

**OGALLALA COMMUNITY  
REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**FINANCIAL STATEMENTS**

**September 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ogallala Community Redevelopment Authority  
Ogallala, Nebraska

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ogallala Community Redevelopment Authority, a component unit of the City of Ogallala, Nebraska as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Ogallala Community Redevelopment Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Ogallala Community Redevelopment Authority, as of September 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Other Matter

The financial statements present only the Ogallala Community Redevelopment Authority component unit and do not purport to, and do not, present fairly the financial position of the City of Ogallala, Nebraska, as of September 30, 2023, and the change in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ogallala Community Redevelopment Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ogallala Community Redevelopment Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ogallala Community Redevelopment Authority's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–9 and 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the Ogallala Community Redevelopment Authority'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 Ogallala Community Redevelopment Authority'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 Ogallala Community Redevelopment Authority's internal control over financial reporting and compliance.

AMGL, INC.

Grand Island, Nebraska  
November 7, 2023

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2023**

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of the Ogallala Community Redevelopment Authority, we offer readers of the Ogallala Community Redevelopment Authority financial statements this narrative overview and analysis of the financial activities of the Ogallala Community Redevelopment Authority for the fiscal year ended September 30, 2023.

**Financial Highlights**

- The assets of the Ogallala Community Redevelopment Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,650,945 (*net position*). Of this amount, \$3,565,267 (*unrestricted net position*) may be used to meet the government’s ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$123,109, or 14.8 percent of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Ogallala Community Redevelopment Authority’s basic financial statements. The Ogallala Community Redevelopment Authority’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position* presents information on all of the Ogallala Community Redevelopment Authority’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 Ogallala Community Redevelopment Authority 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.

The government-wide financial statements include only the CRA itself (known as the *primary government*).

The government-wide financial statements can be found on pages 10 and 11 of this report.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2023**

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**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 Ogallala Community Redevelopment Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 Ogallala Community Redevelopment Authority maintains one individual governmental fund, the General Fund.

The Ogallala Community Redevelopment Authority adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 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 16-34 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Ogallala Community Redevelopment Authority's budgetary comparison schedule. Required supplementary information can be found on page 34 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 Ogallala Community Redevelopment Authority, assets exceeded liabilities by \$3,650,945 at the close of the most recent fiscal year.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2023**

**Summary Statements of Net Position**

	<u>2023</u>	<u>2022</u>	<b>Increase (Decrease)</b>
Current and Other Assets	\$ 5,914,819	\$ 6,266,621	\$ (351,802)
Capital Assets	<u>60,678</u>	<u>60,678</u>	<u>-</u>
Total Assets	<u>5,975,497</u>	<u>6,327,299</u>	<u>(351,802)</u>
Long-term Liabilities	1,863,812	1,909,016	(45,204)
Other Liabilities	<u>460,740</u>	<u>429,590</u>	<u>31,150</u>
Total Liabilities	<u>2,324,552</u>	<u>2,338,606</u>	<u>(14,054)</u>
Net Position:			
Net Investment in Capital Assets	60,678	60,678	-
Restricted for Debt Service	25,000	25,000	-
Unrestricted	<u>3,565,267</u>	<u>3,903,015</u>	<u>(337,748)</u>
Total Net Position	<u>\$ 3,650,945</u>	<u>\$ 3,988,693</u>	<u>\$ (337,748)</u>

Only a small portion of the Ogallala Community Redevelopment Authority's net position (1.7 percent) reflects its net investment in capital assets (land held for redevelopment). These assets are not available for future spending.

Net position of \$25,000 (0.7 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,565,267) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Ogallala Community Redevelopment Authority is able to report positive balances in all categories of net position. Net position decreased \$337,748 for the year ended September 30, 2023 due primarily to capital improvements paid by the CRA.

**Expenses and Program Revenues**

<u>Function</u>	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
	<u>Program Revenues</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Program Expenses</u>
Operating costs	\$ -	\$ 820,258	\$ 86,152	\$ 615,411
TIF payments	<u>478,748</u>	<u>-</u>	<u>593,161</u>	<u>-</u>
Total	<u>\$ 478,748</u>	<u>\$ 820,258</u>	<u>\$ 679,313</u>	<u>\$ 615,411</u>



**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2023**

**Revenues by Source**

	<u>Year Ended September 30, 2023</u>		<u>Year Ended September 30, 2022</u>	
Tax increment financing	\$ 478,748	99.22 %	\$ 593,161	86.98 %
Operating contributions	-	-	86,152	12.64
Property taxes	69	0.01	1,921	0.28
Interest	3,693	0.77	681	0.10
Total	<u>\$ 482,510</u>	<u>100.00 %</u>	<u>\$ 681,915</u>	<u>100.00 %</u>

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

As noted earlier, the Ogallala Community Redevelopment Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund.** The focus of the Ogallala Community Redevelopment Authority's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Ogallala Community Redevelopment Authority's financing requirements. In particular, *unassigned 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 Ogallala Community Redevelopment Authority's governmental fund reported an ending fund balance of \$148,109. Approximately 83.1 percent of this total amount (\$123,109) constitutes *unassigned fund balance*, which is available for spending for community development. The remainder of the fund balance is *restricted* to indicate that it is not available for new spending because it has already been restricted to pay debt service on the City's 2013 Series Highway Allocation Pledge Bonds (\$25,000).

The General Fund is the only fund of the Ogallala Community Redevelopment Authority. As a measure of the General Fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.8 percent of total General Fund expenditures, while total fund balance represents 17.8 percent of that same amount.

The fund balance of the Ogallala Community Redevelopment Authority's General Fund decreased by \$229,371 during the current fiscal year.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued  
For The Year Ended September 30, 2023**

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**General Fund Budgetary Highlights**

The CRA's actual disbursements exceeded budgeted appropriations by \$354,863 for the year ended September 30, 2023, as capital improvements exceeded budgeted disbursements by \$377,576.

**Capital Asset and Debt Administration**

Total property held for redevelopment was \$60,678 at September 30, 2023.

**Long-term debt.** At the end of the current fiscal year, the Ogallala Community Redevelopment Authority had TIF payables of \$2,337,494. The TIF payables decreased by \$12,952 (0.6 percent) during the current fiscal year.

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

- The CRA did not request any property tax for the year ending September 30, 2024. This is the same as the prior year.
- The CRA plans to actively seek to sell the remaining land held for redevelopment.

**Request for Information**

This financial report is designed to provide a general overview of the Ogallala Community Redevelopment Authority'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 Director, Ogallala Community Redevelopment Authority, P.O. Box 225, 411 E 2nd Street, Ogallala, NE 69153.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**STATEMENT OF NET POSITION**

**September 30, 2023**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 79,562
County treasurer cash	43,557
Current portion of TIF receivables	699,100
Total current assets	<u>822,219</u>

Noncurrent assets:

Restricted cash and cash equivalents	25,000
Noncurrent TIF receivables	5,067,600
Land held for redevelopment	60,678
Total noncurrent assets	<u>5,153,278</u>

**Total assets** 5,975,497

**LIABILITIES**

Current liabilities:

Current portion of TIF payables	460,730
Accounts payable	10
Total current liabilities	<u>460,740</u>

Noncurrent liabilities:

Noncurrent portion of TIF payables	<u>1,863,812</u>
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**Total liabilities** 2,324,552

**NET POSITION**

Net investment in capital assets	60,678
Restricted for debt service	25,000
Unrestricted	3,565,267
<b>Total net position</b>	<u><u>\$ 3,650,945</u></u>

See notes to financial statements.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2023**

Program expenses:	
Contract services	\$ 811,023
Audit fees	3,500
Legal fees	3,780
Insurance	350
Property tax	1,389
Supplies	74
Miscellaneous	142
Total program expenses	<u>820,258</u>
Program revenues:	
Tax increment financing	<u>478,748</u>
Net program expenses in excess of revenues	(341,510)
General revenues:	
Property taxes	69
Interest income	3,693
Total general revenues	<u>3,762</u>
Decrease in net position	(337,748)
Net position - beginning of the year	<u>3,988,693</u>
Net position - end of the year	<u><u>\$ 3,650,945</u></u>

See notes to financial statements.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**BALANCE SHEET - GOVERNMENTAL FUND**

**September 30, 2023**

**ASSETS**

Cash and cash equivalents	\$ 104,562
County treasurer cash	<u>43,557</u>
<b>Total assets</b>	<b><u><u>\$ 148,119</u></u></b>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	\$ 10
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Fund balance:

Restricted for debt service	25,000
Unassigned	<u>123,109</u>
<b>Total fund balance</b>	<b><u>148,109</u></b>

<b>Total liabilities and fund balance</b>	<b><u><u>\$ 148,119</u></u></b>
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See notes to financial statements.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUND TO THE  
STATEMENT OF NET POSITION**

**September 30, 2023**

<b>Total fund balance - governmental fund</b>	\$ 148,109
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
TIF receivables are not entirely receivable in the current period and therefore are not reported as assets in the fund statement.	5,766,700
Land held for redevelopment is expensed as purchased in the fund statements, but is reported as a capital asset in the government-wide financial statements.	60,678
Long-term TIF payables are not due and payable in the current period and therefore are not reported as liabilities in the fund statement.	<u>(2,324,542)</u>
<b>Total net position - governmental activities</b>	<u><u>\$ 3,650,945</u></u>

See notes to financial statements.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE**  
**IN FUND BALANCE - GOVERNMENTAL FUND**

**For the year ended September 30, 2023**

**REVENUES**

Property taxes	\$ 69
Tax increment financing	600,077
Interest	3,693
Total revenues	<u>603,839</u>

**EXPENDITURES**

Program	25,844
Capital improvements	475,576
TIF payments to redevelopers	236,266
Principal payments on debt (pledge on City bond)	85,425
Interest on long-term debt (pledge on City bond)	10,099
Total expenditures	<u>833,210</u>

**Net change in fund balance** (229,371)

Fund balance - September 30, 2022 377,480

Fund balance - September 30, 2023 \$ 148,109

See notes to financial statements.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

**For the year ended September 30, 2023**

<b>Total net change in fund balance - governmental fund</b>	\$ (229,371)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
TIF proceeds are reported as revenue in the fund statements, but receipt of TIF proceeds reduces receivables in the government-wide statements.	(600,077)
Adjustment of TIF receivables for changes in valuation and for new TIF projects do not impact the fund financial statements, but change receivables in the government-wide statements.	159,910
TIF payments, including payments to redevelopers and principal and interest payments pledged on City bonds are recorded as program expenditures in the fund statements, but are recorded as reductions to long-term liabilities in the government-wide financial statements.	<u>331,790</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ (337,748)</u></u>

See notes to financial statements.



**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS**

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**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023**

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

The financial statements of the Ogallala Community Redevelopment Authority, Ogallala, Nebraska (Authority) are prepared in accordance with generally accepted accounting principles (GAAP).

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 Ogallala Community Redevelopment Authority was created by the City of Ogallala, Nebraska, pursuant to Nebraska State Statutes. The purpose of the Authority is to prevent and eliminate blighted areas in the City of Ogallala, Nebraska. The Authority is reported as a component unit of the City of Ogallala, Nebraska.

The Authority's financial reporting entity comprises the following:

Primary Government:	Ogallala Community Redevelopment Authority
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In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 61, and has addressed all potential component units (traditionally separate reporting entities) for which the Authority may be financially accountable, and, as such, should be included within the Authority's financial statements. The Authority (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 Authority. 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.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**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 Authority Board or the component unit provides services entirely to the Authority. These component units' funds are blended into those of the Authority by appropriate activity type to compose the primary government presentation. Currently, the Authority 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 Authority currently has no discretely presented component units.

**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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

**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. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**2. Basis of Presentation, continued**

**Fund Financial Statements, continued**

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental 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 are at least five percent of the corresponding total for all governmental funds combined.

The major fund of the financial reporting entity is described below:

**Governmental Fund**

*General Fund*

The General Fund is the primary operating fund of the Authority 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.

**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, the governmental activities are presented using the 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.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Measurement Focus, continued**

In the fund financial statements, the “current financial resources” measurement focus is used. 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.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using 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 economic assets 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, the governmental fund is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
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**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**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. The County Treasurer’s cash represents revenues collected but not yet remitted to the Authority.

Additional cash and certificate of deposit disclosures are presented in Notes B1 and C1.

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

**TIF Receivables**

In the government-wide statements, TIF receivables consist of all estimated future amounts to be received under the TIF agreements. Estimated receivables are adjusted annually. There is no allowance for uncollectible TIF receivables.

In the fund financial statements, the TIF receivables are not reported as assets. Revenue is recognized as TIF payments are received by the CRA.

**Restricted Assets**

Restricted assets include a certificate of deposit that is legally restricted as to its use. The restricted asset is described in Note C2.

**Land Held for Redevelopment**

Land held for redevelopment is carried at historical cost in the government-wide statements. It is not reported in the fund financial statements, which use the current financial resources measurement focus.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**TIF Payables**

The accounting treatment of TIF payables depends on whether the assets are reported in the government-wide or fund financial statements.

*Government-wide Statements*

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of only TIF payables.

*Fund Financial Statements*

TIF payables for governmental funds are not reported as liabilities in the fund financial statements. The payment of these liabilities is reported as an expenditure.

**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 its 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.
- 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. Effective October 1, 2010, the CRA adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Equity Classifications, continued**

*Fund Financial Statements, continued*

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 CRA 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 CRA Board ordinance or resolution.

**Assigned**—Amounts that are designated by the Executive Director for a specific purpose but are not spendable until a budget ordinance is passed by the CRA Board.

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 12). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the CRA Board or the Assignment has been changed by the Executive Director. 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.



**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

**Property Taxes**

The Authority has the power to levy taxes each year sufficient to pay any judgment existing against the Authority, 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.

No property taxes were levied for 2022-2023. Property taxes levied for prior years are recorded as revenue when received by the County.

**Expenditures/Expenses**

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

In the fund financial statements, the governmental fund reports expenditures of financial resources, classified by character and function.

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

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

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**1. Deposit Laws and Regulations**

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposit may not be returned to it. The Authority'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 Authority's demand deposits are insured up to \$250,000 and savings/certificates of deposit are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any deposits in excess of the \$250,000 FDIC limits are insured by collateral held by the pledging institution in the Authority's name.

**2. Budgetary Data**

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

- a. On or before August 1, the Authority prepares a budget for the fiscal year commencing August 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 30, the Board adopts the budget, which is then filed with the appropriate state and county officials.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**2. Budgetary Data, continued**

- 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 Authority which levied property taxes in the county the previous year based on the combined valuation and amount required for the Authority 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.
- 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 November 1. 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 Ogallala Community Redevelopment Authority adopts a budget by resolution for all funds.

Actual disbursements exceeded budgeted appropriations for the year ended September 30, 2023 by \$354,863.

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

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

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**1. Cash and Certificates of Deposit**

**Deposits**

The Authority’s policies regarding deposits of cash are discussed in Note A4. The table presented below is designed to disclose how the Authority’s deposits were insured or secured with collateral at September 30, 2023. The categories of insurance/collateral are defined as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Authority (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 Authority’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 Authority’s name; or collateralized with no written or approved collateral agreement.

<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	\$ 153,322	\$ 153,322	\$ -	\$ -	\$ <u>104,562</u>

Reconciliation to Government-wide Statement of Net Position:

Primary Government –	
Unrestricted cash and cash equivalents	\$ 79,562
Restricted cash and cash equivalents	<u>25,000</u>
	<u>\$ 104,562</u>

**2. Restricted Assets**

The restricted asset as of September 30, 2023, is as follows:

<u>Type of Restricted Asset</u>	<u>Amount</u>	<u>Restriction</u>
Cash	\$ 25,000	Required reserve for City bond issue (see Note D2)

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

**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, 2023:

	<u>TIF Receivable</u>	<u>TIF Payable</u>
<u>Central/South Redevelopment Area:</u>		
Kennedy Hospitality	\$ 200,550	\$ -
Godfathers/Ashcore	26,000	-
21st Century	150,500	-
US Recycling	20,200	-
RIKNIK Inc.	69,000	-
Stauffer	118,800	-
Ogallala DNP VIII	132,000	-
Walmart	684,600	575,889
O'Reilly	141,300	-
Ogallala Lodging	988,200	351,593
Pony Express Retail	265,000	77,368
Khodiar Hospitality	775,000	327,256
Davis Land - 801 East 1st	84,700	-
Driftwood	116,600	33,044
First Insight Eyecare	122,100	23,113
Davis Land - 802 E 2nd	36,000	-
Davis Land - 804 E 2nd	34,800	-
Fat Dogs Travel Center	354,900	319,410
Nutrien Ag Solutions Inc.	19,600	18,851
Ogallala Brewing	163,800	147,444
Fat Dogs Travel Center #2	99,000	89,100
Steph's Storage	7,500	6,750
<u>Northern Redevelopment Area:</u>		
Tri-State	136,000	53,820
England	41,000	-
Western Resource Group	155,250	-
Lakeway Lodge - Phase 1	31,200	-
Lakeway Lodge - Phase 2	37,800	-
Lakeway Lodge - Phase 4	49,000	-
Progress Lot 2 - 516 West A	36,000	-
Progress Lot 4 - 514 West A	36,000	-
Davis Land - 513 West B	35,200	-
303 West 30th St	35,100	-
Lured In	255,600	142,594
Rally B - Project 1	105,600	72,230
Rally B - Project 2	105,600	71,230

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

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

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

	<u>TIF Receivable</u>	<u>TIF Payable</u>
307 West 30th St	46,200	-
Willow & Oak	10,500	9,450
402 Diamond Springs Trail	34,500	-
Flansburg Subdivision - Lot 1	4,500	4,050
Flansburg Subdivision - Lot 7	1,500	1,350
	<u>\$ 5,766,700</u>	<u>\$ 2,324,542</u>

**4. Land Held for Redevelopment**

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Balance at October 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at September 30, 2023</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land held for redevelopment	\$ <u>60,678</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>60,678</u>

**NOTE D – OTHER NOTES**

**1. Risk Management**

The Authority 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 Authority has purchased commercial insurance to offset these certain risks. Settled claims have not significantly exceeded this commercial coverage in any of the past three years.

**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 Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The CRA did not have any investments at September 30, 2023.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**NOTE D – OTHER NOTES, continued**

**1. Risk Management, continued**

**Deposits and Investments, continued**

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority’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 CRA did not have any certificate of deposits at September 30, 2023.

*Credit Risk.* Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority’s bank deposits consist of a money market fund, minimizing credit risk associated with the Authority’s investment portfolio.

*Concentration of Credit Risk.* The Authority’s investment policy places no limit on the amount that may be invested in any one issuer. At September 30, 2023, the Authority’s bank deposits consisted of the following:

<u>Financial Institution</u>	<u>Amount</u>
Adams Bank and Trust	\$ <u>104,562</u>

*Foreign Currency Risk.* This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Authority’s investments had no exposure to foreign currency risk and the Authority held no investments denominated in foreign currency at September 30, 2023.

**2. Commitments**

**Pledge Agreements**

During the year ended September 30, 2013, the Ogallala Community Redevelopment Authority entered into a pledge agreement with the City of Ogallala, Nebraska, whereby the CRA pledged that it would provide the necessary funds to the City to enable the City to make its required debt service payments on the \$250,000 Series 2013 Highway Allocation Pledge Bonds (West H Street project). In addition, the CRA pledged to maintain a reserve equal to one year of the annual debt service due on the bonds. The CRA has met the reserve requirement by designating a portion of its cash as the reserve funds. This restricted cash had a balance of \$25,000 at September 30, 2023.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**NOTE D – OTHER NOTES, continued**

**2. Commitments, continued**

**Pledge Agreements, continued**

During the year ended September 30, 2015, the Ogallala Community Redevelopment Authority entered into a pledge agreement with the City of Ogallala, Nebraska, whereby the CRA pledged that it would provide the necessary funds to the City to enable the City to make its required debt service payments on 59.477 percent of the \$1,530,000 Series 2015 General Obligation Various Purpose Bonds to finance the costs associated with the Pony Express Project. On May 6, 2020, the City issued \$1,100,000 of Series 2020 General Obligation Various Purpose Bonds to refinance the Series 2015 GOVP Bonds. The CRA will make 59.477 percent of the principal and interest payments on these bonds also.

Future debt service payments due under these pledge agreements are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 87,451	\$ 8,409	\$ 95,860
2025	90,425	6,554	96,979
2026	65,425	5,087	70,512
2027	65,425	4,056	69,481
2028	65,425	2,977	68,402
2029-2031	130,848	2,453	133,301
	\$ 504,999	\$ 29,536	\$ 534,535

**3. Additional TIF Agreements**

On February 22, 2022, the Authority entered into a redevelopment contract with Flans5, LLC (Redeveloper). The contract states that the Redeveloper will create a taxable real property valuation of not less than \$2,500,000 on the project and project site no later than January 1, 2027. The project is expected to be completed in five phases effective annually on January 1, 2023 for Phase 1 through January 1, 2027 for Phase 5. 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 by the Authority to service \$446,000 of debt to be issued by the City of Ogallala for public improvements for the Flansburg Subdivision.



**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**NOTE D – OTHER NOTES, continued**

**3. Additional TIF Agreements, continued**

On December 19, 2022, the Authority entered into a redevelopment contract with Andrew Cole and Bryan Cole, dba Rankin Sales and service (Redeveloper) on the Rankin project. The contract states that the Redeveloper will incur project costs of at least \$205,000 on the project site no later than January 1, 2024. (The 2023 valuation reflected no excess TIF valuation.) Under terms of the agreement, the Authority will provide a grant of \$20,000 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 the 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 paid \$15,834 of the grant to the redeveloper as of September 30, 2023.

On November 10, 2022, the Authority entered into a redevelopment contract with Gretna Properties, LLC (Redeveloper) on the Runza project. The contract states that the Redeveloper will incur project costs of at least \$195,000 on the project site no later than January 1, 2024. (The 2023 valuation reflected no excess TIF valuation.) 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 \$165,000 (including an up-front grant to the Redeveloper of \$10,000) toward project expenses and costs of public improvements. 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 paid the \$10,000 grant to the redeveloper as of September 30, 2023.

On June 24, 2022, the Authority entered into a redevelopment contract with Ogallala Multi-Family, LLC (Redeveloper). The contract states that the Redeveloper will create a taxable real property valuation of not less than \$6,630,000 on the project and project site no later than January 1, 2023. The redeveloper has the right to delay the effective date to January 1, 2024 if there is no increase in assessed property valuation for the 2023 tax year. 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 \$1,359,000 toward project expenses and costs of public improvements. 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.

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY  
(A Component Unit of the City of Ogallala, Nebraska)**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

**NOTE D – OTHER NOTES, continued**

**3. Additional TIF Agreements, continued**

On June 24, 2022, the Authority entered into a redevelopment contract with Ogallala Lodging 2, LLC (Redeveloper). The contract states that the Redeveloper will create a taxable real property valuation of not less than \$6,800,000 on the project and project site no later than January 1, 2023. The redeveloper has the right to delay the effective date to January 1, 2024 if there is no increase in assessed property valuation for the 2023 tax year. 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 \$1,390,000 toward project expenses and costs of public improvements. 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.

**4. Related Party Transactions**

Davis Land Investments, LLC, the Redeveloper of the Lakeway Lodge Phase 1, 2, and 4; the Progress Lots 2 and 4; the 801 East 1<sup>st</sup> Street; 802 and 804 East 2<sup>nd</sup> Street; 513 West B Street; 303 West 30<sup>th</sup> Street; 307 West 30<sup>th</sup> Street; and Lot 4-Davis Third TIF projects described in Notes C3 and D3, is an entity owned by a former board member of the CRA. The redeveloper was a board member of the CRA during part of the year ended September 30, 2023.

A board member is an investor in the Ogallala Lodging, LLC and Ogallala Lodging 2, LLC which has TIF projects with the CRA as described in Notes C3 and D3.

**5. Subsequent Events**

Management has evaluated subsequent events through November 7, 2023, the date on which the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY INFORMATION**

**OGALLALA COMMUNITY REDEVELOPMENT AUTHORITY**  
**(A Component Unit of the City of Ogallala, Nebraska)**

**BUDGETARY COMPARISON SCHEDULE**

**Year ended September 30, 2023**

	Budget (Original and Final)	(Per Fund Statement) <u>Actual</u>	Cash Basis	Variances - Cash Basis Over (Under) <u>Final Budget</u>
<b>RESOURCES (INFLOWS)</b>				
Property taxes	\$ -	\$ 69	\$ 69	\$ 69
Tax increment financing	595,626	600,077	600,077	4,451
Interest	300	3,693	3,693	3,393
Total resources	595,926	603,839	603,839	7,913
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Program expenditures	36,100	25,844	26,946	(9,154)
Capital improvements	98,000	475,576	475,576	377,576
TIF payments to redevelopers	249,825	236,266	236,266	(13,559)
Debt service - principal (pledge on City bond)	85,425	85,425	85,425	-
Debt service - interest (pledge on City bond)	10,099	10,099	10,099	-
Total charges to appropriations	479,449	833,210	834,312	354,863
<b>RESOURCES UNDER CHARGES TO APPROPRIATIONS</b>	<u>\$ 116,477</u>	<u>\$ (229,371)</u>	<u>\$ (230,473)</u>	<u>\$ (346,950)</u>

**ADDITIONAL INFORMATION REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***

**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 Board of Directors  
Ogallala Community Redevelopment Authority  
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 and the major fund of the Ogallala Community Redevelopment Authority, Ogallala, Nebraska, a component unit of the City of Ogallala, Nebraska, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated November 7, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control 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

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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. We identified a certain deficiency in internal control, described below that we consider to be a significant deficiency.

#### Segregation of Duties

Due to limited number of personnel, there is not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ogallala Community Redevelopment Authority'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 the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The Authority's actual disbursements exceeded budgeted appropriations for the year ended September 30, 2023 by \$354,863.

#### **Ogallala Community Redevelopment Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Ogallala Community Redevelopment Authority's response to the findings identified in our audit and described above. Ogallala Community Redevelopment Authority's response to the findings identified in our audit is that due to the small size of the Authority, it is impractical to further segregate duties. Also, the Authority will monitor actual disbursements compared to budget and will amend the budget, if necessary, in the future. The Authority'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.

DMGL, P.C.

Grand Island, Nebraska  
November 7, 2023