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (2,983,793)	\$ 2,417,466	\$ 5,401,259	\$ (8,778)	\$ (275,040)	\$ (266,262)
Fund Balances-Beginning of Year		6,035,407			497,555	
Fund Balances- End of Year		\$ 8,452,873			\$ 222,515	

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, 2022

	Debt Service		
	Budgeted Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenue:			
Taxes	\$ 1,011,062	\$ 916,316	\$ (94,746)
Special Assessments	201,026	1,065,013	863,987
Intergovernmental Revenue	-	95,549	95,549
Occupation and Franchise Taxes	680,000	623,615	(56,385)
Payments in Lieu of Taxes	31,000	43,693	12,693
Interest	91,649	139,779	48,130
Miscellaneous	44,000	53,433	9,433
Total Revenue	<u>2,058,737</u>	<u>2,937,398</u>	<u>878,661</u>
Current Expenditures:			
Public Safety	-	2,000	(2,000)
Parks and Recreation	13,600	12,472	1,128
General Government	-	800	(800)
Debt Service	3,241,891	4,161,732	(919,841)
Total Expenditures	<u>3,255,491</u>	<u>4,177,004</u>	<u>(921,513)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,196,754)</u>	<u>(1,239,606)</u>	<u>(42,852)</u>
Other Financing Sources (Uses):			
Transfers In	124,223	1,099,223	975,000
Transfers Out	(149,631)	(235,402)	(85,771)
Total Other Financing Sources	<u>(25,408)</u>	<u>863,821</u>	<u>889,229</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (1,222,162)</u>	<u>\$ (375,785)</u>	<u>\$ 846,377</u>
Fund Balances-Beginning of Year		<u>5,460,394</u>	
Fund Balances- End of Year		<u>\$ 5,084,609</u>	

BUSINESS TYPE ACTIVITIES

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

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

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION
COMBINED UTILITIES
September 30, 2022

ASSETS	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Current Assets:					
Cash and Equity in Pooled Investment Account	\$3,630,775	\$6,012,951	\$3,054,964	\$158,761	\$12,857,451
Receivables:					
Accounts	882,928	916,859	251,670	26,673	2,078,130
Special Assessments	473,059	16,812	-	-	489,871
Interest	1,472	2,908	2,102	64	6,546
Leases	873,444	-	-	-	873,444
Restricted Cash:					
Cash & Cash Equivalents	-	464,450	259,615	-	724,065
Inventories:					
Fiber Optic System Held for Resale	202,857	-	-	-	202,857
Prepaid Assets	2,375	3,959	2,639	-	8,973
Total Current Assets	6,066,910	7,417,939	3,570,990	185,498	17,241,337
Noncurrent Assets:					
Restricted Assets:					
Restricted Cash	211,000	202,138	155,548	-	568,686
Property, Plant and Equipment:					
Land	2,366,101	958,992	52,284	-	3,377,377
Water and Pollution Control Plant	9,636,308	16,099,066	900,749	-	26,636,123
Water Distribution and Sewage System Equipment	34,485,209	27,554,458	-	-	62,039,667
Right-to-use Leased Asset	2,180,034	4,358,159	1,561,536	53,143	8,152,872
Construction in Progress	-	63,665	-	-	63,665
	71,787	1,011,044	4,376,225	4,592	5,463,648
	48,739,439	50,045,384	6,890,794	57,735	105,733,352
Less Accumulated Depreciation	13,855,185	19,422,033	1,545,709	53,143	34,876,070
Total Property, Plant and Equipment (Net of Accumulated Depreciation)	34,884,254	30,623,351	5,345,085	4,592	70,857,282
Total Noncurrent Assets	35,095,254	30,825,489	5,500,633	4,592	71,425,968
Total Assets	\$41,162,164	\$38,243,428	\$9,071,623	\$190,090	\$88,667,305

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF NET POSITION (Continued)
COMBINED UTILITIES
September 30, 2022

LIABILITIES AND NET POSITION	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Current Liabilities:					
Accounts and Contracts Payable	\$149,186	\$491,910	\$680,944	\$992	\$1,323,032
Accrued Compensated Absences	53,221	72,971	38,999	1,154	166,345
Leases - Current	-	15,884	-	-	15,884
Payables from Restricted Assets:					
Accrued Interest Payable	-	59,450	49,615	-	109,065
Revenue Bonds - Current	-	405,000	210,000	-	615,000
Total Current Liabilities	202,407	1,045,215	979,558	2,146	2,229,326
Noncurrent Liabilities:					
Leases	-	31,884	-	-	31,884
Revenue Bonds	-	7,351,380	4,965,549	-	12,316,929
Accrued Compensated Absences	64,386	64,919	54,529	-	183,834
Total Noncurrent Liabilities	64,386	7,448,183	5,020,078	-	12,532,647
Total Liabilities	266,793	8,493,398	5,999,636	2,146	14,761,973
Deferred Inflows of Resources:					
Lease Related	872,508	-	-	-	872,508
Total Deferred Inflows of Resources	872,508	-	-	-	872,508
Net Position					
Net Investment in Capital Assets	34,876,325	22,592,813	942,118	4,592	58,415,848
Restricted for:					
Debt Covenants	211,000	607,138	365,548	-	1,183,686
Unrestricted	4,935,538	6,550,079	1,764,321	183,352	13,433,290
Total Net Position	\$ 40,022,863	\$ 29,750,030	\$ 3,071,987	\$ 187,944	\$ 73,032,824

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMBINED UTILITIES
For the Year Ended September 30, 2022

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Operating Revenues:					
User Charges	\$3,841,570	\$5,425,291	\$2,477,097	\$155,065	\$11,899,023
Rental Income	71,829	7,200	-	-	79,029
Miscellaneous Income	9,396	725	4,467	21	14,609
Total Operating Revenues	3,922,795	5,433,216	2,481,564	155,086	11,992,661
Operating Expenses:					
Payroll and Related Taxes and Benefits	1,015,413	1,215,551	693,595	78,411	3,002,970
Utilities	272,851	391,654	29,567	-	694,072
Repairs and Maintenance	331,500	558,793	230,366	1,466	1,122,125
Purchased Services	-	-	835,756	-	835,756
General and Administration	852,316	992,924	413,285	25,972	2,284,497
Depreciation and Amortization	710,648	752,551	142,221	-	1,605,420
Total Operating Expenses	3,182,728	3,911,473	2,344,790	105,849	9,544,840
Operating Income	740,067	1,521,743	136,774	49,237	2,447,821
Nonoperating Revenues (Expenses):					
Intergovernmental Revenue	-	-	33,136	-	33,136
Annexation Revenue	68,216	-	-	-	68,216
Interest on Bonds and Other Debt	-	(200,402)	(73,871)	-	(274,273)
Interest Income	24,578	40,965	8,776	955	75,274
Gain (Loss) on Disposal of Capital Assets	-	(81,083)	(27,747)	-	(108,830)
Total Nonoperating Revenues (Expenses)	92,794	(240,520)	(59,706)	955	(206,477)
Income before Contributions and Transfers	832,861	1,281,223	77,068	50,192	2,241,344
Capital Contributions	973,395	310,403	-	-	1,283,798
Transfers In (Out)	(85,358)	(85,358)	-	-	(170,716)
Change in Net Position	1,720,898	1,506,268	77,068	50,192	3,354,426
Net Position - Beginning of Year	38,301,965	28,243,762	2,994,919	137,752	69,678,398
Net Position - End of Year	\$40,022,863	\$29,750,030	\$3,071,987	\$187,944	\$73,032,824

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS
Combined Utilities
For the Year Ended September 30, 2022

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 3,739,562	\$ 5,333,322	\$ 2,479,564	\$ 151,731	\$ 11,704,179
Cash Paid to Suppliers for Goods and Services	(1,415,663)	(1,782,047)	(1,540,434)	(32,486)	(4,770,630)
Cash Paid to Employees for Services	(1,064,605)	(1,233,546)	(714,665)	(78,643)	(3,091,459)
Net Cash Provided by Operating Activities	1,259,294	2,317,729	224,465	40,602	3,842,090
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating Grants	-	-	33,136	-	33,136
Transfers from (to) Other Funds	(85,358)	(85,358)	-	-	(170,716)
Net Cash Provided (Used) by Noncapital Financing Activities	(85,358)	(85,358)	33,136	-	(137,580)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(700,356)	(1,824,992)	(3,381,973)	-	(5,907,321)
Capital Grants and Contributions	40,172	57,943	-	-	98,115
Bond Proceeds	-	-	5,217,079	-	5,217,079
Proceeds from the Sale of Assets	-	18,468	1,450	-	19,918
Principal Paid on Capital Debt	-	(410,897)	-	-	(410,897)
Interest Paid on Capital Debt	-	(209,380)	(65,785)	-	(275,165)
Net Cash (Used) for Capital and Related Financing Activities	(660,184)	(2,368,858)	1,770,771	-	(1,258,271)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends on Investments	22,372	42,342	7,668	966	73,348
Net Cash Provided for Investing Activities	22,372	42,342	7,668	966	73,348
Net Increase (Decrease) in Cash and Cash Equivalents	536,124	(94,145)	2,036,040	41,568	2,519,587
Cash and Cash Equivalents at Beginning of Year	3,305,651	6,773,684	1,434,087	117,193	11,630,615
Cash and Cash Equivalents at End of Year	\$ 3,841,775	\$ 6,679,539	\$ 3,470,127	\$ 158,761	\$ 14,150,202

(Continued)

CITY OF NORFOLK, NEBRASKA
COMBINING DEPARTMENTAL SCHEDULE OF CASH FLOWS (Continued)
Combined Utilities
For the Year Ended September 30, 2022

	Water Division	Sewer Division	Solid Waste Management Division	Stormwater Division	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	\$ 740,067	\$ 1,521,743	\$ 136,774	\$ 49,237	\$ 2,447,821
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	710,648	752,551	142,221	-	1,605,420
Loss on Disposal	16,558	-	-	-	16,558
(Increase) Decrease in Assets:					
Accounts Receivable	(185,096)	(100,396)	(2,000)	(3,355)	(290,847)
Special Assessments	2,183	502	-	-	2,685
Prepaid Assets	(25)	(41)	(27)	-	(93)
Increase (Decrease) in Liabilities:					
Accounts and Contracts Payable	22,288	161,365	(31,433)	(5,047)	147,173
Accrued Compensated Absences	(49,192)	(17,995)	(21,070)	(233)	(88,490)
Deferred Inflows of Resources	1,863	-	-	-	1,863
Total Adjustments	519,227	795,986	87,691	(8,635)	1,394,269
Net Cash Provided by Operating Activities	\$ 1,259,294	\$ 2,317,729	\$ 224,465	\$ 40,602	\$ 3,842,090
Supplemental Schedule of Noncash Capital and Related Financing Activities:					
Contribution of Distribution System Assets	\$ 925,588	\$ 244,825	\$ -	\$ -	\$ 1,170,413
Accounts Payable Exchanged for Capital Assets	7,929	226,390	577,688	-	812,007
Assumption of Assets through Annexation of SIDs	68,216	-	-	-	68,216
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:					
Cash and Equity in Pooled Investment Account	\$ 3,630,775	\$ 6,012,951	\$ 3,054,964	\$ 158,761	\$ 12,857,451
Restricted Cash - Current	-	464,450	259,615	-	724,065
Restricted Cash - Noncurrent	211,000	202,138	155,548	-	568,686
	\$ 3,841,775	\$ 6,679,539	\$ 3,470,127	\$ 158,761	\$ 14,150,202

FIDUCIARY FUNDS

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

PENSION TRUST FUNDS:

FIREMEN'S DEFINED CONTRIBUTION RETIREMENT FUND - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighters employed after January 1, 1984.

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

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

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

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

CUSTODIAL FUND:

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

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
Fiduciary Funds
September 30, 2022

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total Pension Trust Funds
ASSETS						
Guaranteed Insurance Contracts	\$ 967,205	\$ 421,887	\$ 2,349,953	\$ 11,087,953	\$ 1,272,086	\$ 16,099,084
Open Ended Mutual Funds	7,742,133	-	7,823,382	18,945,310	1,293,936	35,804,761
Total Assets	<u>8,709,338</u>	<u>421,887</u>	<u>10,173,335</u>	<u>30,033,263</u>	<u>2,566,022</u>	<u>51,903,845</u>
FIDUCIARY NET POSITION						
Restricted for Pensions	8,709,338	421,887	10,173,335	30,033,263	2,566,022	51,903,845
Total Fiduciary Net Position	<u>\$ 8,709,338</u>	<u>\$ 421,887</u>	<u>\$ 10,173,335</u>	<u>\$ 30,033,263</u>	<u>\$ 2,566,022</u>	<u>\$ 51,903,845</u>

CITY OF NORFOLK, NEBRASKA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiduciary Funds
For the Year Ended September 30, 2022

	Firemen's Defined Contribution Retirement Fund	Firemen's Defined Benefit Retirement Fund	Police Retirement Fund	Civilian Retirement Fund	457 Deferred Compensation Fund	Total Pension Trust Funds
ADDITIONS						
Contributions:						
Employer	\$ 307,981	\$ 27,016	\$ 201,041	\$ 626,708	\$ -	\$ 1,162,746
Employee	243,821	-	201,041	1,067,755	152,662	1,665,279
Total Contributions	<u>551,802</u>	<u>27,016</u>	<u>402,082</u>	<u>1,694,463</u>	<u>152,662</u>	<u>2,828,025</u>
Investment Income:						
Interest, Dividends & Market Gains	<u>(1,925,555)</u>	<u>17,389</u>	<u>(2,005,348)</u>	<u>(4,454,520)</u>	<u>(285,613)</u>	<u>(8,653,647)</u>
Total Additions	<u>(1,373,753)</u>	<u>44,405</u>	<u>(1,603,266)</u>	<u>(2,760,057)</u>	<u>(132,951)</u>	<u>(5,825,622)</u>
DEDUCTIONS						
Pension Benefits	663,326	193,598	1,260,919	4,630,826	98,682	6,847,351
Contribution Refunds	-	-	-	57,744	-	57,744
Administration	<u>2,907</u>	<u>-</u>	<u>1,197</u>	<u>5,279</u>	<u>730</u>	<u>10,113</u>
Total Deductions	<u>666,233</u>	<u>193,598</u>	<u>1,262,116</u>	<u>4,693,849</u>	<u>99,412</u>	<u>6,915,208</u>
Change in Net Position	(2,039,986)	(149,193)	(2,865,382)	(7,453,906)	(232,363)	(12,740,830)
Fiduciary Net Position - Beginning of Period	<u>10,749,324</u>	<u>571,080</u>	<u>13,038,717</u>	<u>37,487,169</u>	<u>2,798,385</u>	<u>64,644,675</u>
Fiduciary Net Position - End of Period	<u>\$ 8,709,338</u>	<u>\$ 421,887</u>	<u>\$ 10,173,335</u>	<u>\$ 30,033,263</u>	<u>\$ 2,566,022</u>	<u>\$ 51,903,845</u>

STATISTICAL SECTION

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

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

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

Source:

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

TABLE 1

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental Activities					
Net Investment in Capital Assets	\$ 71,802,323	\$ 67,600,237	\$ 61,405,541	\$ 56,281,189	\$ 55,056,983
Restricted for:					
Debt Service	5,032,126	4,010,592	3,556,622	3,221,437	2,879,341
Road Projects	2,725,389	5,442,806	4,122,543	4,290,994	3,836,877
Community Programs and Services	4,830,012	3,966,986	3,788,391	4,599,009	4,026,973
Unrestricted	24,503,241	20,997,401	20,726,456	17,489,903	16,251,003
Total Governmental Activities Net Position	\$ 108,893,091	\$ 102,018,022	\$ 93,599,553	\$ 85,882,532	\$ 82,051,177
Business-Type Activities					
Net Investment in Capital Assets	\$ 58,415,848	\$ 56,429,491	\$ 51,106,234	\$ 46,338,591	\$ 43,595,405
Restricted	1,183,686	1,006,136	945,404	968,434	847,638
Unrestricted	13,433,290	12,242,771	10,743,394	12,265,257	12,299,011
Total Business-Type Activities Net Position	\$ 73,032,824	\$ 69,678,398	\$ 62,795,032	\$ 59,572,282	\$ 56,742,054
Primary Government:					
Net Investment in Capital Assets	\$ 130,218,171	\$ 124,029,728	\$ 112,511,775	\$ 102,619,780	\$ 98,652,388
Restricted	13,771,213	14,426,520	12,412,960	13,079,874	11,590,829
Unrestricted	37,936,531	33,240,172	31,469,850	29,755,160	28,550,014
Total Primary Government Net Position	\$ 181,925,915	\$ 171,696,420	\$ 156,394,585	\$ 145,454,814	\$ 138,793,231

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 50,736,098	\$ 40,610,264	\$ 39,859,311	\$ 39,846,176	\$ 38,561,536
Restricted for:					
Debt Service	2,575,381	2,310,289	2,056,725	1,718,817	1,556,817
Road Projects	2,922,144	4,315,636	3,038,500	1,587,443	2,655,276
Community Programs and Services	6,186,742	7,067,955	5,475,708	3,284,448	2,654,437
Unrestricted	14,983,957	16,820,853	17,893,551	16,711,180	15,527,684
Total Governmental Activities Net Position	\$ 77,404,322	\$ 71,124,997	\$ 68,323,795	\$ 63,148,064	\$ 60,955,750
Business-Type Activities					
Net Investment in Capital Assets	\$ 41,031,377	\$ 37,513,730	\$ 37,014,955	\$ 36,984,047	\$ 33,609,113
Restricted	1,841,627	2,609,219	2,480,450	2,545,137	2,732,672
Unrestricted	8,881,735	8,972,087	7,981,527	6,344,841	7,773,246
Total Business-Type Activities Net Position	\$ 51,754,739	\$ 49,095,036	\$ 47,476,932	\$ 45,874,025	\$ 44,115,031
Primary Government:					
Net Investment in Capital Assets	\$ 91,767,475	\$ 78,123,994	\$ 76,874,266	\$ 76,830,223	\$ 72,170,649
Restricted	13,525,894	16,303,099	13,051,383	9,135,845	9,599,202
Unrestricted	23,865,692	25,792,940	25,875,078	23,056,021	23,300,930
Total Primary Government Net Position	\$ 129,159,061	\$ 120,220,033	\$ 115,800,727	\$ 109,022,089	\$ 105,070,781

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities										
General Government	\$ 3,447,008	\$ 3,107,535	\$ 3,864,486	\$ 2,956,350	\$ 2,977,504	\$ 3,311,385	\$ 2,462,887	\$ 2,622,419	\$ 2,552,931	\$ 1,851,020
Public Safety	12,988,140	12,009,577	11,319,323	10,300,692	10,427,387	10,152,789	10,133,933	9,111,824	8,912,927	8,750,908
Public Works	8,763,148	7,201,836	7,004,357	7,614,440	7,353,230	4,949,525	5,494,622	5,279,551	7,114,441	6,282,178
Public Library	1,923,155	1,869,748	1,826,846	1,804,884	2,233,538	1,478,371	1,461,349	1,386,198	1,409,728	1,308,791
Parks and Recreation	3,839,233	3,273,798	3,383,361	3,334,945	3,180,516	2,970,064	3,354,612	2,927,345	2,674,471	3,012,478
Community Improvement & Development	6,791,856	5,496,064	5,207,956	5,826,934	3,182,386	1,035,861	4,217,807	1,213,129	994,906	1,199,963
Debt Service	491,339	371,104	460,254	398,001	344,297	323,382	454,900	673,579	626,377	673,495
Total Governmental Activities Expenses	38,243,879	33,329,662	33,066,583	32,236,246	29,698,858	24,221,377	27,580,110	23,214,045	24,285,781	23,078,833
Business-Type Activities										
Water Division	3,182,728	2,887,287	2,721,110	2,535,576	2,345,132	2,269,164	2,294,958	2,102,160	2,386,409	2,448,790
Sewer Division	4,192,958	3,673,607	4,225,667	3,738,328	3,790,662	3,168,511	3,293,531	3,075,988	2,770,537	2,999,679
Solid Waste Division	2,446,408	2,264,535	1,998,538	1,936,387	1,960,849	1,830,369	1,763,283	1,763,897	1,739,883	1,593,608
Stormwater Division	105,849	112,299	58,568	-	-	-	-	-	-	-
Total Business-Type Activities	9,927,943	8,937,728	9,003,883	8,210,291	8,096,643	7,268,044	7,351,772	6,942,045	6,896,829	7,042,077
Total Primary Government Expenses	\$ 48,171,822	\$ 42,267,390	\$ 42,070,466	\$ 40,446,537	\$ 37,795,501	\$ 31,489,421	\$ 34,931,882	\$ 30,156,090	\$ 31,182,610	\$ 30,120,910
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 1,170,501	\$ 1,161,541	\$ 970,065	\$ 846,121	\$ 774,415	\$ 675,443	\$ 550,560	\$ 493,501	\$ 514,625	\$ 544,417
Public Safety	1,071,402	1,071,920	900,867	818,625	1,270,763	1,175,687	1,104,698	1,110,300	1,098,611	1,013,391
Public Works	93,416	132,019	147,856	105,214	127,618	141,147	100,707	110,592	124,738	113,369
Public Library	25,511	23,940	16,792	27,542	21,943	27,119	29,056	30,326	28,627	25,820
Parks and Recreation	501,590	483,954	233,792	490,329	463,339	493,930	495,207	462,350	446,982	445,399
Community Improvement and Development	510,278	548,394	629,643	497,526	113,810	102,647	113,526	98,601	80,000	120,000
Operating Grants & Contributions	10,317,438	9,921,051	8,459,117	8,463,834	6,103,919	4,159,685	3,700,589	4,148,833	3,894,437	3,602,142
Capital Grants & Contributions	5,438,961	6,064,400	6,728,690	2,124,055	4,709,685	980,028	1,656,522	458,660	531,933	880,045
Total Governmental Activities Program Revenues	19,129,097	19,407,219	18,086,822	13,373,246	13,585,492	7,755,686	7,750,865	6,913,163	6,719,953	6,744,583
Business-Type Activities:										
Charges for Services:										
Water Division	3,913,399	3,409,107	3,390,991	2,853,689	2,879,311	3,034,477	2,636,412	2,496,043	2,578,265	2,900,045
Sewer Division	5,432,491	4,966,211	4,599,247	4,676,320	4,469,366	4,353,195	3,947,187	3,518,523	3,755,613	3,740,332
Solid Waste	2,477,097	2,336,711	2,286,962	2,362,144	2,016,542	1,994,477	1,909,479	1,975,181	1,772,489	1,634,893
Stormwater Division	155,065	152,608	152,737	-	-	-	-	-	-	-
Operating Grants & Contributions	33,136	-	-	-	-	-	1,445	81,487	-	125,708
Capital Grants & Contributions	364,963	2,287,972	1,348,288	819,590	1,293,123	-	243,349	340,886	422,145	99,172
Total Business-Type Activities Program Revenues	12,376,151	13,152,609	11,778,225	10,711,743	10,658,342	9,382,149	8,737,872	8,412,120	8,528,512	8,500,150
Total Primary Government Program Revenues	\$ 31,505,248	\$ 32,559,828	\$ 29,865,047	\$ 24,084,989	\$ 24,243,834	\$ 17,137,835	\$ 16,488,737	\$ 15,325,283	\$ 15,248,465	\$ 15,244,733
Net (Expense)/Revenue										
Governmental Activities	\$ (19,114,782)	\$ (13,922,443)	\$ (14,979,761)	\$ (18,863,000)	\$ (16,113,366)	\$ (16,465,691)	\$ (19,829,245)	\$ (16,300,882)	\$ (17,565,828)	\$ (16,334,250)
Business-Type Activities	2,448,208	4,214,881	2,774,342	2,501,452	2,561,699	2,114,105	1,386,100	1,470,075	1,631,683	1,458,073
Total Primary Government Net Expense	\$ (16,666,574)	\$ (9,707,562)	\$ (12,205,419)	\$ (16,361,548)	\$ (13,551,667)	\$ (14,351,586)	\$ (18,443,145)	\$ (14,830,807)	\$ (15,934,145)	\$ (14,876,177)

(Continued)

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes In Net Positions										
Governmental Activities:										
Taxes:										
Property Tax	\$ 6,070,915	\$ 4,954,639	\$ 4,495,422	\$ 4,335,563	\$ 4,002,734	\$ 3,765,320	\$ 3,480,593	\$ 3,428,471	\$ 3,097,189	\$ 3,117,062
Sales Tax	11,141,231	10,503,632	9,216,028	8,744,704	9,796,242	10,677,614	10,614,793	9,358,568	8,035,671	7,081,725
Other Taxes	264,198	220,840	219,714	230,038	210,413	209,221	203,371	202,868	184,689	176,215
Occupation and Franchise Taxes	1,257,245	3,073,366	2,869,551	2,965,012	2,827,862	2,705,164	2,680,189	2,764,650	2,781,028	2,653,429
Interest	359,321	193,263	398,345	619,526	317,718	209,621	107,008	58,091	49,656	56,716
General Intergovernmental Revenues Unrestricted	1,856,222	518,515	462,641	429,545	409,242	398,194	372,186	365,627	276,969	394,575
Unrestricted Keno Revenues	785,108	782,377	664,431	621,592	642,534	584,717	552,493	611,740	572,632	547,095
General Revenue from Electrical Distribution System Lease/Use of Property	4,666,382	4,580,816	4,553,874	4,594,255	4,630,450	4,505,919	4,596,858	4,620,527	4,677,788	4,578,545
Revenue from Sale of Uncapitalized Property	19,840	20,075.00	-	5,940	35,000	56,219	17,097	74,113	42,511	55,625
Miscellaneous	203,323	123,141	104,449	208,110	120,658	92,345	109,622	55,506	40,009	57,054
Interfund Transfers	(748,119)	(2,629,752)	(287,673)	(59,930)	(2,232,632)	(459,318)	(103,763)	(13,467)	-	(66,125)
Net Position Received from Annexation	114,185	-	-	-	-	-	-	-	-	-
Total Governmental Activities	25,989,851	22,340,912	22,696,782	22,694,355	20,760,221	22,745,016	22,630,447	21,526,694	19,758,142	18,651,916
Business Type of Activities:										
Interest	75,274	20,304	151,819	245,931	170,004	64,418	27,278	11,899	13,699	8,428
Use of Property	-	-	-	-	-	-	82,022	84,919	81,422	-
Miscellaneous	14,609	18,429	8,916	22,915	22,980	21,859	18,944	22,547	32,190	-
Interfund Transfers	748,119	2,629,752	287,673	59,930	2,232,632	459,318	103,763	13,467	-	66,125
Net Position Received from Annexation	68,216	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	906,218	2,668,485	448,408	328,776	2,425,616	545,595	232,007	132,832	127,311	74,553
Total Primary Government	\$ 26,896,069	\$ 25,009,397	\$ 23,145,190	\$ 23,023,131	\$ 23,185,837	\$ 23,290,611	\$ 22,862,454	\$ 21,659,526	\$ 19,885,453	\$ 18,726,469
Change in Net Position										
Governmental Activities	\$ 6,875,069	\$ 8,418,469	\$ 7,717,021	\$ 3,831,355	\$ 4,646,855	\$ 6,279,325	\$ 2,801,202	\$ 5,225,812	\$ 2,192,314	\$ 2,317,666
Business-Type Activities	3,354,426	6,883,366	3,222,750	2,830,228	4,987,315	2,659,700	1,618,107	1,602,907	1,758,994	1,532,626
Total Primary Government	\$ 10,229,495	\$ 15,301,835	\$ 10,939,771	\$ 6,661,583	\$ 9,634,170	\$ 8,939,025	\$ 4,419,309	\$ 6,828,719	\$ 3,951,308	\$ 3,850,292

TABLE 3

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

	Fiscal Year				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund					
Non Spendable	\$ 142,947	\$ 115,101	\$ 55,671	\$ 53,885	\$ 38,468
Restricted	43,155	39,181	35,403	35,626	35,948
Committed	-	-	-	-	-
Assigned	155,432	50,580	115,813	131,260	28,484
Unassigned	10,883,760	11,640,486	10,391,447	9,938,855	9,257,812
Total General Fund	<u><u>\$ 11,225,294</u></u>	<u><u>\$ 11,845,348</u></u>	<u><u>\$ 10,598,334</u></u>	<u><u>\$ 10,159,626</u></u>	<u><u>\$ 9,360,712</u></u>
All Other Governmental Funds					
Non Spendable	\$ 31,559	\$ 14,798	\$ 37,769	\$ 27,458	\$ 16,052
Restricted	29,822,180	13,445,718	11,541,590	12,202,044	10,816,613
Committed	117,044	1,860,530	3,285,899	2,727,215	2,155,920
Assigned	3,967,408	4,377,651	3,500,477	3,413,287	2,934,958
Unassigned	(2,292,434)	(2,255,603)	(6,475,927)	(6,212,438)	(864,234)
Total All Other Governmental Funds	<u><u>\$ 31,645,757</u></u>	<u><u>\$ 17,443,094</u></u>	<u><u>\$ 11,889,808</u></u>	<u><u>\$ 12,157,566</u></u>	<u><u>\$ 15,059,309</u></u>
Total Governmental Funds					
Non Spendable	\$ 174,506	\$ 129,899	\$ 93,440	\$ 81,343	\$ 54,520
Restricted	29,865,335	13,484,899	11,576,993	12,237,670	10,852,561
Committed	117,044	1,860,530	3,285,899	2,727,215	2,155,920
Assigned	4,122,840	4,428,231	3,616,290	3,544,547	2,963,442
Unassigned	8,591,326	9,384,883	3,915,520	3,726,417	8,393,578
Total Governmental Fund	<u><u>\$ 42,871,051</u></u>	<u><u>\$ 29,288,442</u></u>	<u><u>\$ 22,488,142</u></u>	<u><u>\$ 22,317,192</u></u>	<u><u>\$ 24,420,021</u></u>

TABLE 3 (CONT.)

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General Fund					
Non Spendable	\$ 34,735	\$ 41,535	\$ 22,742	\$ 37,154	\$ 27,097
Restricted	480,485	488,920	476,210	38,291	38,785
Committed	-	-	-	31,144	141,536
Assigned	13,770	-	31,941	10,044	138,401
Unassigned	8,287,694	8,420,582	8,816,995	8,003,963	7,151,157
Total General Fund	<u>\$ 8,816,684</u>	<u>\$ 8,951,037</u>	<u>\$ 9,347,888</u>	<u>\$ 8,120,596</u>	<u>\$ 7,496,976</u>
All Other Governmental Funds					
Non Spendable	\$ 17,950	\$ 16,687	\$ 15,128	\$ 9,762	\$ 8,916
Restricted	11,311,850	13,329,130	12,604,917	9,088,635	7,136,685
Committed	1,810,263	1,579,460	2,836,617	2,952,632	1,973,057
Assigned	2,639,506	2,494,115	2,697,595	1,353,826	1,464,474
Unassigned	(1,898,527)	(1,878,019)	(1,120,538)	(44,361)	(43,090)
Total All Other Governmental Funds	<u>\$ 13,881,042</u>	<u>\$ 15,541,373</u>	<u>\$ 17,033,719</u>	<u>\$ 13,360,494</u>	<u>\$ 10,540,042</u>
Total Governmental Funds					
Non Spendable	\$ 52,685	\$ 58,222	\$ 37,870	\$ 46,916	\$ 36,013
Restricted	11,792,335	13,818,050	13,081,127	9,126,926	7,175,470
Committed	1,810,263	1,579,460	2,836,617	2,983,776	2,114,593
Assigned	2,635,276	2,494,115	2,729,536	1,363,870	1,602,875
Unassigned	6,389,167	6,542,563	7,696,457	7,959,602	7,108,067
Total Governmental Fund	<u>\$ 22,679,726</u>	<u>\$ 24,492,410</u>	<u>\$ 26,381,607</u>	<u>\$ 21,481,090</u>	<u>\$ 18,037,018</u>

Table 4

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 17,248,497	\$ 15,514,375	\$ 13,774,312	\$ 13,072,062	\$ 13,789,353
Special Assessments	1,095,973	2,802,940	328,504	234,032	655,903
Licenses & Permits	411,007	463,760	563,452	426,812	444,192
Intergovernmental Revenue	8,328,181	8,150,101	6,375,503	5,871,649	6,709,209
Nongovernmental Grants	5,520	13,000	1,200	71,265	134,940
Keno Revenue	785,107	782,377	664,431	621,592	642,534
Charges for Services	2,773,316	2,734,294	2,141,961	2,167,855	2,144,854
Occupation & Franchise Taxes	1,257,245	3,073,366	2,869,552	2,965,013	2,827,862
Contributions	1,909,501	25,604	40,796	91,081	137,269
Payments in Lieu of Taxes	253,564	212,560	212,886	222,567	207,684
Parking Fees and Rentals	4,688,592	4,655,640	4,624,271	4,654,615	4,677,817
Loan Repayments	50,971	61,476	55,587	20,681	31,428
Interest	339,773	187,901	365,651	537,578	259,251
TIF Bond Revenue	4,652,802	2,895,352	-	-	-
Miscellaneous	127,539	166,811	124,416	251,518	179,725
Annexation Revenue	114,185	-	-	-	-
Total Revenue	44,041,773	41,739,557	32,142,522	31,208,320	32,842,021
Expenditures					
General Government	3,942,291	2,753,848	2,734,938	2,437,532	2,443,110
Public Safety	13,214,392	11,886,436	11,690,704	11,609,441	10,167,136
Public Works	16,312,203	9,055,189	8,060,727	12,517,851	6,633,898
Public Library	1,718,364	1,675,713	1,566,562	1,576,692	5,954,475
Parks and Recreation	4,822,169	3,322,977	3,372,195	2,884,573	3,481,853
Community Improvement & Development	6,886,196	5,450,085	5,870,586	6,132,869	3,334,776
Debt Service					
Principal Retirement	3,955,483	4,535,000	2,245,000	2,235,000	2,155,000
Interest	258,756	435,009	519,489	448,904	389,154
Total Expenditure	51,109,854	39,114,257	36,060,201	39,842,862	34,559,402
Excess (Deficiency) of Revenues over expenditures	(7,068,082)	2,625,300	(3,917,679)	(8,634,542)	(1,717,381)
Other Financing Sources (Uses)					
Insurance Proceeds	11,251	-	7,402	13,871	24,676
Issuance of TIF Proceeds	-	-	4,081,227	4,210,750	-
Issuance of Debt	20,285,000	4,175,000	-	2,290,000	3,415,000
Leases	8,196	-	-	-	-
Premium on Bonds	175,527	-	-	-	-
Issuance of Refunding Bonds	-	1,005,000	-	-	-
Debt Service on Refunded Bonds	-	(1,005,000)	-	-	-
Transfers In	4,435,433	6,048,055	2,503,321	1,980,970	4,338,194
Transfers Out	(4,264,717)	(6,048,055)	(2,503,321)	(1,963,878)	(4,338,194)
Total Other Financing Sources (Uses)	20,650,690	4,175,000	4,088,629	6,531,713	3,439,676
Net Change in Fund Balances	\$ 13,582,609	\$ 6,800,300	\$ 170,950	\$ (2,102,829)	\$ 1,722,295
Debt Service as a Percentage of Noncapital Expenditures	11.37%	14.67%	10.56%	9.06%	9.02%

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 14,435,331	\$ 14,154,637	\$ 12,803,574	\$ 11,118,944	\$ 10,142,968
Special Assessments	194,862	478,529	184,987	200,654	289,216
Licenses & Permits	367,889	271,234	321,575	271,175	244,733
Intergovernmental Revenue	4,912,529	4,910,812	4,347,275	4,079,487	4,330,390
Nongovernmental Grants	50,000	50,000	-	-	-
Keno Revenue	584,717	552,493	611,740	572,632	547,095
Charges for Services	2,089,143	1,980,265	1,841,576	1,890,616	1,865,085
Occupation & Franchise Taxes	2,705,165	2,680,188	2,764,651	2,781,029	2,653,429
Contributions	436,499	17,661	204,577	559,517	54,942
Payments in Lieu of Taxes	209,221	203,371	202,867	184,689	176,215
Parking Fees and Rentals	4,535,554	4,596,859	4,620,528	4,681,679	4,584,494
Loan Repayments	71,501	156,428	570,883	104,783	78,073
Interest	179,142	94,744	51,653	49,655	54,192
Tif Bond Revenue	-	-	-	-	-
Miscellaneous	190,118	147,949	314,105	124,215	138,377
Annexation Revenue	-	-	-	-	-
Total Revenue	30,961,671	30,295,170	28,839,991	26,619,075	25,159,209
Expenditures					
General Government	2,612,548	2,473,293	2,575,062	2,698,982	2,543,757
Public Safety	9,987,194	10,209,750	10,019,243	8,967,532	9,138,087
Public Works	8,501,967	7,181,786	5,766,816	6,597,380	5,658,796
Public Library	5,137,451	1,718,799	1,334,676	1,355,079	1,288,130
Parks and Recreation	2,554,955	2,785,403	2,314,769	2,816,830	2,661,914
Community Improvement & Development	1,091,316	4,449,547	1,265,759	1,031,844	1,322,343
Debt Service					
Principal Retirement	3,960,000	13,535,000	1,695,000	2,620,000	1,453,810
Interest	443,424	595,287	667,145	649,134	677,052
Total Expenditure	34,288,855	42,948,865	25,638,470	26,736,781	24,743,889
Excess (Deficiency) of Revenues over expenditures	(3,327,184)	(12,653,695)	3,201,521	(117,706)	415,320
Other Financing Sources (Uses)					
Insurance Proceeds	-	20,885	218,996	141,778	308,069
Issuance of TIF Proceeds	-	-	-	-	-
Issuance of Debt	-	870,000	1,480,000	2,625,000	-
Leases	-	-	-	-	-
Premium on Bonds	-	453,613	-	-	-
Issuance of Refunding Bonds	1,520,000	9,420,000	-	795,000	-
Debt Service on Refunded Bonds	-	-	-	-	-
Transfers In	4,754,981	4,825,719	2,765,647	2,171,879	2,272,954
Transfers Out	(4,742,481)	(4,825,719)	(2,765,647)	(2,171,879)	(2,322,342)
Total Other Financing Sources (Uses)	1,532,500	10,764,498	1,698,996	3,561,778	258,681
Net Change in Fund Balances	\$ (1,794,684)	\$ (1,889,197)	\$ 4,900,517	\$ 3,444,072	\$ 674,001
Debt Service as a Percentage of Noncapital Expenditures	17.82%	37.92%	11.14%	13.77%	9.72%

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
2022	\$ 731,462,910	1.50%
2021	687,203,571	1.50%
2020	611,706,333	1.50%
2019	574,860,915	1.50%
2018	554,798,701	1.50%
2017	535,529,003	2.00%
2016	527,991,172	2.00%
2015	547,447,750	2.00%
2014	522,866,921	1.50%
2013	510,892,339	1.50%

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	
2022	1.50%	5.50%	7.00%
2021	1.50%	5.50%	7.00%
2020	1.50%	5.50%	7.00%
2019	1.50%	5.50%	7.00%
2018 (2)	1.50%	5.50%	7.00%
2017	2.00%	5.50%	7.50%
2016	2.00%	5.50%	7.50%
2015 (2)	2.00%	5.50%	7.50%
2014	1.50%	5.50%	7.00%
2013	1.50%	5.50%	7.00%

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	2022			2013		
	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales	Net Taxable Sales	Rank	Percentage of Total Net Taxable Sales
Retail Trade	\$ 372,635,424	1	52.49%	\$ 291,373,702	1	52.87%
Accommodation & Food Services	87,217,739	2	12.29%	54,394,901	2	9.87%
Other	250,055,841	-	35.22%	205,344,886	-	37.26%
Total	\$ 709,909,004		100.00%	\$ 551,113,489		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
2022	\$ 2,082,504,423	\$ 106,967,897	\$ 2,189,472,320	0.3089
2021	1,836,323,928	69,866,598	1,906,190,526	0.3129
2020	1,768,115,204	59,822,198	1,827,937,402	0.2610
2019	1,587,354,266	58,508,792	1,645,863,058	0.2616
2018	1,527,100,699	58,347,001	1,585,447,700	0.2619
2017	1,414,978,332	51,546,991	1,466,525,323	0.2583
2016	1,336,246,190	47,747,588	1,383,993,778	0.2582
2015	1,269,843,679	50,035,023	1,319,878,702	0.2530
2014	1,214,361,524	44,813,004	1,259,174,528	0.2533
2013	1,160,166,057	42,955,400	1,203,121,457	0.2348

(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

TABLE 9

Property Tax Rates-Direct and Overlapping Governments (1)
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
CITY OF NORFOLK										
GENERAL FUND	0.2577	0.2539	0.2095	0.1937	0.1928	0.1880	0.1685	0.1591	0.1549	0.1320
DEBT SERVICE	0.0466	0.0536	0.0460	0.0373	0.0373	0.0366	0.0529	0.0555	0.0581	0.0609
ECONOMIC DEVELOPMENT FUND	0.0000	0.0000	0.0000	0.0245	0.0255	0.0275	0.0306	0.0321	0.0337	0.0352
VEHICLE PARKING FUND(3)	0.0046	0.0054	0.0055	0.0061	0.0063	0.0062	0.0062	0.0063	0.0066	0.0067
TOTAL DIRECT RATE	<u>0.3089</u>	<u>0.3129</u>	<u>0.2610</u>	<u>0.2616</u>	<u>0.2619</u>	<u>0.2583</u>	<u>0.2582</u>	<u>0.2530</u>	<u>0.2533</u>	<u>0.2348</u>
OVERLAPPING RATES (2)										
MADISON COUNTY	0.3903	0.3742	0.3700	0.3793	0.3265	0.3267	0.3268	0.3283	0.3557	0.4255
SCHOOL DISTRICT NO 2	1.0781	1.0800	1.1275	1.1735	1.1766	1.1880	1.2051	1.2098	1.2154	1.2154
NORTHEAST COMMUNITY COLLEGE	0.0925	0.0940	0.0950	0.0950	0.0950	0.0909	0.0913	0.0953	0.0990	0.0993
NORFOLK AIRPORT AUTHORITY	0.0345	0.0396	0.0357	0.0397	0.0412	0.0437	0.0318	0.0334	0.0306	0.0310
LOWER ELKHORN NRD	0.0230	0.0232	0.0244	0.0237	0.0231	0.0233	0.0240	0.0241	0.0251	0.0266
AGRICULTURAL SOCIETY MADISON COUNTY	0.0106	0.0109	0.0109	0.0112	0.0109	0.0110	0.0110	0.0110	0.0116	0.0131
EDUCATIONAL SERVICES UNIT #8	0.0150	0.0150	0.0135	0.0133	0.0131	0.0131	0.0126	0.0126	0.0126	0.0150
NORFOLK SANITARY DISTRICT	0.0053	0.0060	0.0062	0.0147	0.0148	0.0099	0.0100	0.0099	0.0099	0.0100
RAILROAD TRANSPORTATION SAFETY DIST.	0.0066	0.0072	0.0079	0.0083	0.0083	0.0101	0.0093	0.0079	0.0060	0.0060
TOTAL OVERLAPPING RATES	<u>1.6559</u>	<u>1.6501</u>	<u>1.6911</u>	<u>1.7587</u>	<u>1.7095</u>	<u>1.7167</u>	<u>1.7219</u>	<u>1.7323</u>	<u>1.7659</u>	<u>1.8419</u>
TOTAL PROPERTY TAXES	1.9648	1.9630	1.9521	2.0203	1.9714	1.9750	1.9801	1.9853	2.0192	2.0767

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

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

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

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

TABLE 10

TAXPAYERS	TYPE OF BUSINESS	2022			2013		
		TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL CITY TAXABLE ASSESSED VALUE
FAITH REGIONAL HEALTH SERVICES	MEDICAL OFFICES	\$ 37,414,173	1	1.71%	\$ 9,329,320	3	0.78%
ELKHORN VALLEY BANK & TRUST	FINANCIAL INSTITUTION	16,065,753	2	0.73%	-	-	0.00%
MIDWEST BANK NA	FINANCIAL INSTITUTION	13,900,274	3	0.63%	-	-	0.00%
NORFOLK LODGE & SUITES LLC	HOTEL	11,653,785	4	0.53%	-	-	0.00%
WIS-PAK OF NORFOLK INC.	BOTTLING DISTRIBUTION	10,525,749	5	0.48%	-	-	0.00%
MENARD INC	RETAIL STORE	10,009,692	6	0.46%	6,244,800	6	0.52%
WAL-MART	RETAIL STORE	9,942,757	7	0.45%	9,792,578	2	0.81%
BLACK HILLS NEBRASKA GAS LLC	UTILITY	8,850,739	8	0.40%	-	-	0.00%
SABRA HEALTH CARE HOLDINGS III LLC	REAL ESTATE	8,139,017	9	0.37%	-	-	0.00%
NORFOLK IRON & METAL CO	STEEL DISTRIBUTION	7,936,625	10	0.36%	-	-	0.00%
N S P LLC	SHOPPING MALL	-	-	0.00%	13,165,843	1	1.09%
HEARTLAND PANTRY INC	RETAIL STORE	-	-	0.00%	8,800,461	4	0.73%
HERITAGE OF NORFOLK INC	NURSING HOME	-	-	0.00%	6,565,133	5	0.55%
QWEST CORPORATION	UTILITY	-	-	0.00%	5,008,859	7	0.42%
NYE NORFOLK LLC	APARTMENTS	-	-	0.00%	4,721,642	8	0.39%
DAYTON HUDSON CORP	RETAIL STORE	-	-	0.00%	4,703,809	9	0.39%
M F P MID-AMERICA SHOPPING CENTER	RETAIL STORE	-	-	0.00%	4,500,000	10	0.37%
TOTAL		\$ 134,438,564		6.12%	\$ 72,832,445		6.05%

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
2022	\$ 5,968,681	\$ 5,837,422	97.80%	-	\$ 5,837,422	97.80%
2021	4,774,439	4,662,468	97.65%	106,921	4,769,389	99.89%
2020	4,307,369	4,195,494	97.40%	97,175	4,292,669	99.66%
2019	4,153,321	3,586,171	86.34%	556,900	4,143,071	99.75%
2018	3,790,655	3,687,877	97.29%	91,051	3,778,928	99.69%
2017	3,573,866	3,466,463	96.99%	96,444	3,562,907	99.69%
2016	3,340,527	3,268,556	97.85%	71,971	3,340,527	100.00%
2015	3,189,630	3,089,071	96.85%	100,559	3,189,630	100.00%
2014	2,827,106	2,747,980	97.20%	79,126	2,827,106	100.00%
2013	2,825,242	2,736,874	96.87%	88,368	2,825,242	100.00%

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	LEASES	REVENUE BONDS	LEASES			
2022	\$ 25,582,432	\$ 4,200,000	\$ 71,654	\$ 12,931,929	\$ 47,768	\$ 42,833,783	N/A	N/A
2021	8,668,702	4,615,000	-	8,156,894	-	21,440,596	858.76	1.01
2020	12,016,891	1,650,000	-	8,548,370	-	22,215,261	890.21	1.16
2019	14,168,543	1,790,000	-	8,936,054	-	24,894,597	1,018.23	1.37
2018	13,880,514	2,095,000	-	9,290,187	-	25,265,701	1,024.94	1.41
2017	14,606,376	905,000	-	5,700,000	-	21,211,376	868.11	1.26
2016	16,912,454	1,105,000	-	6,595,000	-	24,612,454	1,010.86	1.54
2015	19,950,000	990,000	-	7,440,000	-	28,380,000	1,164.74	1.79
2014	20,100,000	1,195,000	-	8,305,000	-	29,600,000	1,210.93	1.91
2013	18,960,000	1,535,000	-	9,160,000	-	29,655,000	1,208.83	1.97

Notes: (1) See Table 16 for income and population data. 2022 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
2022	\$ 25,582,432	\$ 1,613,881	\$ 27,196,313	\$ 5,032,126	\$ 22,164,187	N/A	1.06%
2021	8,668,702	1,772,854	10,441,556	4,010,592	6,430,964	257.58	0.35%
2020	12,016,891	632,066	12,648,957	3,556,622	9,092,335	364.35	0.51%
2019	14,168,543	685,102	14,853,645	3,221,437	11,632,208	475.77	0.73%
2018	13,880,514	788,653	14,669,167	2,879,341	11,789,826	478.27	0.77%
2017	14,606,376	303,025	14,909,401	2,575,381	12,334,020	504.79	0.87%
2016	16,912,454	382,930	17,295,384	2,310,289	14,985,095	615.45	1.12%
2015	19,950,000	339,878	20,289,878	2,056,725	18,233,153	748.30	1.44%
2014	20,100,000	407,083	20,507,083	1,718,817	18,788,266	768.62	1.55%
2013	18,960,000	470,340	19,430,340	1,556,817	17,873,523	728.85	1.54%

Notes: (1) See Table 16 for population data. 2022 population numbers are unavailable.

CITY OF NORFOLK, NEBRASKA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2022

TABLE 14

GOVERNMENTAL UNITS	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (1)	DIRECT AND OVERLAPPING DEBT TO THE CITY
DIRECT:			
CITY	\$ 29,782,432	100.00%	\$ 29,782,432
OVERLAPPING:			
Norfolk School District #2	\$ 6,400,000	71.10%	\$ 4,550,400

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	
2022	\$ 11,911,894	\$ 7,833,571	\$ 4,078,323	\$ 395,000	\$ 274,273	\$ 669,273	6.09
2021	10,750,245	7,126,706	3,623,539	380,000	206,094	586,094	6.18
2020	10,437,223	7,278,850	3,158,373	370,000	211,223	581,223	5.43
2019	10,149,488	6,610,735	3,538,753	330,000	215,626	545,626	6.49
2018	9,558,203	6,569,173	2,989,030	290,000	222,689	512,689	5.83
2017	9,463,735	5,806,596	3,657,139	895,000	163,784	1,058,784	3.45
2016	8,622,767	5,353,538	3,269,229	845,000	183,051	1,028,051	3.18
2015	8,109,112	5,234,995	2,874,117	865,000	184,233	1,049,233	2.74
2014	8,510,448	5,307,088	3,203,360	855,000	198,501	1,053,501	3.04
2013	8,344,442	5,524,293	2,820,149	905,000	182,034	1,087,034	2.59

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)
2022	N/A	N/A	N/A	4,546	2.0%
2021	24,967	2,126,201	60,169	4,480	1.4%
2020	24,955	1,918,321	55,104	4,437	3.5%
2019	24,449	1,817,604	51,785	4,573	2.8%
2018	24,651	1,791,894	50,630	4,446	2.5%
2017	24,434	1,689,969	48,087	4,370	2.7%
2016	24,348	1,599,237	45,673	4,325	3.0%
2015	24,366	1,587,171	45,264	4,244	2.6%
2014	24,444	1,550,788	44,089	4,069	2.7%
2013	24,523	1,506,700	42,709	4,148	2.9%

Sources: (1) These figures are estimates compiled from the most recent data available from the Bureau of Census and the NE Dept of Labor. 2022 numbers are unavailable.
 (2) Bureau of Economic Analysis. 2022 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	2022			2013		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Faith Regional Health Services	1,385	1	5.55%	1,275	1	5.59%
Nucor Corporation	1,154	2	4.62%			
Northeast Community College	751	3	3.01%			
Norfolk Public Schools	664	4	2.66%	705	2	3.09%
Associated Wholesale Grocers	448	6	1.79%			
Walmart	375	5	1.50%	407	7	1.78%
Conitech	348	7	1.39%			
Norfolk Iron & Metal Co	275	8	1.10%	320	9	1.40%
Cardinal Health	220	9	0.88%			
Wis-Pak	156	10	0.62%	102	10	0.45%
Affiliated Foods Midwest				654	3	2.87%
Covidien				500	4	2.19%
Nucor Steel Division of Nucor Corp				423	6	1.85%
Vulcraft Division of Nucor Corp				478	5	2.09%
Veyance Technologies				350	8	1.53%
Total	5,776		23.12%	5,214		22.84%

Source: City of Norfolk Economic Development

CITY OF NORFOLK, NEBRASKA

TABLE 18

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

	Full-Time Equivalent City Government Employees by Function as of September 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	30.00	27.75	28.15	26.34	29.00	29.00	29.00	26.88	25.88	25.88
Engineering	6.00	6.00	6.00	6.00	7.00	6.00	6.00	6.00	5.00	5.00
Public Safety										
Police	50.94	63.50	62.50	62.40	62.00	60.50	60.00	60.00	58.00	58.00
Fire	34.90	35.40	35.40	31.55	36.55	36.05	36.05	37.00	37.00	37.00
Region 11	1.10	1.10	1.10	0.95	0.95	0.95	0.95	1.00	1.00	1.00
SNARE	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.50
Dispatch	16.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Streets	18.60	23.60	23.60	22.62	22.62	22.62	22.62	23.25	23.25	23.25
Fleet	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planning & Development	6.00	6.00	6.00	7.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture & Recreation										
Parks	25.40	24.40	24.40	21.00	19.00	19.00	20.00	20.00	22.00	21.00
Recreation	0.00	0.00	0.00	2.00	2.00	2.00	2.00	2.00	2.00	1.67
Auditorium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.43
Library	16.07	16.07	16.07	16.07	15.64	15.64	15.21	15.38	15.38	15.1
Housing	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75
Economic Development										
Operating	3.00	3.25	3.25	2.66	2.00	3.00	3.00	3.00	3.00	2.00
Water	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Sewer Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water Pollution Control	9.50	8.50	8.50	8.50	8.50	8.50	8.50	9.00	9.00	9.00
Solid Waste Management	8.88	8.88	7.88	8.38	7.38	7.38	6.38	5.38	6.38	6.38
Stormwater Utility	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	253.59	246.58	244.98	236.60	233.77	231.77	230.84	229.77	228.77	228.96

Source: City of Norfolk Finance

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

TABLE 19

FUNCTION	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Purchase Orders Processed	-	-	-	-	-	-	-	-	31	765
Water/Sewer Customers Billed	9,968	9,863	9,835	9,712	9,649	9,633	9,602	9,551	9,523	9,479
Engineering										
Miles of Paving Districts	1.51	3.35	0.68	0.78	0.00	0.00	0.14	0.33	0.00	0.00
Miles of Street Reconstruction	7.40	0.45	0.71	1.20	1.40	0.00	0.17	0.32	0.10	0.40
Public Safety										
Police:										
Criminal Arrests	1,179	1,107	1,279	1,178	1,525	1,465	1,392	1,394	1,448	1,645
Traffic Arrests	2,033	3,012	2,226	2,115	1,865	2,129	2,391	3,097	2,388	2,294
Drug/Alcohol Arrests	639	849	797	709	705	712	749	696	705	817
Fire:										
Rescue Calls	2,646	2,430	2,078	2,048	2,100	1,960	2,066	2,007	1,912	1,941
Fire Calls	424	361	352	363	329	316	316	358	321	323
Culture and Recreation										
Library										
Total Circulation	236,094	227,974	200,529	288,029	253,346	265,698	295,787	309,281	321,954	320,282
Community Improvement and Development										
Planning and Development										
Building Permits	527	501	516	457	423	461	423	411	388	347
Water:										
Water Inspections	65	66	53	53	59	69	56	51	56	66
Locates	5,941	8,663	5,548	3,354	3,308	3,565	3,475	3,198	3,272	3,449
Sewer:										
Water Pollution Control										
Billion of Gallons treated	1.043	1.103	1.077	1.253	1.128	1.054	1.099	1.02	1.02	1.077
Sewer Maintenance										
Sewer Inspections	42	35	37	29	46	48	31	35	34	61
Solid Waste Management										
Average Daily Tonnage	113	113	111	122	113	112	109	106	102	104

Sources: Various City Departments

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
City Auditorium (1)	-	-	-	-	-	-	-	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
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)	207.14	155.41	150.70	147.75	147.15	145.56	145.09	144.55	144.09	144.08
Streetlights	2,550	2,357	2,344	2,327	2,282	2,305	2,277	2,279	2,257	2,257
Parks										
Parks Acreage	474.78	474.78	430.96	422.20	422.20	422.20	421.60	421.60	414.00	403.50
Parks #	16.00	16.00	16.00	16.00	16.00	13.00	13.00	13.00	13.00	13.00
Swimming Pools	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tennis Courts	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Library										
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)	190.00	146.00	141.00	137.00	131.00	127.00	126.00	126.00	129.00	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)	158.00	145.00	145.00	142.00	140.00	137.00	133.00	131.00	128.00	127.00
Sewage treatment plants	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

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

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

Sources: Various City Departments

SINGLE AUDIT SECTION

City of Norfolk, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Direct Financial Assistance:			
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,369
		Program 16.607 Subtotal	<u>2,369</u>
U.S. Federal Communications Commission			
Emergency Connectivity Fund	32.009	N/A	18,557
		Program 32.009 Subtotal	<u>18,557</u>
Indirect Financial Assistance:			
U.S. Department of Treasury			
Pass-Through the Nebraska Emergency Management Agency			
COVID-19 - Coronavirus Relief Fund	21.019	STL0003	12,947
		Program 21.019 Subtotal	<u>12,947</u>
Pass-Through the Nebraska Department of Administrative Services			
Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA	1,232,202
		Program 21.027 Subtotal	<u>1,232,202</u>
U.S. Department of Health & Human Services			
Pass-Through the Nebraska Dept of Health & Human Services and the Elkhorn-Logan Valley Health Dept			
Block Grants for Community Mental Health Services	93.959	N/A	3,000
		Program 93.959 Subtotal	<u>3,000</u>
Pass-Through the Nebraska Game & Parks Commission			
Highway Planning and Construction Cluster			
Recreational Trails Program	20.219	RTP 2019(003)	227,087
Recreational Trails Program	20.219	RTP 2017(001)	87,722
		Program 20.219 Subtotal	<u>314,809</u>
U.S. Department of Homeland Security			
Pass-Through the Nebraska Emergency Management Agency			
COVID 19 - Disaster Grants-Public Assistance	97.036	DR-4521 PW206	29,175
		Program 97.036 Subtotal	<u>29,175</u>
Emergency Management Performance Grants	97.042	2021-EMPG	32,594
Emergency Management Performance Grants	97.042	2021-EMPG ARPA	1,438
Emergency Management Performance Grants	97.042	2019-SHSP	482
		Program 97.042 Subtotal	<u>34,514</u>
U.S. Department of Housing & Urban Development			
Pass-Through Nebraska Department of Economic Development			
Community Development Block Grant	14.228	17-DTR-104	13,444
Community Development Block Grant	14.228	20-EDCV-002	503,800
Community Development Block Grant	14.228	19-TD-002	102,074
		Program 14.228 Subtotal	<u>619,318</u>
National Endowment for the Arts			
Pass-Through Nebraska Arts Council			
Creative Aging Through the Arts	45.025	#4211	1,750
		Program 45.025 Subtotal	<u>1,750</u>
Institute of Museum and Library Services			
Pass-Through Nebraska Library Commission			
COVID-19 American Rescue Plan Act	45.310	ARPA Grant	15,473
		Program 45.310 Subtotal	<u>15,473</u>
Laura Bush 21st Century Librarian Program	45.313	Intern Grant	1,000
		Program 45.313 Subtotal	<u>1,000</u>
Total Federal Award Expenditures			\$ <u>2,285,114</u>

City of Norfolk, Nebraska
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Note 1: The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Norfolk, Nebraska (the City) under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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

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

Independent Auditor's Report

Honorable Members of the City Council
City of Norfolk, Nebraska

We have audited, in accordance with 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 (*Government Auditing Standards*), 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, 2022, 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 27, 2023, which included an "Emphasis of Matter" paragraph for a change in accounting principle.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

FORVIS, LLP

Lincoln, Nebraska
March 27, 2023

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

Independent Auditor's Report

Honorable Members of the City Council
City of Norfolk, Nebraska

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Norfolk, Nebraska's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2022. 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.

In our opinion, the City of Norfolk, Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion

on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed

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.

FORVIS,LLP

Lincoln, Nebraska
March 27, 2023

City of Norfolk, Nebraska
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2022

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low risk auditee? **Yes** **No**

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable.	

Section III – Federal Awards Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

**City of Norfolk, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022**

Reference Number	Summary of Finding	Status
	No matters are reportable.	