

CITY OF NORFOLK, NEBRASKA

Financial Statements and Reports Required by
Governmental Auditing Standards and OMB Circular A-133

For the Year Ended September 30, 2009

CITY OF NORFOLK, NEBRASKA

REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS* AND OMB CIRCULAR A-133

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**Independent Auditor's Report on Supplementary
Schedule of Expenditures of Federal Awards**

The Honorable Mayor, City Council and City
Administrator of the City of Norfolk, Nebraska:

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, 2009, and have issued our report thereon dated March 29, 2010. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was performed for the purpose of forming an opinion on the financial statements of the City taken as a whole. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

March 29, 2010

CITY OF NORFOLK NEBRASKA

Supplementary Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
Direct Financial Assistance:			
U.S. Department of Health and Human Services			
Community Based Abstinence Education	93.010	90AE0130/01	\$ 377,442
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		1,625
Indirect Financial Assistance:			
U.S. Department of Housing & Urban Development			
Pass-Through the Nebraska Department of Economic Development:			
Community Development Block Grant	14.228	06-ED-007	276,918
Community Development Block Grant	14.228	07-CR-007	15,000
Community Development Block Grant	14.228	08-CR-007	1,980
Community Development Block Grant	14.228	09-CR-007	100
			<u>293,998</u>
U.S. Department of Justice			
Pass-Through the Nebraska Crime Commission:			
Edward Byrne Memorial Formula Grant Program	16.579	07-DA-303	15,167
Edward Byrne Memorial Formula Grant Program	16.579	08-DA-301	25,052
Edward Byrne Memorial Formula Grant Program	16.579	08-DA-3001	6,214
			<u>46,433</u>
U.S. Department of Transportation			
Pass-Through the Nebraska Office of Highway Safety:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		1,616
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	471-DMV-3905	13,013
			<u>14,629</u>
Pass-Through the Nebraska Department of Roads:			
Highway Planning and Construction	20.205		215,949
Pass-Through the NE Emergency Management Agency:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		\$ 467

(Continued)

CITY OF NORFOLK NEBRASKA

Supplementary Schedule of Expenditures of Federal Awards - Continued

For the Year Ended September 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
Indirect Financial Assistance:			
U.S. Department of Health and Human Services			
Pass-Through the Nebraska Department of Human Services and the Elkhorn Logan Valley Health Department:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		\$ 4,000
U.S. Department of Homeland Security			
Pass-Through the Nebraska Emergency Management Agency:			
Emergency Management Performance Grants	97.042	2007-EM-E7-0081	8,595
Emergency Management Performance Grants	97.042	2008-EM-E8-0032	31,878
			<u>40,473</u>
Assistance to Firefighters Grant	97.044	EMW-2008-FO-08537	<u>70,082</u>
Homeland Security Grant Program	97.067	2005-GE-T5-0020	15,498
Homeland Security Grant Program	97.067	2006-GE-T6-0016	219,979
Homeland Security Grant Program	97.067	2007-GE-T7-0035	9,393
			<u>244,870</u>
Total Federal Award Expenditures			<u>\$ 1,309,968</u>

CITY OF NORFOLK, NEBRASKA

Notes to the Supplementary Schedule of Expenditures of Federal Awards
Year Ended September 30, 2009

1. Summary of Significant Accounting Policies

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

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

2. Pass-Through Awards

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



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

The Honorable Mayor, City Council and City
Administrator of the City of Norfolk, Nebraska:

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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report

financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-09 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

The City's response to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Norfolk, Nebraska, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Williams & Company, P.C.
Certified Public Accountants

March 29, 2010



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Independent Auditors'
Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133

The Honorable Mayor, City Council and City
Administrator of the City of Norfolk, Nebraska:

Compliance

We have audited the compliance of the City of Norfolk, Nebraska (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in a material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Norfolk, Nebraska, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.
Certified Public Accountants

March 29, 2010

CITY OF NORFOLK, NEBRASKA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009

Recommendation - The City should review their procedures to ensure all contract payables and capital asset additions are identified and included in the City's financial statements.

Response - We will double check these in the future to avoid any missing payables or other items.

Conclusion - Response accepted.

- III. Findings and Questioned Costs Relating to Federal Awards - None.
- IV. Summary Schedule of Prior Audit Findings - There were no prior year audit findings.