

**CITY OF OGALLALA, NEBRASKA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**September 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the City Council  
City of Ogallala, Nebraska

We have audited the accompanying financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component unit - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Ogallala, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash and accrual bases of accounting described in Note A; this includes determining that the modified cash and accrual bases of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

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and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities – modified cash basis, the business-type activities – accrual basis, the aggregate discretely presented component unit - accrual basis, each major fund – modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Ogallala, Nebraska, as of September 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

## **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting for the governmental activities and governmental funds. The governmental financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ogallala, Nebraska's financial statements. The management's discussion and analysis and supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The nonmajor governmental funds combining statements, statement of general fund departmental revenue and expenditures, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information described in the first sentence of this paragraph and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The management's discussion and analysis and budgetary comparison schedules, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the City of Ogallala, Nebraska'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 of Ogallala'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 of Ogallala, Nebraska's internal control over financial reporting and compliance.

AMGL, P.C.

Grand Island, Nebraska  
December 8, 2020

**CITY OF OGALLALA, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2020**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Ogallala, we offer readers of the City of Ogallala financial statements this narrative overview and analysis of the financial activities of the City of Ogallala for the fiscal year ended September 30, 2020. For information on the Ogallala Community Redevelopment Authority component unit included in these financial statements, please see the separate audit report for the Authority.

**Financial Highlights**

- The assets of the City of Ogallala exceeded its liabilities at the close of the most recent fiscal year by \$23,978,288 (*net position*). Of this amount, \$5,649,215 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Ogallala's governmental funds reported combined ending net position of \$15,308,063. Approximately 17.3 percent of this total amount, \$2,646,641, is *unrestricted net position*.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,213,718, or 19.7 percent of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Ogallala's financial statements. The City of Ogallala's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary and other information in addition to the financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ogallala's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Ogallala's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Ogallala is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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Both of the government-wide financial statements distinguish functions of the City of Ogallala that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Ogallala include general government, public safety, highways and streets, economic development, and culture and recreation. The business-type activities of the City of Ogallala include the Water and Sewer Enterprise Funds.

The government-wide financial statements include not only the City of Ogallala itself (known as the *primary government*), but also the Ogallala Community Redevelopment Authority, for which the City of Ogallala is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ogallala, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ogallala can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Ogallala maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Street Fund, and the Debt Service Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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The City of Ogallala adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General, Street, and Debt Service Funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 16-19 of this report.

**Proprietary funds.** The City of Ogallala maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Ogallala uses enterprise funds to account for its Water and Sewer Funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Ogallala's various functions. The City of Ogallala uses an internal service fund to account for its employee health insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, both of which are considered to be major funds of the City of Ogallala.

The proprietary fund financial statements can be found on pages 20-22 of this report.

**Notes to the financial statements.** 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 to the financial statements can be found on pages 23-57 of this report.

**Other information.** In addition to the financial statements and accompanying notes, this report also presents certain *supplementary and other information* concerning the City of Ogallala's budgetary comparison schedules, nonmajor combining statements, and general fund revenue and expenses by department can be found on pages 58-63 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ogallala, assets exceeded liabilities by \$23,978,288 at the close of the most recent fiscal year.



**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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**Summary Statements of Net Position**

	<b>2020</b>	<b>2019</b>
Current and Other Assets	\$ 7,211,149	\$ 6,898,202
Capital Assets	29,635,431	26,331,502
Total Assets	36,846,580	33,229,704
Long-term Liabilities	11,658,879	9,602,892
Other Liabilities	1,209,413	1,228,985
Total Liabilities	12,868,292	10,831,877
Net Position:		
Net Investment in Capital Assets	16,969,413	15,851,838
Restricted	1,359,660	505,194
Unrestricted	5,649,215	6,040,795
Total Net Position	\$ 23,978,288	\$ 22,397,827

A large portion of the City of Ogallala's net position (70.8 percent) reflects its investment in capital assets (land, infrastructure, buildings, distribution systems, vehicles, and equipment), net of any related debt used to acquire those assets that is still outstanding. The City of Ogallala uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Ogallala'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 other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Ogallala's net position (5.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,649,215) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Ogallala is able to report positive balances in all three categories of net position, for the government as a whole as well as for its separate governmental and business-type activities.

**CITY OF OGALLALA, NEBRASKA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2020**

**Expenses and Program Revenues - Governmental Activities**

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
General Government	\$ 469,119	\$ 1,092,832	\$ 568,272	\$ 1,394,904
Economic Development	-	30,221	-	-
Public Safety	203,963	1,330,922	218,624	1,300,155
Public Works	133,656	984,539	268,274	1,047,808
Environment and Leisure	1,377,004	1,465,829	1,239,126	1,463,780
Hospital Debt Service	-	151,907	-	454,526
Interest on Long-term Debt	88,581	194,552	88,279	158,069
Depreciation	-	1,305,756	-	1,150,369
	<u>\$ 2,272,323</u>	<u>\$ 6,556,558</u>	<u>\$ 2,382,575</u>	<u>\$ 6,969,611</u>

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
Charges for Services	\$ 774,689	10.01	%	\$ 826,994	9.78	%
Operating Grants and Contributions	493,088	6.37		641,398	7.59	
Capital Grants and Contributions	1,004,546	12.99		914,183	10.81	
Property Taxes	1,276,736	16.50		1,244,062	14.71	
Motor Vehicle Taxes	109,005	1.41		106,834	1.26	
Sales Tax	1,986,148	25.67		1,851,951	21.90	
Franchise Taxes	1,116,472	14.43		1,310,634	15.50	
State Allocation	834,448	10.79		798,709	9.45	
Keno	61,509	0.80		38,726	0.46	
Interest	5,722	0.08		4,953	0.06	
Gain on Disposal of Assets	56,575	0.73		692,361	8.19	
Other	17,230	0.22		24,053	0.29	
Total	<u>\$ 7,736,168</u>	<u>100.00</u>	<u>%</u>	<u>\$ 8,454,858</u>	<u>100.00</u>	<u>%</u>

Net position increased \$1,179,610 in the governmental funds during the year ended September 30, 2020.

**Business-type activities.** Business-type activities increased the City of Ogallala's net position by \$400,851.

**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

**Expenses and Program Revenues - Business-type Activities**

<u>Function</u>	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Water	\$ 1,411,822	\$ 1,171,660	\$ 1,290,324	\$ 1,036,528
Sewer	864,371	750,298	864,345	765,594
Total	<u>\$ 2,276,193</u>	<u>\$ 1,921,958</u>	<u>\$ 2,154,669</u>	<u>\$ 1,802,122</u>

**Revenues by Source - Business-type Activities**

**SOURCES OF REVENUE**

	<u>Year Ended September 30, 2020</u>		<u>Year Ended September 30, 2019</u>	
Charges for Services	\$ 2,122,553	91.38 %	\$ 1,996,153	87.60 %
Capital Grants and Contributions	153,640	6.61	158,516	6.96
Gain on Assets/Insurance	36,000	1.55	112,558	4.94
Interest	10,616	0.46	11,337	0.50
Total	<u>\$ 2,322,809</u>	<u>100.00 %</u>	<u>\$ 2,278,564</u>	<u>100.00 %</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Ogallala used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Ogallala's *governmental* funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Ogallala's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Ogallala's governmental funds reported combined ending fund balances of \$3,738,552. Approximately 32.5 percent of this total amount (\$1,213,718) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is not available for new spending because it is 1) restricted for Federal programs (\$124,398), 2) restricted to pay debt service (\$184,281), 3) restricted for street improvements (\$653,891), 4) restricted for economic development (\$188,152), 5) restricted for the library project (\$50,060), 6) nonspendable endowment to generate income to pay for the perpetual care of the municipal cemetery (\$158,878), 7) committed for community betterment (\$107,165), 8) assigned for budgetary stabilization (\$419,527), or 9) assigned for insurance funded repairs (\$638,482).

**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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The General Fund is the chief operating fund of the City of Ogallala. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,213,718, while total fund balance reached \$2,595,221. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.7 percent of total General Fund expenditures, while total fund balance represents 42.0 percent of that same amount.

The fund balance of the City of Ogallala's General Fund decreased by \$8,601 during the current fiscal year.

**Proprietary funds.** The City of Ogallala's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the year were as follows: Water Fund - \$2,074,153 and Sewer Fund - \$928,421. The net position for the proprietary funds changed as follows: Water Fund - increase of \$284,264 and Sewer Fund – increase of \$116,587. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Ogallala's business-type activities.

### **General Fund Budgetary Highlights**

There was no difference between the original budget and the final adopted budget for the General, Street and Debt Service Funds.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Ogallala's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$29,635,431 (net of accumulated depreciation). This investment in capital assets includes land, streets, building and system improvements, vehicles, equipment, and construction in progress.

Major capital asset events (individually greater than \$20,000) during the current fiscal year included the following:

- City Hall renovations - \$38,368
- Construction costs on library project - \$1,764,216
- Construction in progress on 6 place T-hangar project for the airport - \$103,162
- Land for fireworks - \$100,462 (with \$81,000 covered by donations)
- Boiler replacement for the pool - \$28,680
- Construction costs on East First Street South improvements donated by CRA - \$69,688
- Construction costs on water improvement project - \$1,147,066
- Construction in progress on wastewater improvement project - \$1,433,367
- Wastewater treatment plant headworks building roof - \$27,680
- Wastewater treatment plant administration building roof - \$26,480

**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

**City of Ogallala's Capital Assets**  
**(net of depreciation)**

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Land	\$ 435,493	\$ 307,916	\$ 743,409	\$ 335,031	\$ 307,916	\$ 642,947
Construction in progress	103,162	2,077,335	2,180,497	895,911	1,710,482	2,606,393
Infrastructure	11,447,266	-	11,447,266	11,787,800	-	11,787,800
Buildings and Improvements	5,018,791	-	5,018,791	2,758,000	-	2,758,000
Distribution Systems	-	8,422,581	8,422,581	-	6,502,894	6,502,894
Equipment	1,066,889	452,151	1,519,040	1,094,812	520,103	1,614,915
Vehicles	303,847	-	303,847	418,553	-	418,553
Total	<u>\$ 18,375,448</u>	<u>\$ 11,259,983</u>	<u>\$ 29,635,431</u>	<u>\$ 17,290,107</u>	<u>\$ 9,041,395</u>	<u>\$ 26,331,502</u>

Additional information on the City of Ogallala's capital assets can be found in Note C5 on pages 41-44 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Ogallala had the following long-term debt outstanding:

**City of Ogallala's Outstanding Debt**

	<u>Year Ended September 30, 2020</u>			<u>Year Ended September 30, 2019</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
General Obligation Bonds	\$ 6,285,957	\$ 474,043	\$ 6,760,000	\$ 6,748,144	\$ 511,856	\$ 7,260,000
Notes Payable	787,729	5,118,289	5,906,018	53,932	3,165,732	3,219,664
Total	<u>\$ 7,073,686</u>	<u>\$ 5,592,332</u>	<u>\$ 12,666,018</u>	<u>\$ 6,802,076</u>	<u>\$ 3,677,588</u>	<u>\$ 10,479,664</u>

The City of Ogallala's total debt increased by \$2,186,354 (20.9 percent) due primarily to the issuance of an \$800,000 library note payable, drawing \$614,559 on a DEQ water note payable, and drawing \$1,612,465 on a DEQ sewer note payable during the year.

The City of Ogallala does not have a bond rating.

Additional information on the City of Ogallala's long-term debt can be found in Note C6 on pages 44-50 of this report.

**CITY OF OGALLALA, NEBRASKA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended September 30, 2020**

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**Economic Factors and Next Year's Budgets and Rates**

- The property tax asking for the year ending September 30, 2021 increased \$93,115 (7.9 percent) over the prior year.
- The City analyzed water and sewer rates for potential increases during the year ending September 30, 2021.
- At September 30, 2020, the City had contractual commitments totaling \$756,859 for the airport hangar project.
- The City also had a \$147,409 contractual commitment on the wastewater treatment plant roof project as of September 30, 2020.
- At September 30, 2020, the City had a contractual commitment of \$48,600 for variable frequency drives for blowers at the wastewater treatment plant.
- The City also had contractual commitments totaling \$64,550 at September 30, 2020 for the wastewater improvement project.

**Request for Information**

This financial report is designed to provide a general overview of the City of Ogallala's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, City of Ogallala, 411 East 2nd Street, Ogallala, NE 69153.

**CITY OF OGALLALA, NEBRASKA**

**STATEMENT OF NET POSITION**

**September 30, 2020**

	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,620,084	\$ 2,498,691	\$ 5,118,775	\$ 337,504
County treasurer cash	63,413	-	63,413	54,639
Accounts receivable	-	247,260	247,260	-
Unbilled revenue	-	89,413	89,413	-
Current portion of TIF receivables	-	-	-	572,629
Prepaid expenses	-	2,203	2,203	-
Inventory	-	94,697	94,697	-
<b>Total current assets</b>	<b>2,683,497</b>	<b>2,932,264</b>	<b>5,615,761</b>	<b>964,772</b>
Noncurrent assets:				
Restricted cash	1,361,804	35,650	1,397,454	25,000
Note receivable	-	197,934	197,934	-
Noncurrent TIF receivables	-	-	-	5,210,000
Capital assets:				
Land	435,493	307,916	743,409	60,678
Construction in progress	103,162	2,077,335	2,180,497	-
Other capital assets, net of depreciation	17,836,793	8,874,732	26,711,525	-
<b>Net capital assets</b>	<b>18,375,448</b>	<b>11,259,983</b>	<b>29,635,431</b>	<b>60,678</b>
<b>Total noncurrent assets</b>	<b>19,737,252</b>	<b>11,493,567</b>	<b>31,230,819</b>	<b>5,295,678</b>
<b>Total assets</b>	<b>22,420,749</b>	<b>14,425,831</b>	<b>36,846,580</b>	<b>6,260,450</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	44,200	44,200	1,286
Accrued expenses	-	83,424	83,424	-
Claims incurred but not paid	39,000	-	39,000	-
Customer deposits	-	35,650	35,650	-
Current portion of long-term obligations	555,976	451,163	1,007,139	342,589
<b>Total current liabilities</b>	<b>594,976</b>	<b>614,437</b>	<b>1,209,413</b>	<b>343,875</b>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	6,517,710	5,141,169	11,658,879	2,207,452
<b>Total liabilities</b>	<b>7,112,686</b>	<b>5,755,606</b>	<b>12,868,292</b>	<b>2,551,327</b>
<b>NET POSITION</b>				
Net investment in capital assets	11,301,762	5,667,651	16,969,413	60,678
Restricted for:				
Federal programs	124,398	-	124,398	-
Debt service	184,281	-	184,281	25,000
Economic development	188,152	-	188,152	-
Street improvements	653,891	-	653,891	-
Cemetery perpetual care	158,878	-	158,878	-
Library project	50,060	-	50,060	-
Unrestricted	2,646,641	3,002,574	5,649,215	3,623,445
<b>Total net position</b>	<b>\$ 15,308,063</b>	<b>\$ 8,670,225</b>	<b>\$ 23,978,288</b>	<b>\$ 3,709,123</b>

See notes to financial statements.

**CITY OF OGALLALA, NEBRASKA**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental activities</b>			
<b>(modified cash basis):</b>			
General government	\$ 1,092,832	\$ 266,810	\$ 202,309
Economic development	30,221	-	-
Public safety	1,330,922	168,442	28,712
Public works	984,539	53,951	-
Environment and leisure	1,465,829	285,486	173,486
Hospital debt service	151,907	-	-
Interest/fees on long-term debt	194,552	-	88,581
Depreciation - unallocated	1,305,756	-	-
Total governmental activities	6,556,558	774,689	493,088
<b>Business-type activities</b>			
<b>(accrual basis):</b>			
Water	1,171,660	1,258,182	-
Sewer	750,298	864,371	-
Total business-type activities	1,921,958	2,122,553	-
<b>Total primary government</b>	<b>\$ 8,478,516</b>	<b>\$ 2,897,242</b>	<b>\$ 493,088</b>
<b>Component unit (accrual basis):</b>			
Community Redevelopment Authority	\$ 95,804	\$ -	\$ 722,180

See notes to financial statements.



Net (Expenses) Revenues and Changes in Net Position				
	Primary Government			Component Unit (Accrual Basis)
	Governmental Activities (Modified Cash Basis)	Business-type Activities (Accrual Basis)	Total	
Capital Grants and Contributions				
\$ -	\$ (623,713)		\$ (623,713)	
-	(30,221)		(30,221)	
6,809	(1,126,959)		(1,126,959)	
79,705	(850,883)		(850,883)	
918,032	(88,825)		(88,825)	
-	(151,907)		(151,907)	
-	(105,971)		(105,971)	
-	(1,305,756)		(1,305,756)	
<u>1,004,546</u>	<u>(4,284,235)</u>	<u>\$ -</u>	<u>(4,284,235)</u>	
153,640	-	240,162	240,162	
-	-	114,073	114,073	
<u>153,640</u>	<u>-</u>	<u>354,235</u>	<u>354,235</u>	
<u>\$ 1,158,186</u>	<u>(4,284,235)</u>	<u>354,235</u>	<u>(3,930,000)</u>	
<u>\$ -</u>				<u>\$ 626,376</u>
General revenues:				
Taxes:				
Property	1,276,736	-	1,276,736	60,591
Motor vehicle	109,005	-	109,005	-
Sales tax	1,986,148	-	1,986,148	-
Franchise	1,116,472	-	1,116,472	-
State allocation	834,448	-	834,448	-
Keno	61,509	-	61,509	-
Interest income	5,722	10,616	16,338	794
Gain on sale of assets/insurance	56,575	36,000	92,575	-
Other	17,230	-	17,230	-
Total general revenues	<u>5,463,845</u>	<u>46,616</u>	<u>5,510,461</u>	<u>61,385</u>
Change in net position	1,179,610	400,851	1,580,461	687,761
Net position - September 30, 2019	<u>14,128,453</u>	<u>8,269,374</u>	<u>22,397,827</u>	<u>3,021,362</u>
Net position - September 30, 2020	<u>\$ 15,308,063</u>	<u>\$ 8,670,225</u>	<u>\$ 23,978,288</u>	<u>\$ 3,709,123</u>

**CITY OF OGALLALA, NEBRASKA**

**BALANCE SHEET - MODIFIED CASH BASIS -  
GOVERNMENTAL FUNDS**

**September 30, 2020**

	<u>General Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,529,169	\$ 653,891	\$ 169,487	\$ 322,097	\$ 3,674,644
County treasurer cash	63,357	-	56	-	63,413
Due from other funds	<u>2,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,695</u>
<b>Total assets</b>	<u><u>\$ 2,595,221</u></u>	<u><u>\$ 653,891</u></u>	<u><u>\$ 169,543</u></u>	<u><u>\$ 322,097</u></u>	<u><u>\$ 3,740,752</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 2,200	\$ -	\$ 2,200
Fund balances:					
Nonspendable:					
Cemetery perpetual care	158,878	-	-	-	158,878
Restricted for:					
Debt service	-	-	167,343	16,938	184,281
Economic development	-	-	-	188,152	188,152
Federal programs	7,391	-	-	117,007	124,398
Street improvements	-	653,891	-	-	653,891
Library project	50,060	-	-	-	50,060
Committed for:					
Community betterment	107,165	-	-	-	107,165
Assigned for:					
Budgetary stabilization	419,527	-	-	-	419,527
Insurance funded repairs	638,482	-	-	-	638,482
Unassigned	<u>1,213,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,213,718</u>
<b>Total fund balances</b>	<u><u>2,595,221</u></u>	<u><u>653,891</u></u>	<u><u>167,343</u></u>	<u><u>322,097</u></u>	<u><u>3,738,552</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,595,221</u></u>	<u><u>\$ 653,891</u></u>	<u><u>\$ 169,543</u></u>	<u><u>\$ 322,097</u></u>	<u><u>\$ 3,740,752</u></u>

See notes to financial statements.

CITY OF OGALLALA, NEBRASKA

RECONCILIATION OF THE BALANCE SHEET - MODIFIED  
CASH BASIS - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

September 30, 2020

<b>Total fund balances - governmental funds</b>		\$ 3,738,552
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$37,016,431, and the accumulated depreciation is \$18,640,983.		
		18,375,448
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		267,749
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds payable	\$ (6,285,957)	
Notes payable	<u>(787,729)</u>	<u>(7,073,686)</u>
<b>Total net position - governmental activities</b>		<b>\$ <u>15,308,063</u></b>

See notes to financial statements.

**CITY OF OGALLALA, NEBRASKA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

**For the year ended September 30, 2020**

	<u>General</u> <u>Fund</u>	<u>Street</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>					
Taxes:					
Property	\$ 1,249,782	\$ 2,907	\$ 350	\$ 23,696	\$ 1,276,735
Motor vehicle	-	109,005	-	-	109,005
Sales tax	1,424,744	164,840	-	396,565	1,986,149
Franchise	1,095,695	-	-	20,777	1,116,472
Intergovernmental	198,209	729,624	88,581	-	1,016,414
Grants	381,513	-	-	156,075	537,588
Charges for services	718,050	21,074	-	35,564	774,688
Keno receipts	61,509	-	-	-	61,509
Contributions	698,375	-	-	-	698,375
Interest income	4,501	-	279	486	5,266
Insurance proceeds	2,666	54,101	-	-	56,767
Bond proceeds	800,000	-	1,100,000	-	1,900,000
Other	15,813	820	-	598	17,231
Total revenues	<u>6,650,857</u>	<u>1,082,371</u>	<u>1,189,210</u>	<u>633,761</u>	<u>9,556,199</u>
<b>EXPENDITURES</b>					
General government	1,116,767	-	423	8,131	1,125,321
Economic development	-	-	-	30,221	30,221
Public safety	1,378,301	-	-	-	1,378,301
Public works	179,858	829,096	-	-	1,008,954
Environment and leisure	1,277,446	-	-	226,636	1,504,082
Capital outlay	2,169,889	141,695	-	-	2,311,584
Principal payments on debt	32,792	38,634	1,556,964	-	1,628,390
Interest on long-term debt	18,405	1,870	159,149	-	179,424
Bond fees	-	-	15,127	-	15,127
Other - Hospital debt service	-	-	-	151,907	151,907
Total expenditures	<u>6,173,458</u>	<u>1,011,295</u>	<u>1,731,663</u>	<u>416,895</u>	<u>9,333,311</u>
<b>Excess (deficiency) of revenues over expenditures</b>	477,399	71,076	(542,453)	216,866	222,888
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (out)	<u>(486,000)</u>	<u>-</u>	<u>486,000</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(8,601)	71,076	(56,453)	216,866	222,888
Fund balances - September 30, 2019	<u>2,603,822</u>	<u>582,815</u>	<u>223,796</u>	<u>105,231</u>	<u>3,515,664</u>
Fund balances - September 30, 2020	<u>\$ 2,595,221</u>	<u>\$ 653,891</u>	<u>\$ 167,343</u>	<u>\$ 322,097</u>	<u>\$ 3,738,552</u>

See notes to financial statements.

**CITY OF OGALLALA, NEBRASKA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2020**

**Total net change in fund balances - governmental funds** \$ 222,888

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capitalized capital outlay (\$2,311,584) and capital assets paid for by the Ogallala CRA (\$69,688) and donated by other organizations (\$10,017) exceeded depreciation expense (\$1,305,756) during the period.

1,085,533

Remaining basis on capital asset disposals does not impact the governmental funds, but the remaining basis reduces the gain on sale of assets on the statement of activities.

(192)

Bond and loan proceeds are reported as revenue in the governmental funds, but the issuance of bonds increases long-term liabilities in the statement of net position.

(1,900,000)

Repayments of bond and loan principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

1,628,390

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

142,991

**Change in net position of governmental activities**

\$ 1,179,610

See notes to financial statements.

**CITY OF OGALLALA, NEBRASKA**

**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**

**September 30, 2020**

	Enterprise Funds		Total	Governmental
	Water Fund	Sewer Fund		Activities - Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,665,530	\$ 833,161	\$ 2,498,691	\$ 307,244
Accounts receivable	156,445	90,815	247,260	-
Unbilled revenue	53,992	35,421	89,413	-
Prepaid expenses	1,128	1,075	2,203	-
Inventory	94,697	-	94,697	-
Total current assets	1,971,792	960,472	2,932,264	307,244
Noncurrent assets:				
Restricted cash	35,650	-	35,650	-
Note receivable	197,934	-	197,934	-
Capital assets:				
Land	221,549	86,367	307,916	-
Construction in progress	-	2,077,335	2,077,335	-
Distribution and collection systems	12,435,059	12,340,359	24,775,418	-
Equipment	434,679	697,823	1,132,502	-
Less accumulated depreciation	(7,133,151)	(9,900,037)	(17,033,188)	-
Net capital assets	5,958,136	5,301,847	11,259,983	-
Total noncurrent assets	6,191,720	5,301,847	11,493,567	-
<b>Total assets</b>	8,163,512	6,262,319	14,425,831	307,244
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	27,810	16,390	44,200	-
Due to (from) other funds	-	-	-	495
Accrued payroll and vacation	34,485	12,086	46,571	-
Accrued interest	19,148	3,575	22,723	-
Sales tax payable	14,130	-	14,130	-
Claims incurred but not paid	-	-	-	39,000
Customer deposits	35,650	-	35,650	-
Current portion of long-term obligations	179,537	271,626	451,163	-
Total current liabilities	310,760	303,677	614,437	39,495
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	3,222,774	1,918,395	5,141,169	-
<b>Total liabilities</b>	3,533,534	2,222,072	5,755,606	39,495
<b>NET POSITION</b>				
Net investment in capital assets	2,555,825	3,111,826	5,667,651	-
Unrestricted	2,074,153	928,421	3,002,574	267,749
<b>Total net position</b>	\$ 4,629,978	\$ 4,040,247	\$ 8,670,225	\$ 267,749

See notes to financial statements.

**CITY OF OGALLALA, NEBRASKA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**

**For the year ended September 30, 2020**

	Enterprise Funds			Governmental
	Water Fund	Sewer Fund	Total	Activities - Internal Service Fund
<b>Operating revenues:</b>				
Sales to customers	\$ 1,187,340	\$ 863,956	\$ 2,051,296	\$ -
Tap fees	23,407	-	23,407	-
Health insurance premiums	-	-	-	762,470
Other revenue	47,435	415	47,850	-
Total operating revenues	<u>1,258,182</u>	<u>864,371</u>	<u>2,122,553</u>	<u>762,470</u>
<b>Operating expenses:</b>				
Salaries and benefits	328,034	190,399	518,433	-
Insurance and bonds	22,983	25,770	48,753	-
Utilities and telephone	129,409	89,216	218,625	-
Repairs and maintenance	117,948	101,017	218,965	-
Contracted services	124,559	97,126	221,685	-
Gas and oil	8,796	522	9,318	-
Supplies	56,342	14,072	70,414	-
Professional fees	7,280	8,052	15,332	-
Bad debt expense	(9)	-	(9)	-
Miscellaneous	23,435	13,417	36,852	15,375
Depreciation	260,095	185,382	445,477	-
Insurance claims and health premiums	-	-	-	604,560
Total operating expenses	<u>1,078,872</u>	<u>724,973</u>	<u>1,803,845</u>	<u>619,935</u>
Operating income	179,310	139,398	318,708	142,535
<b>Nonoperating revenues (expenses):</b>				
Interest income	8,102	2,514	10,616	456
Grant income	153,640	-	153,640	-
Insurance proceeds	36,000	-	36,000	-
Loan fees	(26,060)	(5,644)	(31,704)	-
Interest expense	(66,728)	(19,681)	(86,409)	-
Total nonoperating revenues (expenses)	<u>104,954</u>	<u>(22,811)</u>	<u>82,143</u>	<u>456</u>
<b>Change in net position</b>	284,264	116,587	400,851	142,991
Net position - September 30, 2019	<u>4,345,714</u>	<u>3,923,660</u>	<u>8,269,374</u>	<u>124,758</u>
Net position - September 30, 2020	<u>\$ 4,629,978</u>	<u>\$ 4,040,247</u>	<u>\$ 8,670,225</u>	<u>\$ 267,749</u>

See notes to financial statements.

**CITY OF OGALLALA, NEBRASKA**

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

**For the year ended September 30, 2020**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 1,218,449	\$ 864,846	\$ 2,083,295	\$ -
Receipts from employees and other funds	-	-	-	762,470
Payments to suppliers	(484,205)	(341,192)	(825,397)	(601,935)
Payments to employees	(321,407)	(190,788)	(512,195)	-
Net cash provided by operating activities	<u>412,837</u>	<u>332,866</u>	<u>745,703</u>	<u>160,535</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Increase/decrease in due from/to other funds	(4,726)	1,337	(3,389)	495
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchase of property and equipment	(1,373,164)	(1,487,528)	(2,860,692)	-
Proceeds from sale of capital assets/insurance proceeds	36,000	-	36,000	-
DEQ grant proceeds	153,640	-	153,640	-
Proceeds from issuance of bonds/notes payable	614,559	1,612,465	2,227,024	-
Principal payments on capital debt	(124,668)	(187,612)	(312,280)	-
Loan fees paid	(26,060)	(5,644)	(31,704)	-
Interest paid on capital debt	(60,039)	(20,934)	(80,973)	-
Net cash used by capital and related financing activities	<u>(779,732)</u>	<u>(89,253)</u>	<u>(868,985)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Decrease in restricted cash	625	-	625	-
Decrease in note receivable	-	-	-	-
Interest received	8,102	2,514	10,616	456
Net cash provided by investing activities	<u>8,727</u>	<u>2,514</u>	<u>11,241</u>	<u>456</u>
Increase (decrease) in cash and cash equivalents	(362,894)	247,464	(115,430)	161,486
Cash and cash equivalents - beginning of the year	<u>2,028,424</u>	<u>585,697</u>	<u>2,614,121</u>	<u>145,758</u>
Cash and cash equivalents - end of the year	<u>\$ 1,665,530</u>	<u>\$ 833,161</u>	<u>\$ 2,498,691</u>	<u>\$ 307,244</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 179,310	\$ 139,398	\$ 318,708	\$ 142,535
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	260,095	185,382	445,477	-
Change in assets and liabilities:				
Accounts receivable and unbilled revenue	(41,021)	475	(40,546)	-
Inventory	(1,188)	-	(1,188)	-
Accounts payable	7,726	8,000	15,726	-
Accrued expenses	6,627	(389)	6,238	-
Sales tax payable	1,913	-	1,913	-
Claims incurred but not paid	-	-	-	18,000
Customer deposits	(625)	-	(625)	-
Net cash provided by operating activities	<u>\$ 412,837</u>	<u>\$ 332,866</u>	<u>\$ 745,703</u>	<u>\$ 160,535</u>

See notes to financial statements.



**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

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**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Ogallala, Nebraska (City) are prepared in accordance with the modified cash basis of accounting for governmental funds and the accrual basis for the proprietary funds and discretely presented component unit. The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note.

**1. Financial Reporting Entity**

The City of Ogallala, Nebraska, was incorporated in 1884. The City operates under a City Manager form of government with an elected legislative body, Council, composed of five members. The Council President is elected by the Council bi-annually and the five members of the City Council are elected on four-year terms. The administration of the City government is performed under the direction of the Council by the City Manager. Services provided to residents include public safety, highways and streets, parks, recreation, water and sanitary sewer systems, and general administrative services.

The City’s financial reporting entity comprises the following:

Primary Government:	City of Ogallala
Discretely Presented Component Unit:	Ogallala Community Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable, and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**1. Financial Reporting Entity, continued**

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following is the discretely presented component unit:

**Brief Description of Activities  
and Relationship to the City**

Ogallala Community  
Redevelopment Authority

Created by the City of Ogallala, the CRA's purpose is to prevent and eliminate blighted areas in the City of Ogallala.

**2. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**2. Basis of Presentation, continued**

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

*Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on the general long-term debt of the City other than debt-service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the City's general obligation bonds.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. Basis of Presentation, continued

**Governmental Funds, continued**

*Internal Service Funds*

The Internal Service Funds account for activities that provide goods and services to other funds, departments, or agencies of the primary government and its component unit on a cost-reimbursement basis.

**Proprietary Funds**

*Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
Governmental:	
General Fund	See page 26 for description.
Street Fund	The Street Fund is a Special Revenue Fund that accounts for the City's share of highway allocation from the State of Nebraska.
Debt Service Fund	See page 26 for description.
Proprietary:	
Enterprise	
Water and Sewer	See above for description.
<i>Nonmajor:</i>	
Special Revenue:	
Hospital Community Improvement Fund	The Hospital Community Improvement Fund is a Special Revenue Fund that accounts for sales tax allocated to the hospital for capital improvements.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

2. **Basis of Presentation, continued**

Major and Nonmajor Funds, continued

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<i>Nonmajor, continued:</i>	
Special Revenue, continued:	
LB840 Fund	The LB840 Fund is a Special Revenue Fund that accounts for sales tax allocated to economic development.
Action/RSVP Fund	The Action/RSVP Fund is a Special Revenue Fund that accounts for Federal grant money used for the RSVP program.
Public Transportation	The Public Transportation Fund is a Special Revenue Fund that accounts for Federal and State grant money used for the City’s handibus.
Internal Service:	
Health Insurance	See page 27 for description.

3. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b, below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**3. Measurement Focus and Basis of Accounting, continued**

**Measurement Focus, continued**

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision for depreciation. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Under the modified cash basis of accounting, proceeds from the issuance of long-term debt increase liabilities and payment of long-term debt reduces liabilities. Capital assets are capitalized and depreciation is recognized over the estimated lives of the related assets.

Business-type activities and the discretely presented component unit are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded as revenue when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified cash basis of accounting using a flow of current financial resources measurement focus. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

All proprietary funds and the discretely presented component unit utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity**

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Certificates of Deposit**

For the purpose of the Statement of Net Position, “cash and cash equivalents” include all demand accounts and savings accounts. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all cash on hand, demand accounts, savings accounts, and equity in pooled cash which has an original maturity of three months or less. The County Treasurer’s cash represents revenues collected not yet remitted to the City.

Certificates of deposit are carried at cost, which approximates fair market value. Additional cash and certificate of deposit disclosures are presented in Notes B2, C1, and D2.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Business-type activities report utility billings as their major receivables.

In the fund financial statements, proprietary fund receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. The City has recorded a \$30,000 allowance for uncollectible accounts receivable.

**Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method.

**Restricted Assets**

Restricted assets include cash and certificates of deposit that are legally restricted as to their use. The primary restricted assets are related to debt service.



**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements, property and equipment are accounted for as capital assets. The City has a \$5,000 capitalization threshold. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The City has elected the depreciation approach for reporting infrastructure.

Depreciation of governmental capital assets is recorded as an unallocated expense in the Statement of Activities. Depreciation for all proprietary capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The ranges of estimated useful lives by type of asset are as follows:

Infrastructure	25 years
Buildings and Improvements	15-50 years
Equipment	5-15 years
Vehicles	5-7 years
Distribution and Collection Systems	20-50 years

Prior to July 1, 1980, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost. The cost of normal maintenance, preservation, and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. In the event of termination, an employee is paid for all unused accumulated vacation time. Accumulated vacation time is accrued in the accompanying proprietary funds financial statement but not in the governmental funds.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

*Fund Financial Statements*

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**4. Assets, Liabilities, and Equity, continued**

**Equity Classifications, continued**

*Government-wide Statements, continued*

- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Effective October 1, 2010, the City adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.

**Assigned**—Amounts that are designated by the City Manager for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

**Unassigned**—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the City Manager. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses**

**Sales and Use Tax**

The City presently levies a one and one-half cent sales tax on taxable sales within the City. The sales tax is collected by the Nebraska Department of Revenue and remitted to the City in the month following receipt. The Nebraska Department of Revenue receives the sales tax approximately one month after collection by vendors. Sales tax collected on the sale of motor vehicles is recorded in the Street Fund as required by LB904. One cent of the non-motor-vehicle sales tax is recorded in various governmental funds and used for budgeted appropriations. One-half cent of the non-motor-vehicle sales tax is allocated as follows: 25 percent to the Hospital Authority, 26.25 percent to the LB840 Fund, and 48.75 percent to the City for budgeted appropriations.

**Property Taxes**

The City has the power to levy taxes each year sufficient to pay any judgment existing against the City, the interest on bonded debt, and the principal on bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law.

The tax levies for all political subdivisions in Keith County are certified by the County Board on or before October 15. Real estate taxes are due on December 31 and attach as an enforceable lien and become delinquent in two equal installments on May 1 and September 1. Personal property taxes are due in the same manner as real estate taxes. Delinquent taxes bear 14 percent interest.

Property taxes levied for 2019-2020 are recorded as revenue when received by the County.

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by Character and Function

Proprietary Fund – by Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**5. Revenues, Expenditures, and Expenses, continued**

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

**1. Fund Accounting Requirements**

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include Special Revenue and Debt Service Funds.

**2. Deposit Laws and Regulations**

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or with U.S. Treasury and U.S. agency securities having an aggregate value at least equal to the amount of the deposits. The City's demand deposits are insured up to \$250,000 and certificates of deposit/savings accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any interest-bearing deposits in excess of the FDIC limits are supposed to be insured by collateral held by the pledging institution in the City's name.

**3. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are described in Note A2 for the various funds.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**4. Debt Restrictions and Covenants**

*Bonds Payable*

The various bond ordinances relating to the bonds payable contain some restrictions or covenants that are financial-related. These include covenants such as debt service coverage requirements and required reserve account balances. The City is in compliance with the bond restrictions and covenants.

**5. Budgetary Data**

The City is required by state laws to adopt annual budgets for all fund types. Each budget is presented on the cash basis of accounting, which is consistent with the requirements of the state budget act.

The Nebraska Budget Act provides the prescribed budget practices and procedures that governing bodies are required to follow. The amounts that may be budgeted for certain specific funds are subject to various expenditure and/or tax levy limitations.

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements.

- a. On or before August 1, the City prepares a budget for the fiscal year commencing October 1. The budget includes proposed expenditures and resources available.
- b. The budget is published with subsequent public hearings to obtain taxpayer comments.
- c. Prior to September 20, the City Council adopts the budget, which is then filed with the appropriate state and county officials.
- d. Total expenditures may not legally exceed total appropriations. Appropriations lapse at year end and any revisions require board approval.
- e. The County Clerk certifies a preliminary property tax levy for each fund of the City which levied property taxes in the county the previous year based on the combined valuation and amount required for the City the prior year. The preliminary levy becomes the final levy unless the governing board passes, by a majority vote, a resolution setting the levy at a different amount.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**5. Budgetary Data, continued**

- f. The property tax requirements resulting from the budget process are utilized by the County Assessor to establish the tax levy. Taxes are levied annually on or before October 15. Real property taxes and personal property taxes are due December 31 with the first half delinquent May 1 and the second half delinquent September 1.
- g. Appropriations lapse at the end of the fiscal year, except for capital improvement appropriations and certain encumbrances against operating budgets.
- h. The City of Ogallala adopts a budget by appropriations ordinance for all funds.

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the financial statements for the City's various assets, liabilities, equity, revenues, and expenditures/expenses.

**1. Cash and Certificates of Deposit**

**Deposits**

The City's policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how its deposits were insured or secured with collateral at September 30, 2020. The categories of collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the City (or public trust) or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the City's name; or collateralized with no written or approved collateral agreement.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**1. Cash and Certificates of Deposit, continued**

**Deposits, continued**

<u>Types of Deposits</u>	<u>Total Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits and certificates of deposit	\$ 7,228,715	\$ 3,717,927	\$ 3,510,788	\$ -	\$ <u>6,878,733</u>
Reconciliation to Government-wide Statement of Net Position:					
Primary Government –					
Unrestricted cash and cash equivalents					\$ 5,118,775
Restricted cash and cash equivalents					<u>1,397,454</u>
Total primary government					6,516,229
Component Unit –					
Unrestricted cash and cash equivalents					337,504
Restricted cash and cash equivalents					<u>25,000</u>
Total component unit					<u>362,504</u>
Total					\$ <u>6,878,733</u>

**2. Restricted Assets**

The restricted assets as of September 30, 2020, are as follows:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Primary Government Total</u>	<u>Discretely Presented Component Unit</u>
Type of Restricted Assets:				
Cash	\$ <u>1,361,804</u>	\$ <u>35,650</u>	\$ <u>1,397,454</u>	\$ <u>25,000</u>



CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

2. Restricted Assets, continued

The General Fund has \$158,878 of cash restricted for cemetery perpetual care, \$7,391 of cash restricted for federal programs, and \$50,060 of cash restricted for the library project. The Street Fund has \$653,891 of cash restricted for street expenditures. The Debt Service Fund has \$169,487 of cash and the Hospital Community Improvement Fund has \$16,938 of cash restricted for debt service. The LB840 Fund has \$188,152 of cash restricted for economic development. The Action/RSVP Fund has \$32,885 of cash and the Public Transportation Fund has \$84,122 of cash restricted for federal programs.

The Water Fund has set aside a reserve of \$35,650 for customer utility deposits.

The component unit has \$25,000 of cash pledged on a City Highway Allocation bond issue.

3. TIF Receivables and Payables

The Ogallala Community Redevelopment Authority has undertaken a program for the redevelopment of blighted areas in the City. Under the program, various projects agree to create a minimum taxable valuation for real estate tax assessment purposes. The CRA receives the incremental real estate taxes paid by the projects and then returns a portion of the tax incremental financing (TIF) funds to the projects. Estimated future receivables and payables under TIF agreements were as follows as of September 30, 2020:

	<u>TIF Receivable</u>	<u>TIF Payable</u>
<u>Central/South Redevelopment Area:</u>		
Kennedy Hospitality	\$ 290,400	\$ -
Godfathers	39,900	-
21 <sup>st</sup> Century	198,400	-
Pharmacy Property (Buenz Drug)	12,200	-
US Recycling	44,500	-
RIKNIK Inc	96,800	-
Stauffer	143,100	-
Ogallala DNP VIII	168,300	-
Walmart	908,000	802,741
O'Reilly	151,200	-
Ogallala Lodging	1,134,329	595,473
Pony Express Retail	317,200	138,076
Khodiar Hospitality	925,400	500,000
Davis Land-801 East 1 <sup>st</sup>	93,800	-

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**3. TIF Receivables and Payables, continued**

	<u>TIF Receivable</u>	<u>TIF Payable</u>
<u>Central/South Redevelopment Area, continued:</u>		
Driftwood	113,400	54,984
First Insight Eyecare	107,800	44,995
Davis Land-802 E 2nd	33,000	-
Davis Land-804 E 2nd	9,000	-
 <u>Northern Redevelopment Area:</u>		
Tri-State	184,800	122,215
England	49,600	-
Western Resource Group	173,000	15,101
Great West Townhomes	3,800	2,406
Hinze Oral Surgery	37,200	-
Lakeway Lodge Phase 1	37,400	-
Lakeway Lodge Phase 2	30,000	-
Lakeway Lodge Phase 4	49,400	-
Progress Lot 2-516 West A	33,800	-
Progress Lot 4-514 West A	36,400	-
Davis-513 West B	36,400	-
Lured In	94,500	85,050
Rally B Project 1	114,800	95,000
Rally B Project 2	<u>114,800</u>	<u>94,000</u>
	<u>\$ 5,782,629</u>	<u>\$ 2,550,041</u>
Current portion	\$ 572,629	\$ 342,589
Noncurrent portion	<u>5,210,000</u>	<u>2,207,452</u>
Total	<u>\$ 5,782,629</u>	<u>\$ 2,550,041</u>

**4. Note Receivable**

On August 12, 2002, the City entered into an installment sale of real estate with Keith County Area Development, Inc. (KCAD). Under terms of the promissory note, principal is due immediately when any lots are sold by KCAD. The entire balance of the note is due upon the earlier of the sale of the last of the lots or on August 12, 2022. The note is non-interest-bearing until maturity, whether by acceleration or otherwise, after which it shall bear interest of eight percent. The note is secured by the related real estate and had a balance of \$197,934 at September 30, 2020.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**5. Capital Assets**

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 335,031	\$ 100,462	\$ -	\$ -	\$ 435,493
Construction in progress	895,911	103,162	-	(895,911)	103,162
Total capital assets not being depreciated	1,230,942	203,624	-	(895,911)	538,655
Other capital assets being depreciated:					
Infrastructure	18,294,799	211,383	-	160,463	18,666,645
Buildings and improvements	8,543,512	1,823,051	-	735,448	11,102,011
Equipment	4,523,078	153,231	(28,619)	-	4,647,690
Vehicles	2,090,280	-	(28,850)	-	2,061,430
Total other capital assets at historical cost	33,451,669	2,187,665	(57,469)	895,911	36,477,776
Less accumulated depreciation for:					
Infrastructure	(6,506,999)	(712,380)	-	-	(7,219,379)
Buildings and improvements	(5,785,512)	(297,708)	-	-	(6,083,220)
Equipment	(3,428,266)	(180,962)	28,427	-	(3,580,801)
Vehicles	(1,671,727)	(114,706)	28,850	-	(1,757,583)
Total accumulated depreciation	(17,392,504)	(1,305,756) *	57,277	-	(18,640,983)
Other capital assets, net	16,059,165	881,909	(192)	895,911	17,836,793
Governmental activities capital assets, net	<u>\$ 17,290,107</u>	<u>\$ 1,085,533</u>	<u>\$ (192)</u>	<u>\$ -</u>	<u>\$ 18,375,448</u>

\* Depreciation expense was incurred by the following governmental activities:

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued

5. Capital Assets, continued

Governmental Activities, continued:

General Fund:

General government:

Administration	\$ 18,542
Community development	14,240
Planning	<u>2,200</u>
Total general government	34,982

Public safety:

Fire	47,667
Ambulance	47,065
Police	<u>36,317</u>
Total public safety	131,049

Public works:

Cemetery	21,057
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Environment and leisure:

Airport	181,013
Library	107,512
Park	52,529
Recreation center	42,766
Pool	<u>10,446</u>
Total environment and leisure	<u>394,266</u>

Total General Fund	581,354
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Special Revenue Funds:

Street	703,047
Public transportation	<u>21,355</u>
Total Special Revenue Funds	<u>724,402</u>

Total Governmental Activities Depreciation Expense	\$ <u>1,305,756</u>
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Construction in progress at September 30, 2020 consists of \$103,162 of engineering costs on the airport hangar project. See note D3 for contractual commitments in place on this project as of September 30, 2020.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**5. Capital Assets, continued**

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	Balance at September 30, <u>2020</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 307,916	\$ -	\$ -	\$ -	\$ 307,916
Construction in progress	1,710,482	2,580,433	-	(2,213,580)	2,077,335
Total capital assets not being depreciated	2,018,398	2,580,433	-	(2,213,580)	2,385,251
Other capital assets being depreciated:					
Distribution and collection systems	22,527,777	83,632	(49,571)	2,213,580	24,775,418
Equipment	1,132,502	-	-	-	1,132,502
Total other capital assets at historical cost	23,660,279	83,632	(49,571)	2,213,580	25,907,920
Less accumulated depreciation for:					
Distribution and collection systems	(16,024,883)	(377,525)	49,571	-	(16,352,837)
Equipment	(612,399)	(67,952)	-	-	(680,351)
Total accumulated depreciation	(16,637,282)	(445,477) *	49,571	-	(17,033,188)
Other capital assets, net	7,022,997	(361,845)	-	2,213,580	8,874,732
Business-type capital assets, net	<u>\$ 9,041,395</u>	<u>\$ 2,218,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,259,983</u>

\* Depreciation expense was charged to functions as follows:

Water	\$ 260,095
Sewer	185,382
Total Business-type Activities Depreciation Expense	<u>\$ 445,477</u>

Construction in progress at September 30, 2020 consists of \$2,009,285 of costs incurred on the 2018 wastewater improvement project and \$68,050 of costs incurred on the pump station generator project. See note D3 for contractual commitments relating to these projects at September 30, 2020.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**5. Capital Assets, continued**

	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2020</u>
<u>Discretely Presented Component Unit:</u>				
Capital assets not being depreciated:				
Land held for redevelopment	\$ <u>60,678</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>60,678</u>

**6. Long-term Debt**

The reporting entity’s long-term debt is segregated among the amounts to be repaid from governmental activities, business-type activities, and the discretely presented component unit.

**Changes in Long-term Debt:**

The following is a summary of changes in long-term debt for the year ended September 30, 2020:

<u>Type of Debt</u>	Balance at October 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance at September 30, <u>2020</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and notes payable	<u>\$ 6,802,076</u>	<u>\$ 1,900,000</u>	<u>\$ (1,628,390)</u>	<u>\$ 7,073,686</u>	<u>\$ 555,976</u>
Business-type Activities:					
Bond and note payables	<u>\$ 3,677,588</u>	<u>\$ 2,227,024</u>	<u>\$ (312,280)</u>	<u>\$ 5,592,332</u>	<u>\$ 451,163</u>
Discretely Presented Component Unit:					
TIF payables (see Note C3 for details)	<u>\$ 2,073,616</u>	<u>\$ 682,388</u>	<u>\$ (205,963)</u>	<u>\$ 2,550,041</u>	<u>\$ 342,589</u>

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Governmental Activities:**

All bonds are paid by the Debt Service Fund, except for the 2014 general obligation refunding bonds described at the bottom of page 46, which are paid by the airport department of the General Fund. As of September 30, 2020, the governmental long-term liabilities consisted of the following:

Bonds and notes payable:

The City issued \$680,000 of general obligation refunding bonds on October 18, 2016, to refinance the 2011 refunding street improvement bonds (15 percent of these bond proceeds were for the Water Fund and 15 percent were for the Sewer Fund.) The bonds bear interest ranging from 0.85 percent to 1.90 percent and are payable over 10 years with the final principal payment due September 15, 2026. \$ 311,500

The City issued general obligation refunding bonds in the amount of \$1,100,000 on May 6, 2020, to refinance \$1,080,000 of Series 2015 general obligation various purpose bonds. The bonds bear interest ranging from 1.3 percent to 1.9 percent and are payable over 10 years with the final principal payment due December 15, 2029. 1,100,000

The City issued \$250,000 of highway allocation bonds on February 27, 2013, to fund street improvement projects. The bonds bear interest ranging from 1.40 percent to 3.75 percent and are payable over 11 years with the final principal payment due December 15, 2024. The Ogallala Community Redevelopment Authority has pledged to make these bond payments. 110,000

The City issued \$1,795,000 of Series 2015B general obligation refunding bonds on November 16, 2015, to refinance the Series 2014 bond anticipation notes. (The Street Fund received \$1,614,172 of the proceeds.) The bonds bear interest ranging from 0.8 to 3.45 percent and are payable over 18 years with the final principal payment due September 15, 2033. 1,429,823

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Governmental Activities, continued:**

Bonds and notes payable, continued:

The City issued \$500,000 general obligation various purpose bonds on September 26, 2017, to fund street improvement projects. The bonds bear interest ranging from 1.00 percent to 3.10 percent and are payable over 15 years with the final principal payment due September 15, 2032. 435,000

The City issued \$1,525,000 of Series 2016 highway allocation bonds on October 18, 2016, to fund street improvement projects. (The Street Fund received \$1,365,390 of the proceeds.) The bonds bear interest ranging from 0.95 to 2.85 percent and are payable over 16 years with the final principal payment due June 15, 2033. 1,275,856

The City issued \$725,000 of general obligation refunding bonds on December 17, 2013, to refinance the 2008 various purpose bonds. The bonds bear interest ranging from 0.4 percent to 2.85 percent and are payable over 15 years with the final principal payment due December 1, 2023. 330,000

The City issued \$1,135,000 of general obligation refunding bonds on December 30, 2014, to refinance two 2009 bond issues and the airport building bonds (with the Street Fund receiving \$826,076 of the bond proceeds). The bonds bear interest ranging from 0.45 percent to 2.6 percent and are payable over 10 years with the final principal payment due September 15, 2024. 145,564

The City issued \$1,135,000 of general obligation refunding bonds on December 30, 2014, to refinance two 2009 bond issues and the airport building bonds (with the General Fund (airport department) receiving \$131,739 of the bond proceeds). The bonds bear interest ranging from 0.45 percent to 2.6 percent and are payable over 10 years with the final principal payment due September 15, 2024. 23,214



**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Governmental Activities, continued:**

Bonds and notes payable, continued:

The City issued \$600,000 of Series 2018 highway allocation bonds on August 22, 2018, to fund street improvement projects. The bonds bear interest ranging from 1.70 to 3.60 percent and are payable over 15 years with the final principal payment due August 15, 2033. 530,000

The City issued \$635,000 of Series 2019 highway allocation bonds on August 14, 2019, to fund street improvement projects. The bonds bear interest ranging from 1.75 to 2.90 percent and are payable over 15 years with the final principal payment due July 1, 2034. 595,000

During the year ended September 30, 2019, the City received \$9,118 of loan proceeds from the Nebraska Department of Transportation – Division of Aeronautics. The loan agreement states that \$22,000 is the maximum amount available for this loan. This fuel storage revolving loan is due in monthly payments of \$200 for 53 months, through May 2024. The unsecured loan bears no interest and paid by the General Fund. 7,400

On October 18, 2019, the City issued a \$800,000 note payable to Sandhills State Bank for the library construction project. The note is due in 42 monthly principal and interest payments of \$5,455 commencing November 15, 2019, through April 15, 2023, with a final balloon payment of \$668,329 due May 15, 2023. The note bears interest of 2.82 percent and is paid by the General Fund. 780,329

Total bonds and notes payable \$ 7,073,686

Current portion \$ 555,976

Noncurrent portion 6,517,710

Total \$ 7,073,686

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Business-type Activities:**

As of September 30, 2020, the long-term debt payable from proprietary fund resources consisted of the following:

The City issued \$1,795,000 of Series 2015B general obligation refunding bonds on November 16, 2015, to refinance the Series 2014 bond anticipation notes. (The Water Fund received \$92,819 of the proceeds and the Sewer Fund received \$88,009 of the proceeds.) The bonds bear interest ranging from 0.8 to 3.45 percent and are payable over 18 years with the final principal payment due September 15, 2033. \$ 160,177

The City issued \$680,000 of general obligation refunding bonds on October 18, 2016, to refinance the 2011 refunding street improvement bonds (15 percent of these bond proceeds were for the Water Fund and 15 percent were for the Sewer Fund). The bonds bear interest ranging from 0.85 percent to 1.90 percent and are payable over 10 years with the final principal payment due September 15, 2026. (The Water and Sewer Funds each owe 50 percent of the balance shown). 133,500

The City issued \$1,525,000 of Series 2016 highway allocation bonds on October 18, 2016, to fund improvement projects. (The Water Fund received \$159,610 of the proceeds.) The bonds bear interest ranging from 0.95 to 2.85 percent and are payable over 16 years with the final principal payment due June 15, 2033. 149,144

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

**Business-type Activities, continued:**

The City issued \$1,135,000 of general obligation refunding bonds on December 30, 2014, to refinance two 2009 bond issues and the airport building bonds (with the Water Fund receiving \$177,185 of the proceeds). The bonds bear interest ranging from 1.25 percent to 4.50 percent and are payable over 15 years with the final principal payment due September 15, 2024. 31,222

NDEQ note for a water project with total available principal of \$1,741,347. The note is due semi-annually including interest and matures in 2040. Interest is 2.0 percent. 1,248,624

NDEQ note for a water project with original amount of \$2,175,295. The note is due semi-annually including interest and matures in 2035. Interest is 2.0 percent. 1,824,352

NDEQ note for a wastewater treatment plant project with total available principal of \$1,612,465. The note is due semi-annually including interest and matures in 2040. Interest is 1.5 percent. 1,612,465

NDEQ note for a wastewater treatment plant project with original amount of \$422,832. The note is due semi-annually including interest and matures in 2031. Interest is at 2.0 percent. 272,866

NDEQ note for a wastewater treatment plant with original issue amount of \$2,397,400. The note is due semi-annually including interest and matures in 2021. Interest is at 3.23 percent. 159,982

Total business-type activity bonds and note payable \$ 5,592,332

Current portion \$ 451,163

Noncurrent portion 5,141,169

Total \$ 5,592,332

**CITY OF OGALLALA, NEBRASKA**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2020**

**NOTE C – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS, continued**

**6. Long-term Debt, continued**

Annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2020, are as follows:

Year Ending September 30,	Governmental Activities			
	Other Debt Issues		Direct Placement Debt	
	Principal	Interest	Principal	Interest
2021	\$ 509,906	\$ 147,871	\$ 46,070	\$ 21,794
2022	513,406	137,263	47,335	20,528
2023	532,399	127,536	694,123	11,239
2024	540,899	116,618	200	-
2025	508,039	106,207	-	-
2026-2030	2,468,453	368,131	-	-
2031-2035	1,212,856	77,185	-	-
	<u>\$ 6,285,958</u>	<u>\$ 1,080,811</u>	<u>\$ 787,728</u>	<u>\$ 53,561</u>

Year Ending September 30,	Business-type Activities				
	Other Debt Issues		Direct Placement Debt		
	Principal	Interest	Principal	Interest	Loan Fees
2021	\$ 40,094	\$ 10,830	\$ 411,069	\$ 85,745	\$ 38,446
2022	41,594	10,223	247,618	85,327	38,871
2023	42,602	9,518	252,237	80,707	36,739
2024	44,102	8,739	256,945	76,000	34,566
2025	46,961	7,879	261,741	71,204	32,351
2026-2030	166,547	26,222	1,383,892	280,832	127,008
2031-2035	92,143	5,665	1,438,031	148,541	65,875
2036-2040	-	-	866,756	38,744	16,377
	<u>\$ 474,043</u>	<u>\$ 79,076</u>	<u>\$ 5,118,289</u>	<u>\$ 867,100</u>	<u>\$ 390,233</u>

**7. Interfund Transactions and Balances**

At September 30, 2020, the Debt Service Fund owed \$2,200 to the General Fund and the Internal Service Fund owed \$495 to the General Fund. These interfund balances are expected to be repaid during the year ending September 30, 2021.

Also, during the year ended September 30, 2020, the General Fund transferred \$486,000 to the Debt Service Fund.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES**

**1. Employee Pension Plans**

The City of Ogallala has the following pension plans for all eligible employees:

General service employees participate in the Money Accumulated Pension Plan. To be eligible, an employee must be at least 21 years of age and have completed six months of service. Effective October 1, 2015, each eligible participant shall make a basic monthly contribution of 7 percent of his or her monthly compensation and the City shall contribute an equal 7 percent.

Firefighters and police officers participate in a defined contribution plan, restated January 1, 1984. Employees become eligible to participate in these plans when they have reached the age of 21 years. Eligible firefighters shall make a basic contribution of 6.5 percent of their monthly compensation and the City shall contribute 13 percent of compensation. Eligible police officers shall make basic contributions of 7 percent of their monthly compensation and the City shall contribute 7 percent.

Employees shall be fully vested in the employer contributions when they have completed 7 years of service.

The following information is provided for each plan for the year ended September 30, 2020:

	<u>General Service</u>	<u>Fire- Fighters</u>	<u>Police</u>
Total wages	\$ 1,789,273	\$ -	\$ 488,078
Covered wages	1,456,783	-	488,078
Employee contribution	101,975	-	34,165
City contribution	101,975	-	34,165
Voluntary employee contributions	16,752	-	-

Future contributions are not expected to increase materially for the fiscal year ending September 30, 2021.

The City also has a Volunteer Emergency Responders Plan, where participants become fully vested after seven years of service. This Plan is funded half by the City and half by the Rural Fire District.

CITY OF OGALLALA, NEBRASKA

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2020

NOTE D – OTHER NOTES, continued

2. 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; and natural disasters. The City purchases commercial insurance to minimize the effect of possible exposure to these risks. There have been no significant reductions in insurance coverage from coverage in the prior year. During the past three fiscal years, there have been no settlements exceeding the amount of the City's insurance coverage.

Employees of the City are covered by the City's medical insurance plan, which self-insures employees' deductible out-of-pocket expenses. The City is protected against catastrophic losses by stop-loss insurance coverage. Stop-loss coverage is in effect for claims exceeding \$25,000 per employee.

**Deposits and Investments**

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the City's investments at September 30, 2020, are held by banks in the name of the City. The City's investments consist only of bank money market and demand deposits.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires that market conditions and investment securities be analyzed to determine the maximum yield to be obtained and to minimize the impact of rising interest rates. The City had no certificates of deposit or other investments with maturity dates at September 30, 2020.

*Credit Risk.* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's investments consist of certificates of deposit, money market funds, and other securities backed by U.S. Government obligations, minimizing credit risk associated with the City's investment portfolio.

*Concentration of Credit Risk.* The City's investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2020, the City's cash and cash equivalents consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Pinnacle Bank and Trust	\$ 3,632,567
Sandhills State Bank	182,935
Adams Bank and Trust	<u>2,699,745</u>
	\$ <u>6,515,247</u>

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**2. Risk Management, continued**

**Deposits and Investments, continued**

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City’s investments had no exposure to foreign currency risk and the City held no investments denominated in foreign currency at September 30, 2020.

**3. Commitments and Contingencies**

**Construction/Capital Outlay**

The City is a party to numerous contracts relating to capital outlay projects. The City intends to fund the construction through operations or long-term financing.

<u>Project</u>	<u>Contract Amount</u>	<u>Paid Through 9/30/2020</u>	<u>Obligation Pending</u>	<u>Expected Completion</u>
Airport hangar:				
Engineer	\$ 204,377	\$ 103,162	\$ 101,215	
Contractor	<u>655,644</u>	<u>-</u>	<u>655,644</u>	
	<u>\$ 860,021</u>	<u>\$ 103,162</u>	<u>\$ 756,859</u>	September 2021
2020 Ford Escape hybrid	\$ <u>34,365</u>	<u>\$ -</u>	<u>\$ 34,365</u>	November 2020
Pump station generator:				
Equipment	\$ <u>56,000</u>	\$ <u>39,200</u>	\$ <u>16,800</u>	September 2021
Digester project:				
Engineering	\$ <u>186,600</u>	\$ <u>138,850</u>	\$ <u>47,750</u>	September 2021
Wastewater treatment plant roof	\$ <u>147,409</u>	<u>\$ -</u>	<u>\$ 147,409</u>	December 2020
Variable frequency drives for WWTP blowers	\$ <u>48,600</u>	<u>\$ -</u>	<u>\$ 48,600</u>	September 2021

**Contingencies**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen worldwide. While the disruption this pandemic is causing is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the financial impact to the City that could occur as a result of this issue is unknown and cannot be reasonably estimated at this time.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**3. Commitments and Contingencies, continued**

**Lease and Management Agreements**

On August 6, 2013, the City leased a mail machine from F.P. Mailing Solutions for \$125 per month. After November 6, 2018, this lease continued on a month-to-month basis.

The City also entered into an airport management agreement with Candy Aerotech Services. Under terms of the month-to-month agreement, monthly payments of \$1,000 are due.

Rent expense totaled \$13,500 for the year ended September 30, 2020.

**4. Interlocal Agreements**

The City has the following interlocal agreements in effect as of September 30, 2020:

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
Village of Brule	2/12/02 – until terminated	Operation of Brule’s municipal wastewater system
Ogallala Rural Fire Protection District	2/28/06 – until terminated	Fire protection
Ogallala Rural Fire Protection District	2/28/07 – until terminated	Ambulance service
Keith County	9/26/06 – until terminated	Emergency Management Operations and Public Safety Answering Point
West Central Nebraska Development District	Perpetual – 30 day termination notice	Planning and Development District
Ogallala Public Schools	9/11/07 – until terminated	Water/Sewer Services
Keith County	10/9/07 – until terminated	Financial Support of the Ogallala Airport, Searle Field
Keith County	6/9/15 – until terminated	Sharing of respective Zoning Administrator & Building Inspector Services
Keith County	10/1/09 - until terminated	Keith County Emergency Response Team
Southwest Mutual Aid First District	1/1/18 - 12/31/22	Mutual Aid for Fire/Emergency Services
Ogallala Rural Fire Protection District	2/24/15 – until terminated	Building maintenance and operating
Keith County	5/27/03 – until terminated	Animal impound
Community Redevelopment Authority	12/22/15 – 12/22/25	Ogallala Public Infrastructure Agency



**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**4. Interlocal Agreements, continued**

<u>Party to Agreement</u>	<u>Term of Agreement</u>	<u>Description</u>
Ogallala Community Redevelopment Authority	3/27/18 – until terminated	Administrative services to the CRA
Villages of Brule and Paxton and Keith County	11/5/91 – until terminated	Operate a lottery
Village of Brule	7/28/15 – until terminated	Application of pesticides for control of mosquitoes and other pests
Keith County	2/24/15 – 2/24/20	Ambulance service
Keith County	1/1/18 – until terminated	Financial support of the Ogallala Library
Public Alliance for Community Energy (ACE)	5/17/18 – until terminated	Assure an available and economical supply of energy to meet their joint requirements
Keith County	3/17/04 – until terminated	Burial of indigent persons
Keith County	11/23/04 – until terminated	Equipment sharing

**5. Related Party Transactions**

The City paid insurance premiums totaling \$238,032 to Adams Insurance Advisors, a business that employs a Council member.

**6. Tax Abatements**

The Ogallala Community Redevelopment Authority (CRA), who is authorized by Nebraska statutes to enter into property tax abatement agreements for the purpose of developing properties in blighted areas, has entered into tax increment financing (TIF) agreements with various redevelopers (see projects listed in Note C3). The TIF program has the stated purpose of increasing valuation, business activity and employment in the community.

Under the TIF program, redevelopers can apply for TIF financing whereby the property tax they pay on the increased valuation of property under a TIF agreement is returned to the redeveloper by the CRA to finance the project for a period of up to 15 years. TIF proceeds collected under these agreements during the year ended September 30, 2020 totaled \$457,617.

The CRA has approved the following new TIF agreements:

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**6. Tax Abatements, continued**

On March 20, 2020, the Authority entered into a redevelopment contract with Wilkinson Development, Inc. (Redeveloper) on the Fat Dogs Travel Center Project. The contract states that the Redeveloper will create a taxable real property valuation of not less than \$2,838,400 on the project and project site no later than January 1, 2021. Under terms of the agreement, the Authority will receive the proceeds of the TIF revenues for a period of 15 years. Ten percent of the TIF revenue will be retained by the CRA as an administrative fee. The excess TIF revenue will be used to reimburse the redeveloper \$440,000 toward project expenses and costs of public improvements. The CRA had not made any advances on the project as of September 30, 2020.

On June 20, 2019 the Authority entered into a redevelopment contract with Davis Land Investments, LLC (Redeveloper) on the 303 West 30<sup>th</sup> Project. The contract states that the Redeveloper will incur project costs of at least \$120,000 on the project site no later than January 1, 2021. Under terms of the agreement, the Authority will provide a grant of \$10,000 to the Redeveloper to cover Redeveloper expenses for public improvements. The Authority will receive the proceeds of the TIF revenues for a period of 15 years. Ten percent of the TIF revenue will be retained by the CRA as an administrative fee and 90 percent of the TIF revenue will be retained by the CRA to recover the amount of any grant. Any excess TIF revenue will be retained by the Authority to assist in the payment of the cost of the public improvements made by the CRA and/or the City of Ogallala. The CRA had not made any advances on the project as of September 30, 2020.

**7. Bequest to Library**

The Ogallala Library Building Account was named as a beneficiary of the Frank B. Svoboda Irrevocable Grantor Trust. Under terms of the trust documents, upon the death of the settlor, Frank B. Svoboda, the Ogallala Library Building Account was to receive \$1,000,000. The distribution of trust assets is being contested by the settlor's family. The City plans to pay off the library note payable to Sandhills State Bank described in Note C6 upon receipt of this bequest.

**CITY OF OGALLALA, NEBRASKA**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2020**

**NOTE D – OTHER NOTES, continued**

**8. Subsequent Events**

Management has evaluated subsequent events through December 8, 2020, the date on which the financial statements were available for issue.

On October 9, 2020, the City issued \$1,625,000 of Series 2020B General Obligation Various Purpose Refunding bonds to refinance the Series 2015B General Obligation Refunding bonds. The bonds bear interest ranging from 0.55 to 1.55 percent and have a final maturity date of September 15, 2032.

On November 10, 2020, the City Council approved a \$304,460 contract with Crouch Recreation for equipment and installation for the Collister Park Playground and Splash Pad project.

## **SUPPLEMENTARY AND OTHER INFORMATION**

**CITY OF OGALLALA, NEBRASKA**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**GENERAL FUND**

**Year ended September 30, 2020**

	<u>Budget</u> (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 1,221,268	\$ 1,249,782	\$ 28,514
Sales tax	1,429,917	1,424,744	(5,173)
Franchise	1,256,110	1,095,695	(160,415)
Intergovernmental	104,819	198,209	93,390
Grants	814,200	381,513	(432,687)
Charges for services	918,220	718,050	(200,170)
Keno receipts	55,000	61,509	6,509
Contributions	850,000	698,375	(151,625)
Interest income	3,200	4,501	1,301
Sale of assets	10,000	-	(10,000)
Insurance proceeds	-	2,666	2,666
Loan proceeds	1,100,000	800,000	(300,000)
Other	20,500	15,813	(4,687)
Total resources	7,783,234	6,650,857	(1,132,377)
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government:			
Administrative	744,780	739,652	(5,128)
Community development	291,350	438,745	147,395
Planning	186,524	135,755	(50,769)
Total general government	1,222,654	1,314,152	91,498
Public safety:			
Fire	126,134	72,065	(54,069)
Ambulance	120,031	178,902	58,871
Police	1,278,461	1,133,768	(144,693)
Total public safety	1,524,626	1,384,735	(139,891)
Public works:			
Cemetery	201,715	179,860	(21,855)
Environment and leisure:			
Airport	1,169,593	245,599	(923,994)
Library	2,047,665	2,191,092	143,427
Park	410,852	387,860	(22,992)
Recreation center	756,833	309,200	(447,633)
Pool	215,622	160,960	(54,662)
Total environment and leisure	4,600,565	3,294,711	(1,305,854)
Total charges to appropriations	7,549,560	6,173,458	(1,376,102)
Resources over charges to appropriations	233,674	477,399	243,725
<b>OTHER FINANCING USES</b>			
Transfers out	(486,000)	(486,000)	-
<b>Resources under charges to appropriations and other financing uses</b>	\$ (252,326)	\$ (8,601)	\$ 243,725

**CITY OF OGALLALA, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -  
STREET FUND**

**Year ended September 30, 2020**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Taxes:			
Property	\$ 2,500	\$ 2,907	\$ 407
Motor vehicle	104,000	109,005	5,005
Sales tax	145,000	164,840	19,840
Intergovernmental	752,473	729,624	(22,849)
Charges for services	19,296	21,074	1,778
Insurance proceeds	-	54,101	54,101
Other	-	820	820
	<hr/>	<hr/>	<hr/>
Total resources	1,023,269	1,082,371	59,102
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
Street operations and maintenance	762,468	829,096	66,628
Capital outlay	275,000	141,695	(133,305)
Principal payments on debt	38,634	38,634	-
Interest on long-term debt	1,870	1,870	-
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	1,077,972	1,011,295	(66,677)
<b>Resources over (under) charges to appropriations</b>	<u>\$ (54,703)</u>	<u>\$ 71,076</u>	<u>\$ 125,779</u>

**CITY OF OGALLALA, NEBRASKA**

**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -  
DEBT SERVICE FUND**

**Year ended September 30, 2020**

	Budget (Original and Final)	<u>Actual</u>	Variances - Actual Over (Under) Final <u>Budget</u>
<b>RESOURCES (INFLOWS)</b>			
Property tax	\$ -	\$ 350	\$ 350
Intergovernmental	96,263	88,581	(7,682)
Bond proceeds	-	1,100,000	1,100,000
Interest income	400	279	(121)
	<hr/>	<hr/>	<hr/>
Total resources	96,663	1,189,210	1,092,547
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>			
General government	400	423	23
Principal payments on debt	476,348	1,556,964	1,080,616
Interest payments on debt	159,708	159,149	(559)
Bond fees	400	15,127	14,727
	<hr/>	<hr/>	<hr/>
Total charges to appropriations	636,856	1,731,663	1,094,807
Resources under charges to appropriations	(540,193)	(542,453)	(2,260)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	486,000	486,000	-
	<hr/>	<hr/>	<hr/>
<b>Resources under charges to appropriations and other financing sources</b>	<u>\$ (54,193)</u>	<u>\$ (56,453)</u>	<u>\$ (2,260)</u>

**CITY OF OGALLALA, NEBRASKA**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NONMAJOR GOVERNMENTAL FUNDS**

**September 30, 2020**

	Special Revenue Funds				
	Hospital Community Improvement <u>Fund</u>	LB840 <u>Fund</u>	Action/ RSVP <u>Fund</u>	Public Transportation <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,938	\$ 188,152	\$ 32,885	\$ 84,122	\$ 322,097
<b>LIABILITIES AND FUND BALANCES</b>					
Fund balances:					
Restricted for:					
Debt service	\$ 16,938	\$ -	\$ -	\$ -	\$ 16,938
Economic development	-	188,152	-	-	188,152
Federal programs	-	-	32,885	84,122	117,007
<b>Total fund balances</b>	<u>\$ 16,938</u>	<u>\$ 188,152</u>	<u>\$ 32,885</u>	<u>\$ 84,122</u>	<u>\$ 322,097</u>



**CITY OF OGALLALA, NEBRASKA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - MODIFIED CASH BASIS -  
NONMAJOR GOVERNMENTAL FUNDS**

**For the year ended September 30, 2020**

	Special Revenue Funds				
	Hospital Community Improvement <u>Fund</u>	LB840 <u>Fund</u>	Action/ RSVP <u>Fund</u>	Public Transportation <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>REVENUES</b>					
Taxes:					
Property	\$ -	\$ -	\$ 10,195	\$ 13,501	\$ 23,696
Sales tax	151,581	217,887	11,659	15,438	396,565
Franchise	-	-	8,939	11,838	20,777
Grants	-	-	47,500	108,575	156,075
Licenses, fees, and fines	7,667	-	-	-	7,667
Charges for services	-	-	15	27,882	27,897
Interest income	-	486	-	-	486
Other	-	-	130	468	598
Total revenues	159,248	218,373	78,438	177,702	633,761
<b>EXPENDITURES</b>					
General government	8,131	-	-	-	8,131
Economic development	-	30,221	-	-	30,221
Environment and leisure	-	-	75,632	151,004	226,636
Other - Hospital debt service	151,907	-	-	-	151,907
Total expenditures	160,038	30,221	75,632	151,004	416,895
<b>Net change in fund balances</b>	(790)	188,152	2,806	26,698	216,866
Fund balances - September 30, 2019	17,728	-	30,079	57,424	105,231
Fund balances - September 30, 2020	\$ 16,938	\$ 188,152	\$ 32,885	\$ 84,122	\$ 322,097

**CITY OF OGALLALA, NEBRASKA**  
**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -**  
**MODIFIED CASH BASIS - GENERAL FUND DEPARTMENTS**

**Year ended September 30, 2020**

	General	Fire	Cemetery	Ambulance	Airport
<b>REVENUES</b>					
Taxes:					
General property tax	\$ 398,165	\$ 27,425	\$ 44,932	\$ -	\$ -
Sales tax	450,915	31,361	51,379	-	-
Franchise	349,000	24,046	39,397	-	-
Intergovernmental revenue:					
State assistance	104,824	-	-	-	-
Keith County	-	-	-	-	-
Rural Fire reimbursements	-	26,441	-	2,271	-
CRA reimbursement	-	-	-	-	-
Licenses, permits, and fines	19,183	105	-	-	1,600
Rental and fees	206,316	-	32,876	149,958	145,979
Admission fees and concessions	-	-	-	-	-
Grants	-	-	-	5,534	119,129
Keno receipts	-	-	-	-	-
Contributions	1,837	1,000	-	-	-
Interest income	3,714	-	727	-	-
Bond/loan proceeds	-	-	-	-	-
Insurance proceeds	2,666	-	-	-	-
Other revenues	9,641	273	251	1,226	27
Total revenues	<u>1,546,261</u>	<u>110,651</u>	<u>169,562</u>	<u>158,989</u>	<u>266,735</u>
<b>EXPENDITURES</b>					
Personnel services:					
Salaries and benefits	540,402	16,900	132,712	15,399	6,965
Operating expenses:					
Insurance	8,317	8,294	3,643	6,024	14,245
Contracted services	17,521	10,651	1,362	115,776	85,942
Professional fees	8,945	424	424	424	586
Meetings, seminars, and dues	34,412	2,019	1,940	5,066	4,728
Transportation	378	1,161	4,807	3,645	494
Repairs and maintenance	22,442	9,543	5,530	3,447	2,246
Printing, postage, and publications	3,793	171	27	50	525
Utilities and telephone	10,053	6,663	6,685	1,969	12,352
Total operating expenses	<u>105,861</u>	<u>38,926</u>	<u>24,418</u>	<u>136,401</u>	<u>121,118</u>
Supplies	9,723	16,239	13,980	26,874	585
Community development grants	-	-	-	-	-
Other expenses	6,449	-	8,750	228	-
Capital outlay	77,217	-	-	-	103,162
Debt service:					
Principal	-	-	-	-	13,121
Interest	-	-	-	-	648
Total expenditures	<u>739,652</u>	<u>72,065</u>	<u>179,860</u>	<u>178,902</u>	<u>245,599</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	806,609	38,586	(10,298)	(19,913)	21,136
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(486,000)	-	-	-	-
<b>Net change in fund balances</b>	<u>\$ 320,609</u>	<u>\$ 38,586</u>	<u>\$ (10,298)</u>	<u>\$ (19,913)</u>	<u>\$ 21,136</u>

<u>Recreation Center</u>	<u>Pool</u>	<u>Park</u>	<u>Library</u>	<u>Community Development</u>	<u>Planning</u>	<u>Police</u>	<u>Total</u>
\$ 47,341	\$ 65,948	\$ 98,860	\$ 150,743	\$ 48,413	\$ 46,069	\$ 321,886	\$ 1,249,782
54,135	75,412	113,047	172,376	55,361	52,679	368,079	1,424,744
41,509	57,823	86,680	132,171	42,448	40,392	282,229	1,095,695
-	-	-	-	-	-	-	104,824
-	-	-	15,637	-	-	-	15,637
-	-	-	-	-	-	-	28,712
-	-	-	-	49,036	-	-	49,036
-	-	-	402	-	32,066	18,379	71,735
-	280	1,473	-	225	-	-	537,107
83,873	25,335	-	-	-	-	-	109,208
-	-	-	189,050	67,800	-	-	381,513
-	-	-	-	61,509	-	-	61,509
369	-	-	611,259	83,635	-	275	698,375
-	-	-	60	-	-	-	4,501
-	-	-	800,000	-	-	-	800,000
-	-	-	-	-	-	-	2,666
229	-	70	230	-	19	3,847	15,813
<u>227,456</u>	<u>224,798</u>	<u>300,130</u>	<u>2,071,928</u>	<u>408,427</u>	<u>171,225</u>	<u>994,695</u>	<u>6,650,857</u>
134,040	57,346	251,054	221,194	-	98,494	893,048	2,367,554
9,876	2,844	7,225	9,991	2,815	1,255	15,521	90,050
8,409	1,292	8,465	6,528	148,983	19,628	146,887	571,444
424	424	466	15,330	5,086	2,557	814	35,904
1,402	520	727	1,722	68,518	3,222	6,450	130,726
99	-	3,676	-	-	389	12,291	26,940
68,403	21,587	8,603	8,043	31,007	50	9,958	190,859
647	347	158	520	140	712	1,209	8,299
61,834	13,010	70,205	12,276	2,584	868	13,156	211,655
<u>151,094</u>	<u>40,024</u>	<u>99,525</u>	<u>54,410</u>	<u>259,133</u>	<u>28,681</u>	<u>206,286</u>	<u>1,265,877</u>
19,467	19,842	25,081	22,203	3,588	479	16,391	174,452
-	-	-	-	49,828	-	-	49,828
4,599	1,428	3,620	43,849	6,028	8,101	11,609	94,661
-	42,320	8,580	1,812,008	120,168	-	6,434	2,169,889
-	-	-	19,671	-	-	-	32,792
-	-	-	17,757	-	-	-	18,405
<u>309,200</u>	<u>160,960</u>	<u>387,860</u>	<u>2,191,092</u>	<u>438,745</u>	<u>135,755</u>	<u>1,133,768</u>	<u>6,173,458</u>
(81,744)	63,838	(87,730)	(119,164)	(30,318)	35,470	(139,073)	477,399
-	-	-	-	-	-	-	(486,000)
<u>\$ (81,744)</u>	<u>\$ 63,838</u>	<u>\$ (87,730)</u>	<u>\$ (119,164)</u>	<u>\$ (30,318)</u>	<u>\$ 35,470</u>	<u>\$ (139,073)</u>	<u>\$ (8,601)</u>

**SINGLE AUDIT REPORTS**

**CITY OF OGALLALA, NEBRASKA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended September 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-thru Identifying Number</u>	<u>Expenditures</u>
<b><u>Department of Transportation</u></b>			
Passed Through the Nebraska Department of Transportation:			
Public Transportation for Non-urbanized Areas	20.509	M511(220)	\$ 42,941
CARES Act - Public Transportation for Non-urbanized Areas	20.509	M511(220)	57,243
Total Public Transportation for Non-urbanized Areas			<u>100,184</u>
Airport Improvement Program	20.106	3-31-0061-012-2020	103,162
CARES Act - Airport Improvement Program	20.106	3-31-0061-012-2020	20,000
Total Airport Improvement Project			<u>123,162</u>
Total U.S. Department of Transportation			223,346
<b><u>Department of Housing and Urban Development</u></b>			
Passed Through the Nebraska Department of Economic Development:			
Community Development Block Grants	14.228	18-HO-33058	48,607
<b><u>Department of Health and Human Services:</u></b>			
Passed Through the Nebraska Department of Health and Human Services:			
CARES Act - Public Health and Social Services Emergency Fund	93.003	47-6006302	5,534
<b><u>United States Department of the Treasury:</u></b>			
Passed Through the Nebraska Emergency Management Association:			
CARES Act - Coronavirus Relief Fund	21.019	574457	209,050
<b><u>Corporation for National and Community Service</u></b>			
Retired and Volunteer Senior Program	94.002	n/a	71,250
<b><u>Environmental Protection Agency</u></b>			
Passed Through the Nebraska Department of Environment and Energy:			
Clean Water State Revolving Fund Cluster:			
Capitalization Grants for Clean Water-SRF	66.458	C318006	1,433,367 *
Drinking Water Revolving Fund Cluster:			
Capitalization Grants for Drinking Water-SRF	66.468	D311616	1,147,066 *
Total Environmental Protection Agency			<u>2,580,433</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 3,138,220</u></u>

\* Major program

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of the City of Ogallala, Nebraska, and is presented on the cash basis. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

The City of Ogallala did not elect to use the 10% de minimis indirect cost rate.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Members of the City Council  
City of Ogallala, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities - modified cash basis, the business-type activities - accrual basis, the aggregate discretely presented component unit - accrual basis, each major fund - modified cash basis for the governmental funds and accrual basis for the proprietary funds, and the aggregate remaining fund information - modified cash basis for the governmental funds of the City of Ogallala, Nebraska, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 8, 2020. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the City of Ogallala, Nebraska, prepares its financial statements for the governmental funds on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Ogallala's internal control over financial reporting (internal control) to determine the 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.

**SHAREHOLDERS:**  
Robert D. Almquist  
Phillip D. Maltzahn  
Marcy J. Luth  
Heidi A. Ashby  
Christine R. Shenk  
Michael E. Hoback  
Joseph P. Stump  
Kyle R. Overturf  
Tracy A. Cannon

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Our consideration of internal control over financial reporting 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, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Ogallala'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 or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Ogallala's Response to Findings**

The City of Ogallala's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

AMGL, PC

Grand Island, Nebraska  
December 8, 2020



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

To the Members of the City Council  
City of Ogallala, Nebraska

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ogallala, Nebraska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City of Ogallala, Nebraska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**SHAREHOLDERS:**

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## **Opinion on Each Major Federal Program**

In our opinion, the City of Ogallala, Nebraska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a material weakness.

The City of Ogallala, Nebraska's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

AMGL, PC.

Grand Island, Nebraska  
December 8, 2020

**CITY OF OGALLALA, NEBRASKA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended September 30, 2020**

1. A summary of auditor's results:

- (i) Unmodified opinions were issued on all opinion units of the City of Ogallala, Nebraska, as of September 30, 2020.
- (ii) One significant deficiency disclosed during the audit of the financial statements is reported in the "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*." The deficiency is not reported as a material weakness.
- (iii) The audit did not disclose any instances of noncompliance which are material to the financial statements of the City of Ogallala, Nebraska.
- (iv) The audit disclosed one material weakness in the internal control over major programs for the City of Ogallala, Nebraska.
- (v) An unmodified opinion was issued on compliance for major programs.
- (vi) The audit disclosed one audit finding which is required to be reported under 2 CFR section 200.516(a).
- (vii) Major Programs: Clean Water State Revolving Fund Cluster (CFDA #66.458 – Capitalization Grants for Clean Water SRF) and Drinking Water State Revolving Fund Cluster (#66.468 – Capitalization Grants for Clean Drinking Water SRF).
- (viii) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (ix) The City of Ogallala, Nebraska, did not qualify as a low-risk auditee.

2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

2020-001

Condition: There is not adequate segregation of duties.

Criteria: Adequate segregation of duties should be in place to ensure internal control over cash receipts, disbursements, and recording of transactions.

Cause: There are a limited number of accounting personnel.

Effect: Because of the lack of segregation, the same employees may participate in multiple facets of a transaction.

Recommendation: Management should remain aware of this lack of segregation and continue diligence in oversight and review of transactions.

Views of Responsible Officials and Planned Corrective Actions: It is impractical to further segregate duties due to the limited number of accounting personnel. However, management will continue to review/oversight of transactions.

**CITY OF OGALLALA, NEBRASKA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

**Year ended September 30, 2020**

3. Findings and questioned costs for Federal awards which shall include audit findings as defined in 2 CFR section 200.516(a).

2020-002 (CFDA's #66.458 and 66.468 – Material Weakness over Reporting)

Condition: The City failed to establish a well-defined process for financial reporting relating to Federal awards that properly oversaw the tracking, reporting, and submission of grant/loan drawdown requests.

Criteria: Management is responsible for establishing a well-defined process for financial reporting relating to Federal awards that properly oversees the tracking, reporting, and submission of the grant/loan drawdown requests.

Cause: City personnel accumulated project costs, temporarily using cash reserves, rather than submitting timely DEQ grant/loan drawdown requests.

Effect: The delay in submitting grant/loan drawdown requests resulted in the late submission of the September 30, 2019 Single Audit due to the change in character of DEQ loan proceeds from State to Federal source which occurred one to two years after the initial project expenditures.

Recommendation: We recommend that all grant/loan drawdown requests be made timely in order to ensure proper identification of Federal awards and reestablish a well-defined process for reporting in relation to Federal awards.

Views of Responsible Officials and Planned Corrective Actions: The City is committed to establishing a well-defined process for reporting in relation to Federal awards. The City plans to timely submit future requests in the future in order to ensure proper identification of Federal Awards.

**CITY OF OGALLALA, NEBRASKA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year ended September 30, 2020**

Status of audit findings for the year ended September 30, 2019:

2019-002 (CFDA's #66.458 and 66.468 Material Weakness over Reporting)

Condition: This finding was a material weakness reported on the Single Audit for the year ended September 30, 2019, stating that the City had failed to establish a well-defined process for financial reporting relating to Federal awards that properly oversaw the tracking, reporting, and submission of grant/loan drawdown requests.

Recommendation: The auditor recommended that all grant/loan drawdown requests be made timely in order to ensure proper identification of Federal awards and reestablish a well-defined process for reporting in relation to Federal awards.

Current Status: The same finding was noted in the 2020 audit, as the City did not have a Single Audit conducted for the year ended September 30, 2019 until the subsequent year's audit fieldwork was being performed. As a result, this recommendation was not made until after the September 30, 2020 fiscal year was completed. However, City personnel agree with the recommendation and plan to submit timely grant/loan drawdown requests in the future so expenditures of Federal awards can be properly identified and tracked.