

CITY OF KEARNEY

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024



Prepared by the Department of Finance

**City of Kearney, Nebraska
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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Kearney
Kearney, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kearney, Nebraska (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bergank DV, LLC

Omaha, Nebraska
May 5, 2025



City of Kearney Management's Discussion and Analysis

As management of the City of Kearney, we offer readers of the City of Kearney's financial statements this narrative overview and analysis of the financial activities of the City of Kearney for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets of the City of Kearney exceeded its liabilities at the close of the most recent fiscal year by \$364,922,353 (*net position*). Of this amount, \$60,351,829 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City of Kearney's total net position increased by \$21,050,129 in comparison with the prior year.
- As of the close of the current fiscal year, the City of Kearney's governmental funds reported combined ending fund balances of \$41,986,289, a decrease of \$21,296,065 in comparison with the prior year. Of this total amount, \$4,614,474, or 11% is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,614,474 or 13.9% of total general fund expenditures.
- The City of Kearney's total debt increased by \$17,208,017 (17.0%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Kearney's basic financial statements. The City of Kearney'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 City of Kearney's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Kearney's assets, liabilities and deferred inflows/outflows of resources, 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 Kearney 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 (e.g., uncollected taxes and earned but unused vacation leave incurred.)

City of Kearney Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the City of Kearney 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 Kearney include general government, public safety-police and fire, public safety-other, public works-streets, public works-other, public health and social services, culture and recreation, and community development. The business-type activities of the City of Kearney include golf, sanitation, solid waste disposal, sanitary sewer, water, storm water, and airport.

The government-wide financial statements include not only the City of Kearney itself (known as the *primary government*), but also a legally separate Community Redevelopment Authority of the City of Kearney, Nebraska for which the City of Kearney is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The City of Kearney Off street Parking District Number 1 and the Kearney Area Solid Waste Agency, although also legally separate, function for all practical purposes as departments of the City of Kearney and therefore have been included as integral parts of the primary government.

The government-wide financial statements can be found on pages 17-19 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 Kearney, 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 Kearney can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 financial 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 the comparison between *governmental funds* and *governmental activities*.

City of Kearney Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Governmental Funds (Continued)

The City of Kearney maintains fifteen 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, five special revenue funds, two debt service funds, and seven capital project funds, all of which are considered major funds.

The City of Kearney adopts an annual appropriated budget for its general fund and major special revenue funds. A budgetary comparison statement has been provided for the general fund and all major special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-27 of this report.

Proprietary Funds

The City of Kearney 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 Kearney uses enterprise funds to account for golf, solid waste disposal, sanitation, sanitary sewer, water, storm water, and the airport. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Kearney's various functions. The City of Kearney uses internal service funds to account for its health and dental insurance benefits, property and casualty insurance, workers compensation insurance, central stores, and vehicle maintenance. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within the *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 golf, solid waste disposal, sanitation, sanitary sewer, water, storm water, and airport, all of which are considered to be major funds of the City of Kearney. Conversely, all five internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 28-37 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Kearney. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Kearney's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38-39 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 41-79 of this report.

**City of Kearney
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*.

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 Kearney, assets exceeded liabilities by \$364,922,353 at the close of the most recent fiscal year.

By far, the largest portion of the City of Kearney's net position (83.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Kearney uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Kearney'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 capital assets themselves cannot be used to liquidate these liabilities.

City of Kearney's Net Position

	Governmental Activities		Business-Type Activities		Total	
	(Restated)		(Restated)		(Restated)	
	2023	2024	2023	2024	2023	2024
Current and other assets	\$ 72,591,334	\$ 52,016,189	\$ 27,739,881	\$ 32,396,336	\$ 100,331,215	\$ 84,412,525
Capital assets	213,717,431	248,584,950	155,846,123	171,578,367	369,563,554	420,163,317
Total assets	<u>286,308,765</u>	<u>300,601,139</u>	<u>183,586,004</u>	<u>203,974,703</u>	<u>469,894,769</u>	<u>504,575,842</u>
Deferred outflows of resources	-	-	-	-	-	-
Long-term liabilities outstanding	58,540,214	57,918,951	46,566,629	68,013,608	105,106,843	125,932,559
Other liabilities	7,204,801	6,214,195	10,225,797	3,218,008	17,430,598	9,432,203
Total liabilities	<u>65,745,015</u>	<u>64,133,146</u>	<u>56,792,426</u>	<u>71,231,616</u>	<u>122,537,441</u>	<u>135,364,762</u>
Deferred inflows of resources	2,073,224	2,887,564	1,411,880	1,401,163	3,485,104	4,288,727
Net position						
Net investment in capital assets	155,144,455	195,092,821	113,927,603	107,473,182	269,072,058	302,566,003
Restricted	30,938,781	760,632	11,271	1,243,889	30,950,052	2,004,521
Unrestricted	32,813,707	37,726,976	11,923,001	22,624,853	44,736,708	60,351,829
Total net position as originally stated	218,896,943	233,580,429	125,861,875	131,341,924	344,758,818	364,922,353
Error correction	(406,417)	-	(480,177)	-	(886,594)	-
Total net position as restated	<u>\$ 218,490,526</u>	<u>\$ 233,580,429</u>	<u>\$ 125,381,698</u>	<u>\$ 131,341,924</u>	<u>\$ 343,872,224</u>	<u>\$ 364,922,353</u>

An additional portion of the City of Kearney's net position (1.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$60,351,829) may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Kearney
Management's Discussion and Analysis**

Overview of the Financial Statements (Continued)

City of Kearney's Net Position (Continued)

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

City of Kearney's Changes in Net Position

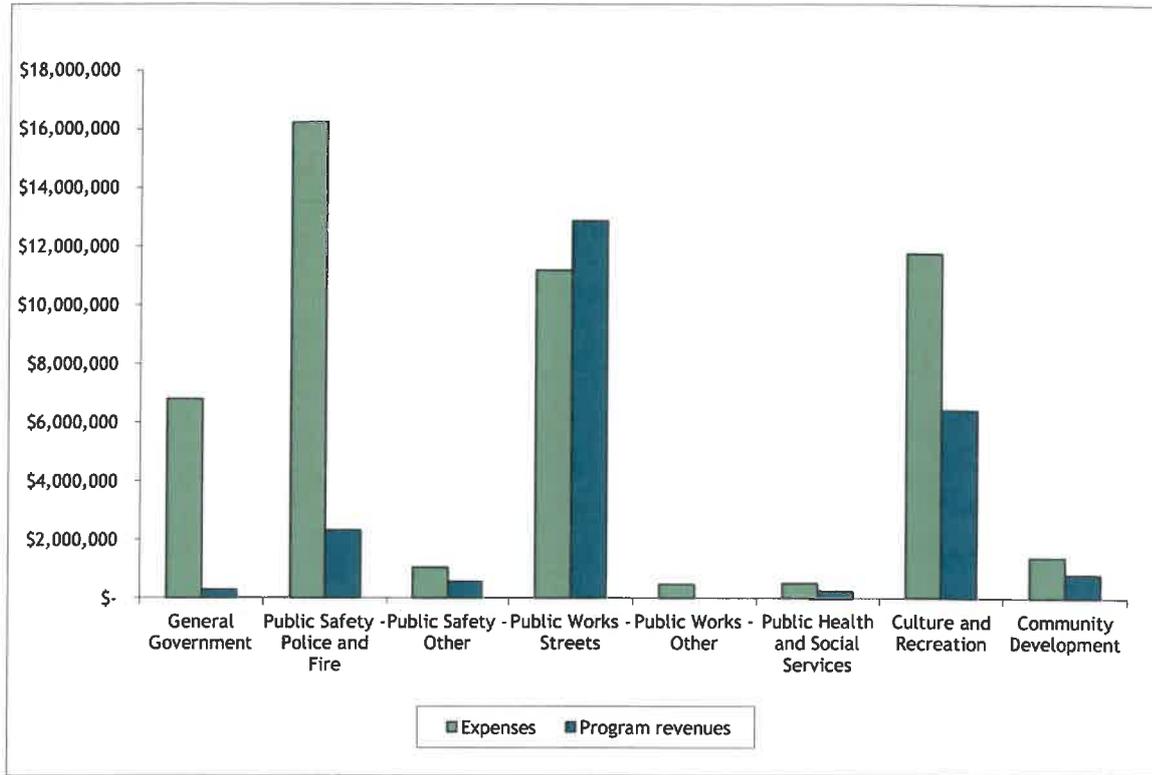
	Governmental Activities		Business-Type Activities		Total	
	(Restated)		(Restated)		(Restated)	
	2023	2024	2023	2024	2023	2024
Revenues						
Program revenues						
Charges for services	\$ 12,216,692	\$ 10,093,371	\$ 32,995,790	\$ 34,091,241	\$ 45,212,482	\$ 44,184,612
Operating grants and contributions	4,709,580	4,913,845	-	-	4,709,580	4,913,845
Capital grants and contributions	4,171,263	8,455,882	9,475,106	7,512,973	13,646,369	15,968,855
General revenues						
Property taxes	4,675,861	5,027,842	-	-	4,675,861	5,027,842
Other taxes	22,580,303	23,825,039	-	-	22,580,303	23,825,039
Other	2,923,413	2,696,010	544,983	1,925,410	3,468,396	4,621,420
Total revenues	51,277,112	55,011,989	43,015,879	43,529,624	94,292,991	98,541,613
Expenses						
General	7,405,949	6,789,856	-	-	7,405,949	6,789,856
Public safety - police and fire	15,634,445	16,233,649	-	-	15,634,445	16,233,649
Public safety - other	976,043	1,042,723	-	-	976,043	1,042,723
Public works - streets	9,598,531	11,190,798	-	-	9,598,531	11,190,798
Public works - other	487,405	467,531	-	-	487,405	467,531
Public health and social services	676,016	501,838	-	-	676,016	501,838
Culture and recreation	10,646,441	11,756,618	-	-	10,646,441	11,756,618
Community development	739,455	1,389,540	-	-	739,455	1,389,540
Golf	-	-	1,482,475	1,780,865	1,482,475	1,780,865
Sanitation	-	-	5,330,742	5,514,860	5,330,742	5,514,860
Solid waste disposal	-	-	2,303,024	2,850,146	2,303,024	2,850,146
Sanitary sewer	-	-	4,329,224	4,733,336	4,329,224	4,733,336
Water	-	-	5,380,512	6,905,251	5,380,512	6,905,251
Airport	-	-	5,191,441	6,102,655	5,191,441	6,102,655
Storm water	-	-	223,747	231,818	223,747	231,818
Total expenses	46,164,285	49,372,553	24,241,165	28,118,931	70,405,450	77,491,484
Increase in net position before	5,112,827	5,639,436	18,774,714	15,410,693	23,887,541	21,050,129
Transfers	11,730,673	9,450,467	(11,730,673)	(9,450,467)	-	-
Increase in net position	16,843,500	15,089,903	7,044,041	5,960,226	23,887,541	21,050,129
Net position - beginning	202,053,443	218,490,526	118,817,834	125,381,698	320,871,277	343,872,224
Net position - ending originally stated	218,896,943	233,580,429	125,861,875	131,341,924	344,758,818	364,922,353
Error correction	(406,417)	-	(480,177)	-	(886,594)	-
Net position - ending as restated	\$ 218,490,526	\$ 233,580,429	\$ 125,381,698	\$ 131,341,924	\$ 343,872,224	\$ 364,922,353

- **Governmental Activities.** Governmental activities increased the City of Kearney's net position by \$15,089,903, thereby accounting for 71.7% of the total growth in the net position of the City of Kearney.

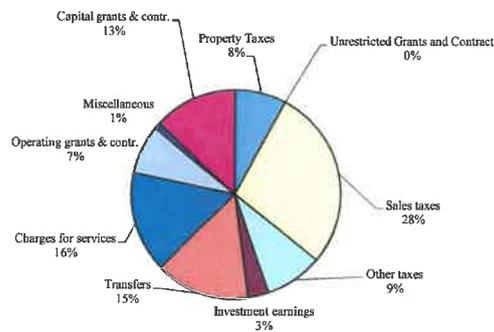
City of Kearney Management's Discussion and Analysis

Below are graphs, which provide comparisons of the governmental activities revenues and expenses:

Expense and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

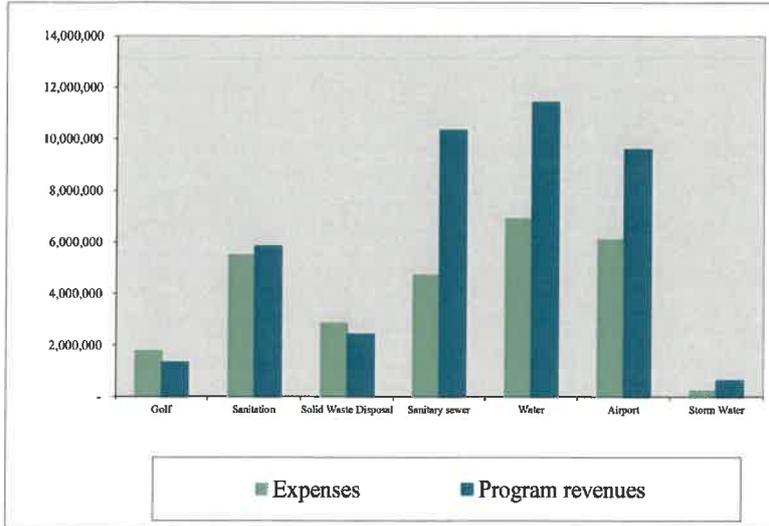


City of Kearney Management's Discussion and Analysis

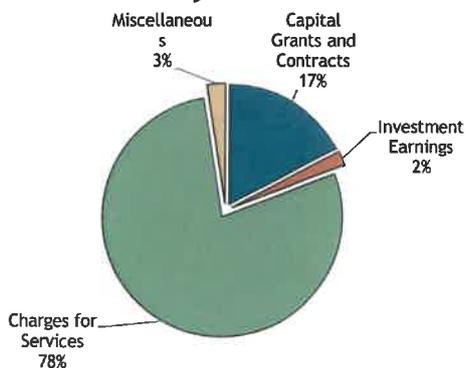
- Business-type Activities.** Business-type activities increased the City of Kearney's net position by \$5,960,226, thereby accounting for 28.3% of the total growth in the net position of the City of Kearney.

Below are graphs, which provide comparisons of the business-type activities revenues and expenses:

Expense and Program Revenues - Business-type Activities



Revenues by Source - Business-Type Activities



City of Kearney Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City of Kearney'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 Kearney'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.

At the end of the current fiscal year, the City of Kearney's governmental funds reported combined ending fund balances of \$41,986,289, a decrease of \$21,296,065 in comparison with the prior year. Approximately 11% of this total amount, or \$4,614,474, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. *Assigned fund balance*, \$17,821,558, is assigned to special revenue funds and capital project funds intended to be used for specific purposes. *Committed fund balance*, \$16,096,386, is committed for specific purposes by the governing body of the City of Kearney. The remainder of fund balance, or \$3,453,871 is *restricted fund balance*, which is restricted to indicate that it is not available for new spending because it has been restricted to liquidate amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The general fund is the main operating fund of the City of Kearney. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,614,474 and total fund balance of the general fund was \$12,090,012. 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 13.9% of total general fund expenditures, while total fund balance represents 36.3% of that same amount.

The fund balance of the City of Kearney's general fund increased by \$763,283 during the current fiscal year.

Proprietary Funds

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

Unrestricted net position in the respective proprietary funds are Golf - \$306,967, Sanitation - \$2,792,524, Solid Waste Disposal - \$1,071,305, Sanitary Sewer - \$10,892,823, Water - \$4,766,037, Storm Water - \$1,185,720 and Airport - \$1,536,299. The total growth (reduction) in unrestricted net position for the respective proprietary funds was Golf - (\$342,108), Sanitation - (\$355,543), Solid Waste Disposal - \$336,788, Sanitary Sewer - \$9,319,456, Water - \$282,442, Storm Water - \$645,325 and Airport - \$399,207.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget.

**City of Kearney
Management's Discussion and Analysis**

Capital Asset and Debt Administration

Capital Assets

The City of Kearney's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$420,163,317 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, vehicles, infrastructure, and construction in progress. The total increase in the City of Kearney's investment in capital assets for the current fiscal year was 13.7% (a 16.3% increase for governmental activities and a 10.1% increase for business-type activities)

Major capital asset projects completed prior to the close of the current fiscal year include the following:

2021 Part 5 Sewer improvements	\$ 1,412,286
2021 Part 5 Water improvements	1,337,836
2021 Part 5 Paving improvements	2,827,192
Airport terminal renovation	6,534,297
Airport FBO window replacement	78,242
Airport box hangar	6,449,216
Airport FBO parking lot replacement	74,850
Lighthouse Point Park	363,841
Millennial Park	436,450
2023 Part 2 paving improvements	422,811

City of Kearney's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Land	\$ 31,679,156	\$ 35,874,338	\$ 2,552,016	\$ 2,552,016	\$ 34,231,172	\$ 38,426,354
Buildings	22,925,896	22,310,402	9,007,894	21,596,494	31,933,790	43,906,896
than buildings	28,131,764	28,026,892	97,349,690	98,790,595	125,481,454	126,817,487
Equipment	3,997,250	3,691,548	2,197,985	2,550,380	6,195,235	6,241,928
Vehicles	2,208,111	5,423,418	2,043,492	2,141,431	4,251,603	7,564,849
Infrastructure	106,567,477	109,216,157	-	-	106,567,477	109,216,157
Construction in progress	18,207,777	44,042,195	42,695,046	43,947,451	60,902,823	87,989,646
Total	\$ 213,717,431	\$ 248,584,950	\$ 155,846,123	\$ 171,578,367	\$ 369,563,554	\$ 420,163,317

Additional information on the City of Kearney's capital assets can be found in Note 5, starting on page 54 of this report.

**City of Kearney
Management's Discussion and Analysis**

Capital Asset and Debt Administration (Continued)

Long-Term Debt

At the end of the current fiscal year, the City of Kearney had total bonded debt outstanding of \$116,843,567. Of this amount \$54,747,403 comprises debt backed by the full faith and credit of the City of Kearney. The remainder of the City of Kearney's debt, \$62,096,160, represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

General Obligation, Public Safety Tax Anticipation, and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
General Obligation Bonds	\$ 53,931,005	\$ 51,927,407	\$ -	\$ -	\$ 53,931,005	\$ 51,927,407
Public Safety TAB	3,060,000	2,820,000	-	-	3,060,000	2,820,000
Revenue Bonds	-	-	42,528,133	62,096,160	42,528,133	62,096,160
Total	\$ 56,991,005	\$ 54,747,407	\$ 42,528,133	\$ 62,096,160	\$ 99,519,138	\$ 116,843,567

The City of Kearney's total bonded debt increased by \$17,324,429 (17.4%) during the current fiscal year. During the current fiscal year, the City of Kearney issued the following bonds.

- The City of Kearney issued \$5,045,000 of Combined Utilities Revenue Bonds, Series 2024, dated August 8, 2024, for the purpose of paying the costs of completing the improvements to the City's wastewater treatment facility.
- The City of Kearney made draws on SRF loans during the year in the amount of \$16,115,687, for the purpose of paying costs of improvements to the City's water and wastewater systems.

The City of Kearney maintains an A- Stable rating from S&P Global Ratings on all of its general obligation bond debt.

State statutes do not limit the amount of general obligation or revenue bond debt a Nebraska city may issue however, state statutes do limit the levy of a special tax to not more than five cents per one hundred dollars of taxable value on all taxable property within the city for the purpose of making principal and interest payments on the Public Safety Tax Anticipation bonds.

Additional information on the City of Kearney's long-term debt can be found in Note 8 starting on page 65 of this report.

**City of Kearney
Management's Discussion and Analysis**

Economic Factors and Next Year's Budget and Rates

- At September 30, 2024, the unemployment rate for the City of Kearney is 2.2%, which is 22.2% higher at September 30, 2023. This compares favorably to the state's average unemployment rate of 2.7% and the national average rate of 4.1%.
- The occupancy rate of the city's central business district has remained at 95% for the past three years.
- Inflationary trends in the region compared to national indices.

All of these factors were considered in preparing the City of Kearney's budget for the 2024-2025 fiscal year.

During the current fiscal year, fund balance in the general fund increased to \$12,090,012. The City of Kearney has appropriated \$952,244 of this amount for spending in the 2024-2025 fiscal year budget. The use of this available fund balance limited the need to raise property taxes by \$377,516 during the 2024-2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Kearney'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 of Finance, 18 East 22nd Street, Kearney, NE 68847.



City of Kearney, Nebraska
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Redevelopment Authority
Assets				
Cash and cash equivalents	\$ 20,298,562	\$ 8,537,326	\$ 28,835,888	\$ 483,434
Cash held by county treasurer	233,875	-	233,875	-
Investments	23,997,824	12,188,717	36,186,541	-
Receivables (net of allowance for uncollectibles)				
Interest	59,175	21,251	80,426	-
Taxes - current	2,431,022	-	2,431,022	200,637
Taxes - delinquent	390,428	-	390,428	24,320
Accounts	1,159,272	916,507	2,075,779	-
Special assessments - billed	5,458	-	5,458	-
Special assessments - not billed	1,758,617	579,309	2,337,926	-
Intergovernmental	489,393	2,910,935	3,400,328	-
Leases	1,123,489	821,854	1,945,343	-
Internal balances	(73,178)	73,178	-	-
Inventories	142,252	1,131,869	1,274,121	-
Restricted cash, cash equivalents, and investments				
Customer deposits	-	111,443	111,443	-
Revenue bond covenants	-	-	-	-
Landfill closure/postclosure	-	5,103,947	5,103,947	-
Capital assets (net of accumulated depreciation/amortization)				
Land	35,874,338	2,552,016	38,426,354	-
Buildings	22,310,400	21,596,494	43,906,894	-
Improvements other than buildings	28,026,892	98,790,595	126,817,487	-
Equipment	3,691,549	2,550,381	6,241,930	-
Vehicles	5,423,418	2,141,430	7,564,848	-
Infrastructure	109,216,158	-	109,216,158	-
Construction in progress	44,042,195	43,947,451	87,989,646	-
Total assets	<u>300,601,139</u>	<u>203,974,703</u>	<u>504,575,842</u>	<u>708,391</u>
Liabilities				
Accounts payable and other current liabilities	\$ 5,544,837	\$ 2,669,539	\$ 8,214,376	\$ 220,225
Accrued interest payable	669,358	234,462	903,820	-
Unearned revenue	-	202,564	202,564	-
Liabilities payable from restricted assets	-	111,443	111,443	-
Noncurrent liabilities				
Due within one year	2,056,830	1,537,269	3,594,099	-
Due in more than one year	55,862,121	61,372,392	117,234,513	-
Accrued closure and postclosure costs	-	5,103,947	5,103,947	-
Total liabilities	<u>64,133,146</u>	<u>71,231,616</u>	<u>135,364,762</u>	<u>220,225</u>
Deferred Inflows of Resources				
Lease related	1,123,489	821,854	1,945,343	-
Deferred special assessment receipts	1,764,075	579,309	2,343,384	-
Total deferred inflows of resources	<u>2,887,564</u>	<u>1,401,163</u>	<u>4,288,727</u>	<u>-</u>
Net Position				
Net investment in capital assets	195,092,821	107,473,182	302,566,003	-
Restricted for				
Debt service	760,632	1,243,889	2,004,521	-
TIF	-	-	-	52,744
Unrestricted	<u>37,726,976</u>	<u>22,624,853</u>	<u>60,351,829</u>	<u>435,422</u>
Total net position	<u>\$ 233,580,429</u>	<u>\$ 131,341,924</u>	<u>\$ 364,922,353</u>	<u>\$ 488,166</u>

See notes to basic financial statements



City of Kearney, Nebraska
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues		Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 6,789,856	\$ 207,960	\$ -	\$ 68,907	\$ (6,512,989)	\$ -	\$ (6,512,989)
Public safety - police and fire	16,233,649	2,242,986	10,056	57,900	(13,922,707)	-	(13,922,707)
Public safety - other	1,042,723	556,059	-	-	(486,664)	-	(486,664)
Public works - streets	11,190,798	142,742	4,903,789	7,822,209	1,677,942	-	1,677,942
Public works - other	467,531	-	-	-	(467,531)	-	(467,531)
Public health and social services	501,838	212,920	-	-	(288,918)	-	(288,918)
Culture and recreation	11,756,618	5,934,338	-	491,431	(5,330,849)	-	(5,330,849)
Community development	1,389,540	796,366	-	15,435	(577,739)	-	(577,739)
Total governmental activities	49,372,553	10,093,371	4,913,845	8,455,882	(25,909,455)	-	(25,909,455)
Business-type activities							
Golf	1,780,865	1,325,283	-	-	(455,582)	-	(455,582)
Sanitation	5,514,860	5,827,831	-	15,954	328,925	-	328,925
Solid waste disposal	2,850,146	2,411,764	-	-	(438,382)	-	(438,382)
Sanitary sewer	4,733,336	9,463,293	-	885,211	5,615,168	-	5,615,168
Water	6,905,251	10,842,279	-	588,386	4,525,414	-	4,525,414
Airport	6,102,655	3,581,483	-	6,023,422	3,502,250	-	3,502,250
Storm water	231,818	639,308	-	-	407,490	-	407,490
Total business-type activities	28,118,931	34,091,241	-	7,512,973	-	13,485,283	13,485,283
Total primary government	77,491,484	44,184,612	4,913,845	15,968,855	(25,909,455)	13,485,283	(12,424,172)
Component units							
Community Redevelopment Authority	3,312,986	4,000	547	-	-	-	(3,308,439)
Total component units	\$ 3,312,986	\$ 4,000	\$ 547	\$ -	-	-	(3,308,439)
General revenues							
Taxes							
Property taxes					5,027,842	-	245,946
Sales taxes					18,120,768	-	-
Occupation taxes					4,104,021	-	458,416
Motor vehicle taxes					904,807	-	-
In-lieu of taxes					695,443	-	9,152
Unrestricted investment earnings (loss)					2,051,855	824,549	386
Gains (losses) on disposal of capital assets					633,147	1,100,861	-
Miscellaneous					11,008	-	2,273,328
Transfers					9,450,467	(9,450,467)	-
Total general revenues and transfers					40,999,358	(7,525,057)	2,987,228
Change in net position					15,089,903	5,960,226	(321,211)
Net position - beginning as previously stated					218,896,943	125,861,875	995,221
Error corrections (Note 12)					(406,417)	(480,177)	214,156
Net position - beginning as restated					218,490,526	125,381,698	809,377
Net position - ending					\$ 233,580,429	\$ 131,341,924	\$ 488,166

See notes to basic financial statements.

City of Kearney, Nebraska
Balance Sheet - Governmental Funds
September 30, 2024

	Special Revenue Funds					Capital Project Funds		
	General	Transportation	Economic Development	Lottery Trust	Natural Disaster	Off Street Parking District No. 1	Police Reserve	Fire Reserve
Assets								
Cash and cash equivalents	\$ 4,550,615	\$ 1,340,178	\$ 1,916,816	\$ 183,028	\$ 6,663	\$ 79,617	\$ 70,841	\$ 10,550
Cash held by county treasurer	220,244	-	-	-	-	4,480	-	-
Investments	6,301,797	1,856,103	2,654,729	253,488	9,227	110,267	98,112	14,612
Receivables (net of allowance for uncollectibles)								
Interest	34,578	-	-	1,041	-	-	-	-
Taxes - current	1,816,963	-	-	-	-	-	-	-
Taxes - delinquent	363,470	-	-	-	-	445	-	-
Accounts	61,333	-	-	44,171	-	-	700,000	-
Special assessments - current	-	-	-	-	-	-	-	-
Special assessments - deferred	-	-	-	-	-	-	-	-
Intergovernmental	2,790	472,232	-	-	-	-	-	-
Leases	374,999	301,183	-	-	-	-	-	-
Total assets	\$ 13,726,789	\$ 3,969,696	\$ 4,571,545	\$ 481,728	\$ 15,890	\$ 194,809	\$ 868,953	\$ 25,162
Liabilities								
Accounts payable	\$ 538,710	\$ 46,547	\$ 150,000	\$ 1,495	\$ -	\$ -	\$ 181,152	\$ -
Accrued payroll	359,179	42,557	-	-	-	-	-	-
Contracts payable	62,303	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-	-
Intergovernmental payable	-	-	-	34,557	-	-	-	-
Matured bonds payable	-	-	-	-	-	-	-	-
Matured interest payable	-	-	-	-	-	-	-	-
Total liabilities	960,192	89,104	150,000	36,052	-	-	181,152	-
Deferred Inflows of Resources								
Unavailable revenue taxes	301,586	-	-	-	-	-	-	-
Unavailable revenue special assessments	-	-	-	-	-	-	-	-
Unavailable revenue leases	374,999	301,183	-	-	-	-	-	-
Total deferred inflows of resources	676,585	301,183	-	-	-	-	-	-
Fund Balances								
Restricted	-	2,470,922	-	-	-	-	-	-
Committed	7,475,538	1,108,487	4,421,545	445,676	-	10,000	687,801	-
Assigned	-	-	-	-	15,890	184,809	-	25,162
Unassigned	4,614,474	-	-	-	-	-	-	-
Total fund balances	12,090,012	3,579,409	4,421,545	445,676	15,890	194,809	687,801	25,162
Total liabilities and fund balances	\$ 13,726,789	\$ 3,969,696	\$ 4,571,545	\$ 481,728	\$ 15,890	\$ 194,809	\$ 868,953	\$ 25,162

See notes to basic financial statements.

Capital Project Funds					Debt Service Funds		Total Governmental Funds
Cemetery Reserve	Park and Recreation Reserve	Street Improvement	Special Sales Tax	Restaurant Occupation Tax Project	Public Safety TAB's	General Obligation Bonds	
\$ 58,758	\$ 1,013,851	\$ 1,507,763	\$ 4,122,013	\$ 4,434,081	\$ 60,848	\$ 477,662	\$ 19,833,284
-	-	-	-	-	9,151	-	233,875
81,379	1,404,151	2,088,204	5,708,856	2,119,757	84,273	661,546	23,446,501
258	-	-	15,899	5,592	-	1,807	59,175
-	-	-	578,646	-	-	35,413	2,431,022
-	-	-	-	-	26,513	-	390,428
-	34,065	-	-	300,000	-	-	1,139,569
-	-	-	-	-	-	5,458	5,458
-	-	-	-	-	-	1,758,617	1,758,617
-	-	-	-	-	-	-	475,022
-	447,307	-	-	-	-	-	1,123,489
<u>\$ 140,395</u>	<u>\$ 2,899,374</u>	<u>\$ 3,595,967</u>	<u>\$ 10,425,414</u>	<u>\$ 6,859,430</u>	<u>\$ 180,785</u>	<u>\$ 2,940,503</u>	<u>\$ 50,896,440</u>
\$ -	\$ -	\$ -	\$ 378,173	\$ -	\$ -	\$ -	\$ 1,296,077
-	-	-	-	-	-	-	401,736
-	-	39,016	643,075	2,543,299	-	-	3,287,693
-	-	16,833	28,488	140,958	-	-	186,279
-	-	-	-	-	-	-	34,557
-	-	-	-	-	-	420,000	420,000
-	-	-	-	-	-	72,019	72,019
-	-	55,849	1,049,736	2,684,257	-	492,019	5,698,361
-	-	-	-	-	22,640	-	324,226
-	-	-	-	-	-	1,764,075	1,764,075
-	447,307	-	-	-	-	-	1,123,489
-	447,307	-	-	-	22,640	1,764,075	3,211,790
140,395	-	-	-	-	158,145	684,409	3,453,871
-	1,728,061	-	-	219,278	-	-	16,096,386
-	724,006	3,540,118	9,375,678	3,955,895	-	-	17,821,558
-	-	-	-	-	-	-	4,614,474
<u>140,395</u>	<u>2,452,067</u>	<u>3,540,118</u>	<u>9,375,678</u>	<u>4,175,173</u>	<u>158,145</u>	<u>684,409</u>	<u>41,986,289</u>
<u>\$ 140,395</u>	<u>\$ 2,899,374</u>	<u>\$ 3,595,967</u>	<u>\$ 10,425,414</u>	<u>\$ 6,859,430</u>	<u>\$ 180,785</u>	<u>\$ 2,940,503</u>	<u>\$ 50,896,440</u>



City of Kearney
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
September 30, 2024

Total fund balances - governmental funds \$ 41,986,289

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Capital assets	335,488,966
Less accumulated depreciation	(86,978,040)

Long-term liabilities, including bonds 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:

Bond principal payable	(54,747,407)
Matured bonds due within 30 days	420,000
Leases payable	(37,092)
Compensated absences payable	(1,640,849)
Bond (premium) discount	(1,424,886)

Governmental funds do not report a liability for accrued interest until due and payable. (597,339)

Certain receivables will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 324,226

The Internal Service Fund is used by management to charge the costs of self-insurance and employee benefits; the assets and liabilities of the Internal Service Fund are reported in the governmental activities in the statement of net position.

786,561

Total net position - governmental activities \$ 233,580,429

City of Kearney
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2024

	Special Revenue Funds					Offstreet Parking District No. 1
	General	Transportation	Economic Development	Lottery Trust	Natural Disaster	
Revenues						
Taxes						
Property	\$ 4,686,521	\$ -	\$ -	\$ -	\$ -	\$ 59,635
Sales	11,630,016	-	-	-	-	-
Occupation	2,501,304	-	-	-	-	-
Motor vehicle	904,807	-	-	-	-	-
In lieu of taxes	695,443	-	-	-	-	-
Licenses and permits	577,754	-	-	-	-	-
Charges for services	1,508,019	8,734	-	-	-	6,764
Fines	9,451	-	-	-	-	-
Investment earnings	1,057,059	633	-	26,281	-	260
Miscellaneous	456,105	53,232	56,000	727,602	-	6,000
Intergovernmental - state	1,389,748	4,903,789	15,435	-	-	-
Total revenues	25,416,227	4,966,388	71,435	753,883	-	72,659
Expenditures						
Current						
General government	6,400,068	-	200,000	-	-	-
Public safety - police and fire	14,493,749	-	-	-	-	-
Public safety - other	989,073	-	-	-	-	-
Public works - streets	-	3,917,727	-	-	-	-
Public works - other	451,056	-	-	-	-	-
Public health and social services	556,070	-	-	-	-	-
Culture and recreation	9,147,880	-	-	-	-	-
Community development	-	-	1,069,892	278,108	-	40,589
Debt service						
Public safety - police and fire	-	-	-	-	-	-
Public works - streets	-	-	-	-	-	-
Capital outlay						
General government	122,343	-	61,895	-	83,978	-
Public safety - police and fire	573,094	-	-	-	-	-
Public safety - other	6,772	-	-	-	-	-
Public works - streets	-	842,305	-	-	-	-
Public works - other	25,000	-	-	-	-	-
Public health and social services	72,327	-	-	-	-	-
Culture and recreation	462,872	-	22,345	-	-	-
Total expenditures	33,300,304	4,760,032	1,354,132	278,108	83,978	40,589
Excess (deficiency) of revenues over (under) expenditures	(7,884,077)	206,356	(1,282,697)	475,775	(83,978)	32,070
Other Financing Sources (Uses)						
Transfers in	8,077,453	-	1,673,013	-	-	-
Transfers out	-	-	-	(570,000)	-	-
Capital contributions	68,907	-	-	-	-	-
Sale of capital assets	501,000	-	-	-	-	-
Total other financing sources & uses	8,647,360	-	1,673,013	(570,000)	-	-
Net change in fund balances	763,283	206,356	390,316	(94,225)	(83,978)	32,070
Fund balances (deficit) - beginning as previously stated	11,531,660	3,373,053	4,031,229	539,901	99,868	162,739
Error Correction (Note 12)	(204,931)	-	-	-	-	-
Fund balances (deficit) - beginning of year as restated	11,326,729	3,373,053	4,031,229	539,901	99,868	162,739
Fund balances (deficit) - ending	\$ 12,090,012	\$ 3,579,409	\$ 4,421,545	\$ 445,676	\$ 15,890	\$ 194,809

See notes to basic financial statements.

Special Revenue Funds							Debt Service Funds		Total Governmental Funds
Police Reserve	Fire Reserve	Cemetery Reserve	Park and Recreation Reserve	Street Improvement	Special Sales Tax	Restaurant Occupation Tax Project	Public Safety TAB's	General Obligation Bonds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,965	\$ -	\$ 5,038,121
-	-	-	-	-	6,040,256	-	-	450,496	18,120,768
-	-	-	-	-	-	1,602,717	-	-	4,104,021
-	-	-	-	-	-	-	-	-	904,807
-	-	-	-	-	-	-	-	-	695,443
-	-	-	-	-	-	-	-	-	577,754
-	-	-	40,034	-	-	-	-	-	1,563,551
-	-	-	-	-	-	-	-	-	9,451
-	-	5,102	1,090	-	269,956	690,621	855	-	2,051,857
1,278,000	-	4,675	3,515,767	-	63,350	-	-	-	6,160,731
-	-	-	-	728,084	1,025,000	484,044	-	212,988	8,759,088
1,278,000	-	9,777	3,556,891	728,084	7,398,562	2,777,382	292,820	663,484	47,985,592
-	-	-	-	-	-	-	-	-	6,600,068
77,116	-	-	-	-	-	-	501	-	14,571,366
-	-	-	-	-	-	-	-	-	989,073
-	-	-	-	92,649	-	-	-	-	4,010,376
-	-	-	-	-	-	-	-	-	451,056
-	-	-	-	-	-	-	-	-	556,070
-	-	-	-	-	-	-	-	-	9,147,880
-	-	-	-	-	-	-	-	-	1,388,589
-	-	-	-	-	-	-	299,054	-	299,054
-	-	-	-	-	-	-	-	3,844,495	3,844,495
-	-	-	-	-	-	-	-	-	268,216
2,849,937	-	-	-	-	49,301	-	-	-	3,472,332
-	-	-	-	-	-	-	-	-	6,772
-	-	-	-	938,000	2,915,208	-	-	-	4,695,513
-	-	-	-	-	-	-	-	-	25,000
-	-	-	-	-	357,152	-	-	-	429,479
-	-	-	2,289,188	-	1,411,762	24,698,558	-	-	28,884,725
2,927,053	-	-	2,289,188	1,030,649	4,733,423	24,698,558	299,555	3,844,495	79,640,064
(1,649,053)	-	9,777	1,267,703	(302,565)	2,665,139	(21,921,176)	(6,735)	(3,181,011)	(31,654,472)
-	-	-	270,000	-	-	-	-	2,951,954	12,972,420
-	-	-	-	-	(1,667,179)	(1,284,775)	-	-	(3,521,954)
-	-	-	-	187,079	2,445	-	-	148,510	406,941
-	-	-	-	-	-	-	-	-	501,000
-	-	-	270,000	187,079	(1,664,734)	(1,284,775)	-	3,100,464	10,358,407
(1,649,053)	-	9,777	1,537,703	(115,486)	1,000,405	(23,205,951)	(6,735)	(80,547)	(21,296,065)
2,336,854	25,162	130,618	914,364	3,655,604	8,375,273	27,077,570	191,651	764,956	63,210,502
-	-	-	-	-	-	303,554	(26,771)	-	71,852
2,336,854	25,162	130,618	914,364	3,655,604	8,375,273	27,381,124	164,880	764,956	63,282,354
\$ 687,801	\$ 25,162	\$ 140,395	\$ 2,452,067	\$ 3,540,118	\$ 9,375,678	\$ 4,175,173	\$ 158,145	\$ 684,409	\$ 41,986,289



City of Kearney, Nebraska
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2024

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

Net change in fund balances - total governmental funds	\$ (21,296,065)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	29,105,570
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	5,770,334
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,335,828
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(184,464)
Certain receivables will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds.	(10,279)
Internal service funds are used by management to charge the costs of health and dental insurance, property and casualty insurance, workers compensation insurance, central stores, and vehicle maintenance to individual funds. The net revenue (loss) of certain activities of internal service funds is reported with governmental activities.	(631,021)
Change in net position of governmental activities	\$ 15,089,903

See notes to basic financial statements.

City of Kearney, Nebraska
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Golf	Sanitation	Solid Waste Disposal Facility	Sanitary Sewer
Assets				
Current assets				
Cash and cash equivalents	\$ 169,609	\$ 1,205,092	\$ 333,690	\$ 4,158,063
Investments	233,864	1,669,014	673,776	5,758,784
Receivables (net of allowance for uncollectibles)				
Interest	-	3,821	378	8,969
Accounts	34,521	136,027	284,216	110,320
Special assessments - not billed	-	-	-	359,466
Intergovernmental	-	-	-	2,215,677
Leases	-	-	-	-
Due from other funds	-	-	45,630	-
Inventories	64,756	-	-	7,780
Total current assets	<u>502,750</u>	<u>3,013,954</u>	<u>1,337,690</u>	<u>12,619,059</u>
Noncurrent assets				
Restricted cash, cash equivalents, and investments				
Customer deposits	-	-	-	-
Landfill closure and postclosure	-	-	5,103,947	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>5,103,947</u>	<u>-</u>
Capital assets				
Land	-	234,376	-	67,014
Buildings	367,622	1,069,727	2,034,528	1,939,261
Improvements other than buildings	3,511,707	127,393	6,222,176	67,078,098
Equipment	1,430,143	1,326,027	3,339,091	991,045
Vehicles	29,147	5,476,176	315,141	1,402,936
Construction in progress	-	-	-	35,457,337
Less accumulated depreciation	(3,152,910)	(5,997,563)	(9,308,873)	(28,060,357)
Total capital assets (net of accumulated depreciation/amortization)	<u>2,185,709</u>	<u>2,236,136</u>	<u>2,602,063</u>	<u>78,875,334</u>
Total noncurrent assets	<u>2,185,709</u>	<u>2,236,136</u>	<u>7,706,010</u>	<u>78,875,334</u>
Total assets	<u>\$ 2,688,459</u>	<u>\$ 5,250,090</u>	<u>\$ 9,043,700</u>	<u>\$ 91,494,393</u>

Business-Type Activities - Enterprise Funds				Governmental
Water	Storm Water	Airport	Total Enterprise Funds	Activities - Internal Service Funds
\$ 1,498,476	\$ 493,529	\$ 678,867	\$ 8,537,326	\$ 465,278
2,229,548	683,522	940,209	12,188,717	551,323
5,647	1,163	1,273	21,251	-
289,602	17,215	44,606	916,507	19,703
219,843	-	-	579,309	-
637,875	-	57,383	2,910,935	14,371
42,960	-	778,894	821,854	-
-	-	-	45,630	-
943,055	-	116,278	1,131,869	142,252
<u>5,867,006</u>	<u>1,195,429</u>	<u>2,617,510</u>	<u>27,153,398</u>	<u>1,192,927</u>
111,443	-	-	111,443	-
-	-	-	5,103,947	-
<u>111,443</u>	<u>-</u>	<u>-</u>	<u>5,215,390</u>	<u>-</u>
2,250,625	-	-	2,552,015	-
2,948,209	-	18,472,258	26,831,605	-
54,147,287	206,012	33,957,994	165,250,667	56,289
1,866,660	46,299	2,061,865	11,061,130	431,247
1,190,308	-	1,272,804	9,686,512	25,167
7,698,390	590,430	201,294	43,947,451	-
(22,223,263)	(29,108)	(18,978,939)	(87,751,013)	(438,679)
<u>47,878,216</u>	<u>813,633</u>	<u>36,987,276</u>	<u>171,578,367</u>	<u>74,024</u>
<u>47,989,659</u>	<u>813,633</u>	<u>36,987,276</u>	<u>176,793,757</u>	<u>74,024</u>
<u>\$ 53,856,665</u>	<u>\$ 2,009,062</u>	<u>\$ 39,604,786</u>	<u>\$ 203,947,155</u>	<u>\$ 1,266,951</u>

City of Kearney, Nebraska
Statement of Net Position
Proprietary Funds (Continued)
September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Golf	Sanitation	Solid Waste Disposal Facility	Sanitary Sewer
Liabilities				
Current liabilities				
Accounts payable	\$ 11,356	\$ 7,685	\$ 151,404	\$ 34,619
Accrued payroll	15,793	48,212	15,980	21,266
Compensated absences	63,301	112,553	65,929	41,207
Contracts payable	-	-	-	324,393
Retainage payable	-	-	-	1,686,226
Intergovernmental payable	-	-	24,000	-
Due to other funds	-	45,630	-	-
Accrued interest payable	-	-	9,072	194,739
Unearned revenue	105,333	7,350	-	8,364
Revenue bonds payable	-	-	-	705,289
Capital leases payable	-	-	67,353	1,228
Total current liabilities	<u>195,783</u>	<u>221,430</u>	<u>333,738</u>	<u>3,017,331</u>
Current liabilities payable from restricted assets				
Customer deposits payable	-	-	-	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities				
Revenue bonds payable (net of unamortized discounts and deferred amount on refunding)	-	-	-	47,347,893
Capital leases payable	-	-	215,748	4,667
Accrued closure and postclosure costs	-	-	5,103,947	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>5,319,695</u>	<u>47,352,560</u>
Total liabilities	<u>195,783</u>	<u>221,430</u>	<u>5,653,433</u>	<u>50,369,891</u>
Deferred Inflows of Resources				
Deferred special assessment receipts	-	-	-	359,466
Lease related	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,466</u>
Net Position				
Net investment in capital assets	2,185,709	2,236,136	2,318,962	29,130,031
Restricted for				
Debt service	-	-	-	742,182
Unrestricted	306,967	2,792,524	1,071,305	10,892,823
Total net position	<u>\$ 2,492,676</u>	<u>\$ 5,028,660</u>	<u>\$ 3,390,267</u>	<u>\$ 40,765,036</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net position to business-type activities.

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds				Governmental
Water	Storm Water	Airport	Total Enterprise Funds	Activities - Internal Service Funds
\$ 17,338	\$ -	\$ 140,012	\$ 362,414	\$ 328,811
34,953	9,033	15,603	160,840	9,684
161,326	-	50,037	494,353	68,717
27,454	-	78,119	429,966	-
3,651	-	-	1,689,877	-
2,442	-	-	26,442	-
-	-	-	45,630	-
30,651	-	-	234,462	-
62,295	676	18,546	202,564	-
762,719	-	-	1,468,008	-
-	-	680	69,261	-
<u>1,102,829</u>	<u>9,709</u>	<u>302,997</u>	<u>5,183,817</u>	<u>407,212</u>
111,443	-	-	111,443	-
<u>111,443</u>	<u>-</u>	<u>-</u>	<u>111,443</u>	<u>-</u>
13,306,715	-	-	60,654,608	-
-	-	3,016	223,431	-
-	-	-	5,103,947	-
<u>13,306,715</u>	<u>-</u>	<u>3,016</u>	<u>65,981,986</u>	<u>-</u>
<u>14,520,987</u>	<u>9,709</u>	<u>306,013</u>	<u>71,277,246</u>	<u>407,212</u>
219,843	-	-	579,309	-
42,960	-	778,894	821,854	-
<u>262,803</u>	<u>-</u>	<u>778,894</u>	<u>1,401,163</u>	<u>-</u>
33,805,131	813,633	36,983,580	107,473,182	74,024
501,707	-	-	1,243,889	-
<u>4,766,037</u>	<u>1,185,720</u>	<u>1,536,299</u>	<u>22,551,675</u>	<u>785,715</u>
<u>\$ 39,072,875</u>	<u>\$ 1,999,353</u>	<u>\$ 38,519,879</u>	131,268,746	<u>\$ 859,739</u>
			73,178	
			<u>\$ 131,341,924</u>	

City of Kearney, Nebraska
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Golf	Sanitation	Solid Waste Disposal Facility	Sanitary Sewer
Operating Revenues				
Charges for services				
Sales	\$ 1,315,283	\$ 5,781,331	\$ 2,316,730	\$ 9,424,814
Miscellaneous	10,000	46,500	95,034	38,479
Total operating revenues	<u>1,325,283</u>	<u>5,827,831</u>	<u>2,411,764</u>	<u>9,463,293</u>
Operating Expenses				
Costs of sales and services	287,066	-	-	532
Personal services	816,258	2,985,610	986,009	1,240,034
Supplies, materials, & contractual services	514,312	2,311,128	1,627,739	3,009,931
Equipment rental	-	-	-	-
Capital outlay	142,697	71,110	161,453	75,606
Total operating expenses	<u>1,760,333</u>	<u>5,367,848</u>	<u>2,775,201</u>	<u>4,326,103</u>
Operating income (loss)	<u>(435,050)</u>	<u>459,983</u>	<u>(363,437)</u>	<u>5,137,190</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	-	15,954	-	-
Investment earnings/(loss)	-	95,810	336,248	163,191
Interest expense	-	-	(9,418)	(283,706)
Bond issuance costs	-	-	-	(77,745)
Gains (losses) on disposal of capital assets	203,500	-	(35,445)	-
Total nonoperating revenues (expenses)	<u>203,500</u>	<u>111,764</u>	<u>291,385</u>	<u>(198,260)</u>
Income before contributions and transfers	(231,550)	571,747	(72,052)	4,938,930
Capital contributions	-	-	-	885,211
Transfers in	300,000	-	-	-
Transfers out	-	-	-	(4,875,233)
Change in net position	<u>68,450</u>	<u>571,747</u>	<u>(72,052)</u>	<u>948,908</u>
Total net position - beginning as previously stated	2,424,226	4,456,913	3,462,319	39,894,575
Error correction (Note 12)	-	-	-	(78,447)
Total net position - beginning as restated	<u>2,424,226</u>	<u>4,456,913</u>	<u>3,462,319</u>	<u>39,816,128</u>
Total net position - ending	<u>\$ 2,492,676</u>	<u>\$ 5,028,660</u>	<u>\$ 3,390,267</u>	<u>\$ 40,765,036</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net position of business-type activities.

Business-Type Activities - Enterprise Funds

<u>Water</u>	<u>Storm Water</u>	<u>Airport</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 10,479,307	\$ 639,308	\$ 3,385,328	\$ 33,342,101	\$ 9,174,339
362,972	-	196,155	749,140	309,099
<u>10,842,279</u>	<u>639,308</u>	<u>3,581,483</u>	<u>34,091,241</u>	<u>9,483,438</u>
42,740	-	2,157,536	2,487,874	1,895,123
1,964,313	128,830	955,797	9,076,851	555,498
4,613,969	68,970	1,643,385	13,789,434	7,958,639
-	-	5,220	5,220	-
137,666	32,025	1,331,105	1,951,662	-
<u>6,758,688</u>	<u>229,825</u>	<u>6,093,043</u>	<u>27,311,041</u>	<u>10,409,260</u>
<u>4,083,591</u>	<u>409,483</u>	<u>(2,511,560)</u>	<u>6,780,200</u>	<u>(925,822)</u>
-	-	6,023,422	6,039,376	-
143,561	34,130	51,609	824,549	-
(88,204)	-	-	(381,328)	-
-	-	-	(77,745)	-
-	373,506	505,283	1,046,844	-
<u>55,357</u>	<u>407,636</u>	<u>6,580,314</u>	<u>7,451,696</u>	<u>-</u>
4,138,948	817,119	4,068,754	14,231,896	(925,822)
588,386	-	-	1,473,597	-
-	-	-	300,000	-
(4,875,233)	-	-	(9,750,466)	-
<u>(147,899)</u>	<u>817,119</u>	<u>4,068,754</u>	<u>6,255,027</u>	<u>(925,822)</u>
39,622,504	1,182,234	34,451,125	125,493,896	1,785,561
(401,730)	-	-	(480,177)	-
<u>39,220,774</u>	<u>1,182,234</u>	<u>34,451,125</u>	<u>125,013,719</u>	<u>1,785,561</u>
<u>\$ 39,072,875</u>	<u>\$ 1,999,353</u>	<u>\$ 38,519,879</u>	<u>\$ 131,268,746</u>	<u>\$ 859,739</u>
			<u>(294,801)</u>	
			<u>\$ 5,960,226</u>	

City of Kearney, Nebraska
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Golf	Sanitation	Solid Waste Disposal Facility	Sanitary Sewer
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 1,326,313	\$ 5,800,226	\$ 2,337,734	\$ 7,217,458
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(731,529)	(1,969,827)	(725,019)	(1,610,411)
Payments to employees	(810,522)	(3,027,137)	(973,658)	(1,248,696)
Net cash provided (used) by operating activities	<u>(215,738)</u>	<u>803,262</u>	<u>639,057</u>	<u>4,358,351</u>
Cash Flows from Noncapital Financing Activities				
Operating transfers out	-	-	-	(4,875,233)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,875,233)</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from capital debt	-	-	-	18,792,898
Proceeds from lease receivable	-	-	-	-
Capital contributions	300,000	15,954	-	885,211
Purchases of capital assets	(630,362)	(633,023)	(51,922)	(943,703)
Acquisition and construction of capital assets	-	-	-	(13,509,684)
Principal paid on capital debt	-	-	(65,229)	(748,174)
Interest paid on capital debt	-	-	(11,478)	(174,304)
Deferred inflow of lease payments	-	-	-	-
Proceeds from sales of capital assets	203,500	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(126,862)</u>	<u>(617,069)</u>	<u>(128,629)</u>	<u>4,302,244</u>
Cash Flows from Investing Activities				
Purchase of investments	226,609	(66,423)	(253,122)	(2,068,338)
Interest and dividends received/(loss)	-	93,956	336,313	158,121
Restricted cash & investments	-	-	(455,837)	364,158
Net cash provided (used) by investing activities	<u>226,609</u>	<u>27,533</u>	<u>(372,646)</u>	<u>(1,546,059)</u>
Net increase (decrease) in cash and cash equivalents	(115,991)	213,726	137,782	2,239,303

Business-Type Activities - Enterprise Funds				
Water	Storm Water	Airport	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 10,154,753	\$ 632,636	\$ 6,464,180	\$ 33,933,300	\$ -
-	-	-	-	9,591,964
(3,974,485)	(88,610)	(4,161,911)	(13,261,792)	(9,708,019)
(1,947,173)	(121,928)	(953,137)	(9,082,251)	(550,537)
4,233,095	422,098	1,349,132	11,589,257	(666,592)
(4,875,233)	-	-	(9,750,466)	-
(4,875,233)	-	-	(9,750,466)	-
2,319,407	-	-	21,112,305	-
21,161	-	(18,169)	2,992	-
588,386	-	6,023,422	7,812,973	-
(1,060,609)	(19,895)	(136,980)	(3,476,494)	(10,035)
(2,028,024)	(164,285)	(7,243,392)	(22,945,385)	-
(838,590)	-	-	(1,651,993)	-
(90,882)	-	-	(276,664)	-
(21,161)	-	18,169	(2,992)	-
-	373,506	523,854	1,100,860	-
(1,110,312)	189,326	(833,096)	1,675,602	(10,035)
1,137,822	(354,950)	(290,374)	(1,668,776)	452,363
141,384	33,800	51,216	814,790	-
675,040	-	-	583,361	-
1,954,246	(321,150)	(239,158)	(270,625)	452,363
201,796	290,274	276,878	3,243,768	(224,264)

City of Kearney, Nebraska
Statement of Cash Flows
Proprietary Funds (Continued)
Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Golf	Sanitation	Solid Waste Disposal Facility	Sanitary Sewer
Cash and cash equivalents, October 1	\$ 285,600	\$ 991,366	\$ 195,908	\$ 1,918,760
Cash and cash equivalents, September 30	169,609	1,205,092	333,690	4,158,063
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	(435,050)	459,984	(226,320)	5,137,189
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	219,803	416,818	490,548	1,445,329
Amortization expense	-	-	-	1,289
Change in assets and liabilities:				
Accounts receivable	5,119	(28,669)	(73,283)	(30,373)
Intergovernmental receivables	-	-	-	(2,215,677)
Due from other funds	-	-	(747)	-
Inventories	(12,162)	-	-	427
Customer deposits	-	-	-	-
Accounts payable	4,905	(5,155)	(21,469)	28,614
Contracts payable	-	-	-	-
Accrued payroll	3,892	8,468	1,585	(411)
Compensated balances payable	1,844	(49,995)	10,766	(8,251)
Intergovernmental payables	-	-	2,140	-
Due to other funds	-	747	-	-
Unearned revenue	(4,089)	1,064	-	215
Accrued closure and postclosure costs	-	-	455,837	-
Total adjustments	219,312	343,278	865,377	(778,838)
Net cash provided by operating activities	\$ (215,738)	\$ 803,262	\$ 639,057	\$ 4,358,351

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Water	Storm Water	Airport	Total Enterprise Funds	
\$ 1,296,680	\$ 203,255	\$ 401,989	\$ 5,293,558	\$ 689,542
1,498,476	493,529	678,867	8,537,326	465,278
4,083,590	409,483	(2,511,561)	6,917,315	(925,822)
1,338,046	12,385	909,049	4,831,978	18,420
-	-	81	1,370	-
(46,687)	(6,959)	5,888	(174,964)	(14,774)
(637,875)	-	2,875,288	21,736	123,300
-	-	-	(747)	-
(456,965)	-	(1,102)	(469,802)	4,152
2,235	-	-	2,235	-
(63,632)	-	59,171	2,434	123,171
-	-	8,137	8,137	-
9,845	6,902	1,203	31,484	2,007
7,295	-	1,457	(36,884)	2,954
2,443	-	-	4,583	-
-	-	-	747	-
(5,200)	287	1,521	(6,202)	-
-	-	-	455,837	-
149,505	12,615	3,860,693	4,671,942	259,230
\$ 4,233,095	\$ 422,098	\$ 1,349,132	\$ 11,589,257	\$ (666,592)

City of Kearney, Nebraska
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2024

	Police Pension Trust Fund	Sales Tax Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 18,113
Investments	334,393	25,085
Receivables (net of allowance for uncollectibles)		
Accounts	-	8,793
Total assets	334,393	51,991
Liabilities		
Intergovernmental payable	-	50,893
Unearned revenue	-	1,098
Total liabilities	-	51,991
Net Position		
Held in trust for pension benefits	334,393	-
Total net position	\$ 334,393	\$ -

City of Kearney, Nebraska
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2024

	Police Pension Trust Fund
Additions	
Contributions	\$ 11,471
Gain/loss	9,387
Total transfers in	20,858
Deductions	
Benefits paid to participants	11,930
Administrative expenses	66
Total deductions	11,996
Change in net position	8,862
Net position - beginning	325,531
Net position - ending	\$ 334,393



City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Kearney (City) is a municipal corporation operating under a Council-Manager form of government and is governed by a five-member Council and Mayor.

The accompanying financial statements present the government and its component entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see below for description) to emphasize that it is legally separate from the government. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board Statements. These criteria state that the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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.

1. Blended Component Unit

The City of Kearney Off Street Parking District Number 1 (District) was established in 1970 for the purposes of providing adequate parking and maintaining public improvements in and around the Kearney downtown area. Although the District is legally separate from the City of Kearney, the District is reported as if it were part of the primary government because the City Council is the Board of Directors for the District. The District is reported as a special revenue fund.

The Kearney Area Solid Waste Agency (Agency) was established in April of 1994 for the purpose of providing sanitation disposal services for the City of Kearney, Buffalo County, and surrounding areas. Although the Agency is legally separate from the City, the Agency is reported as if it were part of the primary government because the City Council is the Board of Directors for the Agency. The Agency is reported as an enterprise fund.

2. Discretely Presented Component Unit

The component unit column of the government-wide financial statements includes financial data of the Community Redevelopment Authority (CRA) of the City of Kearney, Nebraska, the City's only component unit. The CRA is reported in a separate column to emphasize that it is legally separate from the City of Kearney. All five members of the CRA's governing body are appointed by the Mayor and City Council. The CRA was established in accordance with Nebraska State Statute by City ordinance on August 10, 1993.

Complete financial statements for the Community Redevelopment Authority of the City of Kearney, Nebraska can be obtained from its administrative office: Community Redevelopment Authority of the City of Kearney, Nebraska, 18 East 22nd Street, Kearney, NE 68847.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated balances and claims and judgments, are recorded only when payment is due.

Property taxes, occupation taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds:

Major Governmental Funds:

General Fund - This is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transportation Fund - This is used to account for highway use fees received from the State of Nebraska with its use restricted to expenditures related to street maintenance.

Economic Development Fund - This is used to account for various economic development grants received by the City, which are ultimately passed on to other non-profit organizations.

Lottery Trust Fund - This is used to account for lottery proceeds received from the City's lottery operator and the subsequent disbursement of the proceeds for community betterment purposes.

Natural Disaster Fund - This is used to account for revenues received that are related to natural disasters and the subsequent disbursement of the proceeds for the costs related to natural disasters.

Off street Parking District Number 1 Fund - This is used to account for revenues received from a special property tax and occupation tax levied against properties located in the downtown area of the City with its use restricted to expenditures related to maintaining the downtown area of the City.

Police Reserve Fund - This is used to account for the financing and construction of major police improvement projects and equipment purchases.

Fire Reserve Fund - This is used to account for the financing and construction of major fire improvement projects and equipment purchases.

Cemetery Reserve Fund - This is used to account for the financing and construction of major cemetery improvement projects.

Park and Recreation Reserve Fund - This is used to account for the financing and construction of major park improvement projects.

Street Improvement Fund - This is used to account for the financing and construction of major street improvement projects.

Special Sales Tax Fund - This is used to account for sales tax receipts from the special one-half cent sales tax and the subsequent expenditure of the tax on capital improvements/equipment.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Major Governmental Funds: (Continued)

Restaurant Occupation Tax Project Fund - This is used to account for restaurant and drinking place occupation tax receipts and the subsequent expenditure of the tax on an indoor sports complex.

Public Safety Tax Allocation Bond Fund - This is used to account for the resources accumulated and payments made for principal and interest on general long-term debt associated with various public safety projects within the City.

General Obligation Bond Fund - This is used to account for the resources accumulated and payments made for principal and interest on general long-term debt associated with various capital projects within the City.

Enterprise Funds:

Golf Fund - This is used to account for resources and payments related to the operation and maintenance of a municipal golf course.

Sanitation Fund - This is used to account for the activities necessary for the provision of garbage collection services to City residents.

Solid Waste Disposal Facility Fund - This is used to account for all activities necessary for the provision of garbage disposal services to the residents of the City and Buffalo County.

Sanitary Sewer Fund - This is used to account for all activities necessary for the provision of sanitary sewer services to City residents.

Water Fund - This is used to account for all activities necessary for the provision of water services to City residents.

Storm Water Fund - This is used to account for all activities necessary for the provision of storm water services to City residents.

Airport Fund - This is used to account for all activities necessary for the provision of airline services to the residents of the City and the surrounding areas.

Additionally, the City reports the following fund types:

Internal Service Funds - These account for health and dental insurance, property and casualty insurance, workers compensation insurance, central stores, and vehicle maintenance services provided to other departments or divisions of the City, or to other governments, on a cost reimbursement basis.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Additionally, the City reports the following fund types: (Continued)

Police Pension Trust Fund - This accounts for the pension benefits for sworn police officers that retired or became eligible for other benefits under the police pension system that was in effect prior to January 1, 1984.

Sales Tax Agency Fund - This accounts for sales tax collections made on taxable sales on behalf of the State of Nebraska and the City of Kearney. The sales tax collections are held in this agency fund until transmitted to the State of Nebraska each month.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sanitary sewer, solid waste disposal facility functions, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, cash held by the County and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in bonds and debentures issued by any of the twelve federal land banks, the twelve intermediate credit banks, or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration, or in interest bearing bonds or the obligations of the United States.

Investments for the City, as well as for component units, are reported at fair value.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

2. Receivables and Payables

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 1% of outstanding property taxes at September 30, 2024.

Property tax requirements are submitted to the Buffalo County Clerk on or before September 30 of each year, to be levied by the Buffalo County Board of Supervisors by October 15 on the property values assessed as of the same date. The tax levy notice is mailed in December with the first half payment due on May 1 and the second half payment due on September 1. Unpaid taxes at September 30 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recognized as expenditures in governmental funds and expenses in proprietary funds when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain resources of the City's water and sanitary sewer enterprise funds are set aside for the repayment of revenue bonds. The water and sewer "revenue bond" accounts are used to segregate resources accumulated for debt service payments over the next twelve months. Certain assets in the water fund are restricted to the extent of the customer deposits, which are carried as liabilities.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed.

**City of Kearney, Nebraska
Notes to the Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

5. Capital Assets (Continued)

Property, plant, and equipment of the primary government, as well as the discrete component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 50
Improvements other than buildings	10 - 50
Equipment	3 - 20
Vehicles	5 - 10
Infrastructure	15 - 50

6. Lease Receivable

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

The City determines the discount rate for leases based on the applicable treasury rate at inception. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has no items that qualify for reporting in this category.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to special assessments and lease receivables.

8. Compensated Absences

It is City's policy to permit employees to accumulate earned but unused vacation and medical pay benefits. There is an estimate for a liability for unpaid accumulated medical leave, as employees who retire after 20 years of City employment may receive one-half payment of accumulated medical leave (not to exceed 60 days); as employees who retire after 15-19 years of City employment may receive one-half payment of accumulated medical leave (not to exceed 45 days); and as employees who retire after 10-14 years of City employment may receive one-half payment of accumulated medical leave (not to exceed 30 days), upon retirement only. All vacation and compensatory time are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are netted with the liability and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

10. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

- **Nonspendable** - Resources which cannot be spent because they are either a) not in spendable form (such as inventory); or b) legally or contractually required to be maintained intact.
- **Restricted** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** - Resources which are subject to limitations the government imposes upon itself at its highest level of decision-making, and that remain binding unless removed in the same manner.
- **Assigned** - Resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or a body or official to which the City Council has delegated the authority to assign amounts for specific purposes.
- **Unassigned** - Resources which cannot be properly classified in one of the other four categories. The General fund should be the only fund that reports a positive unassigned fund balance amount.

11. Minimum Fund Balance Policy

The City Council has informally set policy to strive to maintain the fund balance at no less than 25% of the operating budget expenditures for the General fund and Transportation fund. These amounts are reported as committed and for fiscal year ending September 30, 2024, total \$7,475,538 for the General fund and \$1,108,487 for the Transportation fund.

E. Use of 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. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with the Nebraska Budget Act. The Nebraska Budget Act requires that the City adopt its budget on a *cash basis*. All annual appropriations lapse at fiscal year-end.

**City of Kearney, Nebraska
Notes to the Financial Statements**

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary information (Continued)

On or before mid-May of each year, all departments and divisions of the City submit requests for appropriation to the City Manager so that a budget may be prepared. Before July 31, the proposed budget is presented to the City Council for review. The City Council holds public hearings, and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund, function, and department. The City's Department Heads may make transfers of appropriations within a fund with the City Manager's approval. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Encumbrance accounting is employed in all funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2024, expenditures and other financing uses exceeded appropriations in the Golf Fund by \$176,042, the Water Operations and Maintenance Fund by \$1,011,215, the Airport by \$4,995,961, and the Health Insurance Fund by \$726,317. These over-expenditures were funded by greater than anticipated revenues, available fund balances, and future revenues or transfers.

C. Deficit Fund Equity

No Governmental funds had a deficit fund balance as of September 30, 2024.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of September 30, 2024, the City had the following deposits and investments at financial institutions and others:

Checking account (at cost)	\$ 14,152,115
Cash held by county treasurer	233,875
Certificates of deposit (at cost)	36,000,000
Repurchase agreements (at cost)	<u>17,617,930</u>
Total	<u>\$ 67,770,045</u>

As of September 30, 2024, the Community Redevelopment Authority of the City of Kearney, Nebraska had the following deposits and investments:

Checking account (at cost)	\$ 1,307,006
Certificates of deposit (at cost)	<u>-</u>
Total	<u>\$ 1,307,006</u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The City's investment policy for operating funds is limited to certificates of deposit with a maturity of 2 years or less.

Credit Risk: The City's investment policies regarding credit risk are governed by state statutes as described below. The City's did not have any investments other than certificates of deposit at September 30, 2024.

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

Custodial Credit Risk - Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy regarding custodial credit risk is determined by state statute as described below. As of September 30, 2024, all deposits were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent (in most cases Federal Reserve banks) in the City's name.

Custodial Credit Risk - Investments: This 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 investments or collateral securities that are in the possession of an outside party. The City's policy regarding custodial credit risk is determined by state statute as described below. As of September 30, 2024, the City did not have any investments other than certificates of deposit.

None of the City's deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) shall be allowed to accumulate in any financial institution unless the financial institution gives a surety bond. The financial institution provides the City with securities as collateral on the excess funds; or the financial institution issues a joint custody receipt to the benefit of the City where a third-party financial institution actually holds the security.

Nebraska Statute 77, Article 23, covers the deposit and investment of public funds. The City may only invest in the following:

- a. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- b. Certificates of deposit and other evidences of deposit at institutions, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1) by a nationally recognized rating agency.
- c. Investment-grade obligations of state and local governments.
- d. Repurchase agreements whose underlying purchased securities consist of the foregoing.
- e. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities and securities as described in a, b, c, and d of this section.
- f. Local government investment pools, either state-administered or through interlocal agreement legislation, whose portfolios consist of securities as described in a, b, c, and d of this section.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 4 - RECEIVABLES

Receivables as of year-end for the City's individual major funds, nonmajor funds, internal service funds and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Interest	Taxes	Accounts	Special Assessments	Inter-Governmental
General	\$ 34,578	\$ 2,180,433	\$ 61,333	\$ -	\$ 2,790
Transportation	-	-	-	-	472,232
Lottery trust	1,041	-	44,171	-	-
Off street parking District No. 1	-	445	-	-	-
Police reserve	-	-	700,000	-	-
Cemetery reserve	258	-	-	-	-
Park development	-	-	34,065	-	-
Street improvement	-	-	-	-	-
Special sales tax	15,899	578,646	-	-	-
Restaurant occupation tax	5,592	-	300,000	-	-
Public safety TAB's	-	26,513	-	-	-
General Obligation Bonds	1,807	35,413	-	1,764,075	-
Golf	-	-	34,521	-	-
Sanitation	3,821	-	136,027	-	-
Solid waste disposal facility	378	-	284,216	-	-
Sanitary sewer	8,969	-	110,320	359,466	2,215,677
Water	5,647	-	289,602	219,843	637,875
Storm water	1,163	-	17,215	-	-
Airport	1,273	-	44,606	-	57,383
Central stores	-	-	19,703	-	14,371
Total	\$ 80,426	\$ 2,821,450	\$ 2,075,779	\$ 2,343,384	\$ 3,400,328

	Leases	Loans	Gross Receivables	Less Allowance for Uncollectibles	Net Total Receivables
General	\$ 374,999	\$ -	\$ 2,862,781	\$ 208,648	\$ 2,654,133
Transportation	301,183	-	773,415	-	773,415
Lottery trust	-	-	45,212	-	45,212
Off street parking District No. 1	-	-	445	-	445
Police reserve	-	-	700,000	-	700,000
Cemetery reserve	-	-	258	-	258
Park development	447,307	-	481,372	-	481,372
Street improvement	-	-	-	-	-
Special sales tax	-	-	594,545	-	594,545
Restaurant occupation tax	-	-	305,592	-	305,592
Public safety TAB's	-	-	43,503	16,990	26,513
General Obligation Bonds	-	-	1,801,295	-	1,801,295
Golf	-	-	34,521	-	34,521
Sanitation	-	-	144,635	4,787	139,848
Solid waste disposal facility	-	-	292,161	7,567	284,594
Sanitary sewer	-	-	2,697,699	3,267	2,694,432
Water	42,960	-	1,204,385	8,458	1,195,927
Storm water	-	-	19,085	707	18,378
Airport	778,894	-	882,156	-	882,156
Central stores	-	-	34,074	-	34,074
Total	\$ 1,945,343	\$ -	\$ 12,917,134	\$ 250,424	\$ 12,666,710

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 4 - RECEIVABLES (CONTINUED)

Revenues of the Sanitation, Solid Waste Disposal Facility, Storm Sewer, Sanitary Sewer, and Water funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectible related to sanitation sales	\$ 4,787
Uncollectible related to solid waste disposal facility sales	7,567
Uncollectible related to storm water sales	707
Uncollectible related to sanitary sewer sales	3,267
Uncollectible related to water sales	<u>8,458</u>
 Total uncollectible of the current fiscal year	 <u><u>\$ 24,809</u></u>

Governmental and proprietary funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental and proprietary funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Special assessments - billed (General Obligation Bond fund)	\$ 5,458	\$ -
Special assessments - unbilled (General Obligation Bond fund)	1,758,617	-
Prepaid services (Lottery Trust fund)	-	-
Prepaid services (Golf fund)	-	105,333
Customer overpayments (Sanitation fund)	-	7,350
Special assessments - billed (Sanitary Sewer fund)	-	-
Special assessments - unbilled (Sanitary Sewer fund)	359,466	-
Customer overpayments (Sanitary Sewer fund)	-	8,364
Special assessments -billed (Water fund)	-	-
Special assessments - unbilled (Water fund)	219,843	-
Customer overpayments (Water fund)	-	62,295
Customer overpayments (Storm Water fund)	-	676
Facilities lease (Airport fund)	-	<u>18,546</u>
 Total deferred/unearned revenue	 <u><u>\$ 2,343,384</u></u>	 <u><u>\$ 202,564</u></u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 31,679,156	\$ 4,195,182	\$ -	\$ 35,874,338
Construction in progress	18,207,778	29,891,899	(4,057,482)	44,042,195
Total capital assets, not being depreciated	<u>49,886,934</u>	<u>34,087,081</u>	<u>(4,057,482)</u>	<u>79,916,533</u>
Capital Assets Depreciated				
Buildings	31,050,953	-	-	31,050,953
Improvements other than buildings	36,293,876	859,121	-	37,152,997
Equipment	13,779,805	685,202	(32,354)	14,432,653
Vehicles	10,817,567	4,290,749	(221,938)	14,886,378
Infrastructure	152,832,817	5,729,338	-	158,562,155
Total capital assets being depreciated/amortized	<u>244,775,018</u>	<u>11,564,410</u>	<u>(254,292)</u>	<u>256,085,136</u>
Less Accumulated Depreciation/Amortization				
Buildings	8,125,058	615,495	-	8,740,553
Improvements other than buildings	8,162,112	963,993	-	9,126,105
Equipment	9,782,555	990,903	(32,354)	10,741,104
Vehicles	8,609,456	1,060,889	(207,385)	9,462,960
Infrastructure	46,265,340	3,080,657	-	49,345,997
Total accumulated depreciation/amortization	<u>80,944,521</u>	<u>6,711,937</u>	<u>(239,739)</u>	<u>87,416,719</u>
Total capital assets, being depreciated, net	<u>163,830,497</u>	<u>4,852,473</u>	<u>(14,553)</u>	<u>168,668,417</u>
Governmental activities capital assets, net	<u>\$ 213,717,431</u>	<u>\$ 38,939,554</u>	<u>\$ (4,072,035)</u>	<u>\$ 248,584,950</u>
Business-Type Activities				
Capital assets, not being depreciated				
Land	\$ 2,552,016	\$ -	\$ -	\$ 2,552,016
Construction in progress	42,695,046	17,139,132	(15,886,727)	43,947,451
Total capital assets, not being depreciated	<u>45,247,062</u>	<u>17,139,132</u>	<u>(15,886,727)</u>	<u>46,499,467</u>
Capital Assets Depreciated				
Buildings	13,848,091	12,983,513	-	26,831,604
Improvements other than buildings	160,934,251	4,440,577	(124,161)	165,250,667
Equipment	10,718,987	1,113,289	(771,146)	11,061,130
Vehicles	9,220,099	828,455	(362,042)	9,686,512
Total capital assets being depreciated	<u>194,721,428</u>	<u>19,365,834</u>	<u>(1,257,349)</u>	<u>212,829,913</u>
Less Accumulated Depreciation				
Buildings	4,840,197	394,913	-	5,235,110
Improvements other than buildings	63,584,561	2,999,672	(124,161)	66,460,072
Equipment	8,521,002	706,878	(717,131)	8,510,749
Vehicles	7,176,608	730,516	(362,042)	7,545,082
Total accumulated depreciation	<u>84,122,368</u>	<u>4,831,979</u>	<u>(1,203,334)</u>	<u>87,751,013</u>
Total capital assets depreciated, net	<u>110,599,060</u>	<u>14,533,855</u>	<u>(54,015)</u>	<u>125,078,900</u>
Business-type activities capital assets, net	<u>\$ 155,846,122</u>	<u>\$ 31,672,987</u>	<u>\$ (15,940,742)</u>	<u>\$ 171,578,367</u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

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

Governmental Activities

General Government	\$ 199,834
Public Safety - Police and Fire	1,169,181
Public Safety - Other	20,705
Public Works - Other	25,111
Public Health and Social Services	62,019
Culture and Recreation	1,522,476
Community Development	948
Highways/Streets	<u>3,711,663</u>

Total depreciation expense - governmental activities \$ 6,711,937

Business-Type Activities

Golf	\$ 219,803
Sanitation	416,818
Solid Waste Disposal	490,548
Sanitary Sewer	1,445,329
Water	1,338,046
Storm Water	12,386
Airport	<u>909,049</u>

Total depreciation expense - business-type activities \$ 4,831,979

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

The City has active construction projects as of September 30, 2024. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2023 Part 1 Improvements - Sewer	\$ 21,748	\$ 1,335
2023 Part 1 Improvements - Water	212,123	23,260
2023 Part 1 Improvements - Paving and Stormwater	1,379,125	56,156
Wastewater Treatment Plant Upgrade - Phase II	35,435,588	3,564,412
2022 Part 2 Improvements - Paving	1,129,118	57,962
2024 Part 3 Improvements - Paving	614,286	185,257
2024 Part 4 Improvements - Stormwater	33,770	Unknown
2025 Part 2 Improvements - Engineering	138,330	Unknown
56th & 11th Traffic Signal	216,454	83,546
Downtown Brick Repairs	51,747	98,253
Sidewalk Replacement Program	49,919	47,205
Yanney Park Gardens - Phase III	5,776,455	23,545
Talmadge Street Roundabout Landscaping	111,997	101,402
Cemetery Addition	816,849	307,175
Indoor Sports Complex	33,958,958	7,278,835
Avenue N Water Tower	5,293,520	1,000
Water System Communications Line	9,459	68,006
Water Tower Lighting	121,744	1,000
Water Booster Station	2,001,685	1,000
Lead Service Line Replacement	59,860	4,006,690
Cottonmill Road Replacement	27,671	425,121
Memorial Field Turf	245,868	61,290
Memorial Field Improvements	22,345	77,655
Airport Reconstruct Apron	201,294	5,745,708
Total	\$ 87,929,913	\$ 22,215,813

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2024, is as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
Solid Waste Disposal	Sanitation	\$ 45,630
Total		\$ 45,630

On the government wide statement of net position, governmental activities owed business type activities \$73,178 related to the allocation of the internal service fund activities.

Interfund Transfers

Transfer In	Transfer Out						Total Transfers In
	General Fund	Lottery Trust Fund	Special Sales Tax Fund	Restaurant Occupation Tax Fund	Sewer Fund	Water Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 4,038,726	\$ 4,038,727	\$ 8,077,453
Economic Development Fund	-	-	-	-	836,507	836,506	1,673,013
Park and Recreation Fund	-	270,000	-	-	-	-	270,000
G.O. Bond Fund	-	-	1,667,179	1,284,775	-	-	2,951,954
Police Pension Trust Fund	11,471	-	-	-	-	-	11,471
Golf Fund	-	300,000	-	-	-	-	300,000
Total Transfers Out	\$ 11,471	\$ 570,000	\$ 1,667,179	\$ 1,284,775	\$ 4,875,233	\$ 4,875,233	\$ 13,283,891

The following transfers were made pursuant to appropriations included in the 2023-2024 budget:

- From the General Fund to the Police Pension Trust Fund (\$11,471)
- From the Sewer Fund to the General Fund (\$4,038,726)
- From the Water Fund to the General Fund (\$4,038,727)
- From the Sewer Fund (\$836,507) and the Water Fund (\$836,506) to the Economic Development Fund (Compute North proceeds) (\$1,673,013).

NOTE 7 - LEASES

A. Leases Payable

Solid Waste Disposal Facility - The City entered into a lease/purchase agreement with ARVEST Equipment Finance for the purchase of a 2022 Caterpillar D6 Bulldozer. The lease is dated October 11, 2022, with interest computed at 3.25% per annum. The original cost of the equipment was \$348,330 with a down payment of \$0. The balance of \$348,330 is due in five equal payments of \$76,707 with the first payment due October 11, 2023, and the final payment to be made October 11, 2027. The City has the option to purchase the equipment for \$0 when the lease terms on October 11, 2027.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

A. Leases Payable (Continued)

General Fund - In 2022, the City entered into a Leasing Agreement with Eakes Office Solutions as lessee for the acquisition and use of a Color Workgroup Document System for the Police Department. The initial lease liability was recorded in the amount of \$15,178. As of September 30, 2024, the value of the lease liability is \$2,129. The City is required to make monthly principal and interest payments of \$429. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 3% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the thirty-seven month lease term and therefore is amortizing the lease liability over an estimated useful life of thirty-seven months. The value of the right-to-use asset as of September 30, 2024, of \$2,129 with accumulated amortization of \$13,049 is included with equipment on the Governmental Activities table found in note IV.C above.

General Fund - In 2019, the City entered into a Leasing Agreement with Konica Minolta as lessee for the acquisition and use of a Bizhub C458 Copier/Printer for the Park and Recreation Department. The initial lease liability was recorded in the amount of \$12,473. As of September 30, 2024, the value of the lease liability is \$0. The City was required to make monthly principal and interest payments of \$405. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 3% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, is \$0 with accumulated amortization of \$12,473 and is included with equipment on the Governmental Activities table found in note IV.C above.

General Fund - In 2023, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp BP-70C45 Workgroup Document System for the Administration Department. The initial lease liability was recorded in the amount of \$8,276. As of September 30, 2024, the value of the lease liability is \$6,305. The City is required to make monthly principal and interest payments of \$160. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$6,305 with accumulated amortization of \$1,971 is included with equipment on the Governmental Activities table found in note IV.C above.

General Fund - In 2023, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp BP-70C31 Workgroup Document System for the Fire Department. The initial lease liability was recorded in the amount of \$6,671. As of September 30, 2024, the value of the lease liability is \$5,082. The City is required to make monthly principal and interest payments of \$129. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$5,082 with accumulated amortization of \$1,589 is included with equipment on the Governmental Activities table found in note IV.C above.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

A. Leases Payable (Continued)

General Fund - In 2023, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp BP-70C65 Workgroup Document System for the Library. The initial lease liability was recorded in the amount of \$14,650. As of September 30, 2024, the value of the lease liability is \$10,706. The City is required to make monthly principal and interest payments of \$283. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$10,706 with accumulated amortization of \$3,944 is included with equipment on the Governmental Activities table found in note IV.C above.

General Fund - In 2023, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp BP-70C31 Workgroup Document System for the Senior Center. The initial lease liability was recorded in the amount of \$6,531. As of September 30, 2024, the value of the lease liability is \$4,875. The City is required to make monthly principal and interest payments of \$126. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$4,875 with accumulated amortization of \$1,656 is included with equipment on the Governmental Activities table found in note IV.C above.

Transportation Fund - In 2024, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp BP-70C45 Workgroup Document System for the Transportation. The initial lease liability was recorded in the amount of \$9,052. As of September 30, 2024, the value of the lease liability is \$7,996. The City is required to make monthly principal and interest payments of \$175. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$7,996 with accumulated amortization of \$1,056 is included with equipment on the Governmental Activities table found in note IV.C above.

Sewer Fund - In 2024, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp BP-70C31 Workgroup Document System for the Sewer department. The initial lease liability was recorded in the amount of \$6,674. As of September 30, 2024, the value of the lease liability is \$5,895. The City is required to make monthly principal and interest payments of \$129. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$5,895 with accumulated amortization of \$779 is included with equipment on the Business Type Activities table found in note IV.C above.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

A. Leases Payable (Continued)

Airport Fund - In 2024, the City entered into a Leasing Agreement with Eakes as lessee for the acquisition and use of a Sharp MX3071 Eco-Smart Copier System for the Airport. The initial lease liability was recorded in the amount of \$3,805. As of September 30, 2024, the value of the lease liability is \$3,696. The City is required to make monthly principal and interest payments of \$74. The interest rate charged by the lessor was not provided, and so the City used an estimated incremental borrowing rate of 6% to determine the present value of lease payments. The City has no intention of purchasing the equipment at the end of the sixty-month lease term and therefore is amortizing the lease liability over an estimated useful life of sixty months. The value of the right-to-use asset as of September 30, 2024, of \$3,696 with accumulated amortization of \$109 is included with equipment on the Business Type Activities table found in note IV.C above.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-Type Activities
2005 John Deere 7520 tractor (4018)	\$ -	\$ 77,742
2006 Model M2106 Freightliner dump truck (4114)	96,348	-
2006 Caterpillar 983G II wheel loader (4247)	142,632	-
2011 Freightliner & Vac-Con (4667/4668)	323,791	-
2015 Freightliner & Jet Vac (10124)	-	391,828
2018 Western Star 4700 SB dump truck (10454)	149,104	-
120M2 Caterpillar motor grader (10453)	207,300	-
2018 Elgin Eagle Street Sweeper (10615)	276,315	-
2022 Caterpillar D6 Bulldozer (10975)	-	348,330
Copier - Police	15,178	-
Copier - Park and Recreation	12,473	-
Copier - Admin	8,276	-
Copier - Fire	6,674	-
Copier - Library	14,650	-
Copier - Senior Center	6,531	-
Copier - Public Works	9,052	-
Copier - WWTP	-	6,674
Copier - Airport	-	3,805
Less Accumulated depreciation	(1,195,490)	(603,097)
Less Accumulated amortization (Copiers)	(15,266)	(1,191)
Total	\$ 57,568	\$ 224,091

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

A. Leases Payable (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2024, are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities
2025	\$ 11,938	\$ 78,803
2026	9,364	78,803
2027	9,364	78,803
2028	6,286	78,803
2029	604	1,079
Total minimum lease payments	37,556	316,291
Less amount representing interest/amortization	(464)	(23,599)
Present value of minimum lease payments	<u>\$ 37,092</u>	<u>\$ 292,692</u>

B. Leases Receivable

General Fund - In 2017, the City entered into a ten-year non-cancelable lease with NebraskaLink Holdings, LLC for a 100' by 200' parcel of land. The City will receive payments of \$125.00 per month through August 31, 2027. The City recognized \$1,449 in lease revenue and \$51 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$4,310. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$4,310.

On June 1, 2023, the City entered into a three-year non-cancelable lease with Greg Dollman for 40 acres of dryland prairie hay. The City will receive cash rent payments of \$1,000 annually. The City recognized \$971 in lease revenue and \$29 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$1,970. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of deferred inflow of resources is \$1,970.

On February 2, 2017, the City entered into an initial two-year ground lease agreement with SoCore Energy, LLC, for a 53-acre parcel of land. The agreement was for exclusive use for development and construction of a solar energy system. The second term of the ground lease, whereby SoCore shall conduct Solar Operations, commenced upon the expiration of the initial two-year term, and shall continue for a period of 25 years. At September 30, 2024, the City is in Year 6 of the ground lease. The City recognized \$17,170 in lease revenue and \$328 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$368,719. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of deferred inflow of resources is \$368,719.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

B. Leases Receivable (Continued)

Transportation Fund - On September 9, 2003, the City entered into a twenty-five year non-cancelable lease with Alltel Communications of Nebraska, Inc. (d/b/a Verizon Wireless) for a 100' by 100' parcel of land for a communications tower. The City received various monthly payments from November 2003 through October 14, 2023. Payments of \$1,171 per month were received from October 15, 2023, through November 15, 2023, and on November 28, 2023, an amendment and extension of the lease was approved by the City Council. The amendment increased the payments to \$1,225 per month beginning November 15, 2023, through October 14, 2028, and additionally, tenant shall have the option to extend the lease for five additional five year terms (or 25 additional years) through October 14, 2053. The City recognized \$13,848 in lease revenue and \$633 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$552,586. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$552,586.

Park & Recreation Development Fund - On July 27, 2004, the City entered into a twenty-five year non-cancelable lease with Alltel Communications of Nebraska, Inc. for a 25' by 25' and a 12' by 12" parcel of land for a communications tower. The City received \$1,504 in monthly payments from August 16, 2019, through August 15, 2024. The original contract increased the payments to \$1,730 per month beginning August 16, 2024, through August 15, 2029. On November 28, 2023, an amendment and extension of the lease was approved by the City Council. The amendment maintained the monthly payment of \$1,730 through August 15, 2029, and tenant shall have the option to extend the lease for five additional five year terms (or 25 additional years) through August 15, 2054. The City recognized \$17,186 in lease revenue and \$1,090 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$768,504. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$768,504.

Water Fund - In 2021, the City entered into a five year non-cancelable lease with Billy Dibbern for 480 acres of grassland located at the Northwest wellfield. The City will receive payments of \$21,803 per year beginning March 1, 2022, through March 1, 2026. The City recognized \$21,161 in lease revenue and \$641 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$42,960. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$42,960.

Airport Fund - In 2022, the City entered into a three year non-cancelable lease with Apollo Med Flight for the use of the south 50 feet, four inches of Hanger T-926. The City will receive payments of \$1,175 per month beginning January 1, 2023, through December 31, 2025. The City recognized \$12,863 in lease revenue and \$1,237 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$17,729. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$17,729.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

B. Leases Receivable (Continued)

Airport Fund - In 2023, the City entered into a five year non-cancelable lease with Brown Leasing Co, Inc. for counter and office space located in the airport terminal and parking spaces for Thrifty Car Rental. The City will receive payments of \$1,000 per month beginning October 1, 2023, through September 30, 2028. The City recognized \$11,516 in lease revenue and \$484 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$47,033. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$47,033.

Airport Fund - In 2022, the City entered into a twenty-seven month non-cancelable lease with Aurora Coop Elevator Company (Buffalo Air Service) for the use of a loading dock. The City will receive payments of \$240 per month beginning October 1, 2022, through September 30, 2024. The City recognized \$2,864 in lease revenue and \$16 in interest revenue during the current fiscal year related to this lease. In September of 2024 the City entered into a new two year non-cancelable lease for same. Under the new lease the City will receive payments of \$240 per month beginning October 1, 2024, through September 30, 2026. As of September 30, 2024, the City's receivable for lease payments is \$5,705. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$5,705.

Airport Fund - In 2022, the City entered into a twenty-seven month non-cancelable lease with Aurora Coop Elevator Company (Buffalo Air Service) for the use of building T-100. The City will receive payments of \$440 per month beginning July 1, 2022, through September 30, 2022, and \$480 per month beginning October 1, 2022, through September 30, 2024. The City recognized \$5,729 in lease revenue and \$31 in interest revenue during the current fiscal year related to this lease. In September of 2024 the City entered into a new two year non-cancelable lease for same. Under the new lease the City will receive payments of \$480 per month beginning October 1, 2024, through September 30, 2026. As of September 30, 2024, the City's receivable for lease payments is \$11,410. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$11,410.

Airport Fund - In 2021, the City entered into a three year non-cancelable lease with Kearney Raceway Park for the remaining concrete area of the old permanently closed former Southeast/Northwest runway. The City will receive payments of \$261 per month beginning May 1, 2021, through April 30, 2024. The City recognized \$1,818 in lease revenue and \$6 in interest revenue during the current fiscal year related to this lease. In November of 2024 the City entered into a new three year non-cancelable lease for same. Under the new lease the City will receive payments of \$268 per month beginning May 1, 2024, through April 30, 2027. The City recognized \$1,323 in lease revenue and \$19 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$5,058. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$5,058.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

B. Leases Receivable (Continued)

Airport Fund - In 2022, the City entered into a twenty-seven month non-cancelable lease with Li'l Red Aero, Inc., for the use of the center 70 feet of Hanger T-926. The City will receive payments of \$1,071 per month beginning July 1, 2022, through September 30, 2024. The City recognized \$12,785 in lease revenue and \$69 in interest revenue during the current fiscal year related to this lease. In September of 2024 the City entered into a new two year non-cancelable lease for same. Under the new lease the City will receive payments of \$1,071 per month beginning October 1, 2024, through September 30, 2026. As of September 30, 2024, the City's receivable for lease payments is \$27,371. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$21,371.

Airport Fund - In 2022, the City entered into a ten year non-cancelable lease with The Buckle, Inc., for land that Building T-922 is located on. The City will receive payments of \$282 per month through September 30, 2033. The City recognized \$2,782 in lease revenue and \$601 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$29,114. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$29,114.

Airport Fund - In 2022, the City entered into a ten year non-cancelable lease with The Buckle, Inc., for land that Building T-922A is located on. The City will receive payments of \$484 per month through September 30, 2033. The City recognized \$4,781 in lease revenue and \$1033 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$50,020. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$50,020.

Airport Fund - In 2022, the City entered into a one hundred twenty month non-cancelable lease with the University of Nebraska Kearney Aviation Program for the use of building T-929. The City will receive payments of \$3,600 per month beginning September 1, 2022, through August 31, 2027, and \$3,960 per month beginning September 1, 2027, through August 31, 2032. The City recognized \$39,494 in lease revenue and \$3,706 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$349,227. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$349,227.

Airport Fund - In 2023, the City entered into a two year non-cancelable lease with Denver Air Connect for the use of Hanger T-920. The City will receive payments of \$1,600 per month beginning November 1, 2022, through October 31, 2024. The City recognized \$16,393 in lease revenue and \$1,206 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$0, as the lease was not renewed.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 7 - LEASES (CONTINUED)

B. Leases Receivable (Continued)

Airport Fund - In 2023, the City entered into a ten year non-cancelable lease with Nebraska Department of Aeronautics for the use of Hanger T-931. The City will receive payments of \$12,000 per year beginning July 1, 2023, through June 30, 2028, and \$12,600 per month beginning July 1, 2028, through July 31, 2032. The City recognized \$10,944 in lease revenue and \$1,056 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$91,647. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$91,647.

Airport Fund - In 2023, the City entered into a five year non-cancelable lease with the Transportation Security Administration for the use of 742 sq/ft of security space within the Airport terminal. The City will receive payments of \$1,639 per month beginning May 1, 2023, through April 30, 2028. The City recognized \$16,007 in lease revenue and \$3,656 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$64,385. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$64,385.

Airport Fund - In 2023, the City entered into a ten year non-cancelable lease with the Vertical Lift Maintenance Solutions, LLC, for the use of 100' x 120' of land for a hangar. The City will receive payments of \$600 per month beginning August 1, 2023, through July 31, 2028, and \$630 per month beginning August 1, 2028, through July 31, 2033. The City recognized \$4,447 in lease revenue and \$2,753 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$52,641. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$52,641.

Airport Fund - In 2023, the City entered into a ten year non-cancelable lease with the Mark Pullman for the use of corporate hangar space in Hangar T-925. The City will receive payments of \$224 per month beginning October 1, 2023, through September 30, 2033. The City recognized \$2,244 in lease revenue and \$226 in interest revenue during the current fiscal year related to this lease. As of September 30, 2024, the City's receivable for lease payments is \$23,383. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources is \$23,383.

NOTE 8 - LONG TERM DEBT

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. The original amount of outstanding general obligation bonds issued in prior years was \$64,608,203. During the current year, the City did not issue any additional general obligation bonds.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 8 - LONG TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with substantially equal debt service payments each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental Activities		
Various Purpose Bonds		
Dated October 13, 2017	.90% - 3.00%	\$ 5,630,000
Dated December 19, 2017	1.20% - 2.15%	480,000
Dated October 29, 2018	2.00% - 3.10%	1,165,000
Dated June 14, 2019	1.75% - 3.20%	1,960,000
Dated June 15, 2020	.95% - 2.50%	1,625,000
Dated June 3, 2021	.20% - 1.25%	1,055,000
Dated December 15, 2022	5.00% - 4.375%	2,920,000
Highway Allocation Fund Pledge Bonds		
Dated May 15, 2017	1.00% - 3.65%	1,875,000
Dated October 29, 2018	2.00% - 3.10%	330,000
Dated August 15, 2022	2.75% - 4.50%	795,000
Recreation Facility Bonds		
Dated May 16, 2022	2.25% - 4.00%	32,660,000
Certificates of Participation		
Dated February 9, 2021	.35% - 1.25%	<u>1,432,407</u>
Total		<u>\$ 51,927,407</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2025	\$ 1,806,083	\$ 1,799,338
2026	2,586,083	1,762,007
2027	2,591,083	1,704,753
2028	2,948,565	1,636,733
2029	2,691,048	1,543,853
2030-2034	<u>14,499,545</u>	<u>6,324,295</u>
Total	<u>\$ 51,927,407</u>	<u>\$ 19,225,065</u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 8 - LONG TERM DEBT (CONTINUED)

B. Public Safety Tax Anticipation Bonds

The City issues public safety tax anticipation bonds to provide funds for the acquisition and construction of major public safety capital facilities. Public safety tax anticipation bonds have been issued for governmental activities only. The original amount of outstanding general public safety tax anticipation bonds issued in prior years was \$4,095,000. No additional Public Safety Equipment Tax Anticipation Bonds were issued during the current year.

Public safety tax anticipation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with substantially equal debt service payments each year. Public safety tax anticipation bonds currently outstanding are as follows:

Governmental Activities

Public Safety Tax Anticipation Bonds (TABs)

Dated May 15, 2017	1.10% - 3.30%	\$ 190,000
Dated December 28, 2017	1.45% - 3.20%	275,000
Dated December 27, 2018	2.15% - 3.75%	255,000
Dated January 15, 2020	1.40% - 2.50%	805,000
Dated April 15, 2020	.85% - 1.90%	<u>1,295,000</u>
Total		<u><u>\$ 2,820,000</u></u>

Annual debt service requirements to maturity for public safety tax anticipation bonds are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 240,000	\$ 55,384
2026	255,000	51,355
2027	255,000	46,940
2028	255,000	42,261
2029	265,000	37,216
2030-2034	1,365,000	99,104
2035-2036	<u>185,000</u>	<u>4,083</u>
Total	<u><u>\$ 2,820,000</u></u>	<u><u>\$ 336,343</u></u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 8 - LONG TERM DEBT (CONTINUED)

C. Revenue Bonds

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-type activities only. The original amount of outstanding revenue bonds issued in prior years was \$46,879,967. During the current year, the City issued a Combined Utilities Revenue bond in the amount of \$5,045,000, Series 2024, dated August 8, 2024, for the purpose of completing the improvements to the City's wastewater treatment facility. On April 27, 2020, the City issued Combined Utilities Revenue Bonds (SRF) totaling \$21,500,000 and was subsequently amended by the City on May 6, 2022, which increased the total of the Combined Utilities Revenue Bonds to \$34,000,000. These bonds were issued for the purpose of paying the costs of improvements at the City's wastewater treatment facility. The City received \$13,796,280 of the proceeds from this bond issue during the current year. Additionally, the City issued \$8,000,000 of Combined Utilities Revenue Bonds (SRF) dated March 2, 2022, for the purpose of paying the cost of improvements to the City's water tower and booster station. The City received \$2,319,407 of the proceeds from this bond issue during the current year.

Revenue bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Business-Type Activities		
Sanitary Sewer Fund		
Dated September 30, 2010 (SRF)	0.50%	\$ 518,063
Dated March 25, 2014 (SRF)	0.50%	510,269
Dated January 10, 2015 (SRF)	0.50%	2,863,203
Dated April 30, 2018 (SRF)	0.50%	3,308,602
Dated April 15, 2019 (SRF)	0.50%	794,737
Dated August 10, 2020	.70% - 2.00%	421,931
Dated April 23, 2021	.30% - 2.25%	564,921
Dated May 6, 2022 (SRF) - Not completed	0.50%	34,000,000
Dated August 8, 2024	4.00%	5,045,000
Water Fund		
Dated September 30, 2010 (SRF)	2.00%	78,502
Dated August 12, 2014 (SRF)	2.00%	176,322
Dated December 27, 2016 (SRF)	2.00%	1,145,090
Dated April 15, 2019 (SRF)	2.00%	306,473
Dated August 10, 2020	.70% - 2.00%	4,148,069
Dated April 23, 2021	.30% - 2.25%	350,079
Dated March 2, 2022 (SRF) - Not completed	0.00%	7,864,899
Total		<u>\$ 62,096,160</u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 8 - LONG TERM DEBT (CONTINUED)

C. Revenue Bonds

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,468,008	\$ 142,240
2026	1,618,417	309,933
2027	1,653,887	322,824
2028	1,669,420	302,536
2029	1,680,015	281,347
2030-2034	6,032,568	1,131,492
2035-2039	3,675,626	668,730
2040-2044	2,068,320	295,163
2045-2049	1,002,875	15,513
Total	<u>\$ 20,869,136</u>	<u>\$ 3,547,528</u>

The City has entered into SRF contracts with the Nebraska Department of Environmental Quality (NDEQ). The City receives advances on the loans as invoices are submitted to and approved by the NDEQ. The repayment of the loans will begin once the projects are completed and must be paid in full no later than 20 years from the date the project is placed in operation. As of September 30, 2024, two projects have not been completed and the City had received \$41,864,899 in advances from the NDEQ. Accordingly, the repayment amounts of this debt is not included in the annual requirements above.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 8 - LONG TERM DEBT (CONTINUED)

D. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2024, was as follows:

	(Restated) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 53,931,005	\$ -	\$ (2,003,598)	\$ 51,927,407	\$ 1,806,083
Public safety TAB's	3,060,000	-	(240,000)	2,820,000	240,000
Premium	1,581,974	-	(84,963)	1,497,011	-
Discount	(76,616)	-	4,491	(72,125)	-
Total bonds payable	<u>58,496,363</u>	<u>-</u>	<u>(2,324,070)</u>	<u>56,172,293</u>	<u>2,046,083</u>
Capital leases	43,850	9,052	(15,810)	37,092	10,747
Compensated absences	<u>1,754,052</u>	<u>-</u>	<u>(44,486)</u>	<u>1,709,566</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>60,294,265</u>	<u>9,052</u>	<u>(2,384,366)</u>	<u>57,918,951</u>	<u>2,056,830</u>
Business-Type Activities					
Bonds payable					
Revenue bonds	\$ 42,528,133	\$ 21,160,687	\$ (1,592,660)	\$ 62,096,160	\$ 1,468,008
Premium	-	63,908	(3,195)	60,713	-
Discount	-	(34,545)	288	(34,257)	-
Total bonds payable	<u>42,528,133</u>	<u>21,190,050</u>	<u>(1,595,567)</u>	<u>62,122,616</u>	<u>1,468,008</u>
Capital leases	348,330	9,591	(65,229)	292,692	69,261
Compensated absences	<u>531,237</u>	<u>-</u>	<u>(36,884)</u>	<u>494,353</u>	<u>-</u>
Business-type activity					
Long-term liabilities	<u>\$ 43,407,700</u>	<u>\$ 21,199,641</u>	<u>\$ (1,697,680)</u>	<u>\$ 62,909,661</u>	<u>\$ 1,537,269</u>
Total long-term liabilities	<u>\$ 103,701,965</u>	<u>\$ 21,208,693</u>	<u>\$ (4,082,046)</u>	<u>\$ 120,828,612</u>	<u>\$ 3,594,099</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$68,717 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

E. Conduit Debt

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 9 - RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

Customer deposits - Water Fund	\$ 111,443
Landfill closure and postclosure - SWDF Fund	<u>5,103,947</u>
 Total restricted assets	 <u><u>\$ 5,215,390</u></u>

NOTE 10 - FUND BALANCES

As of September 30, 2024, governmental fund balances are classified as follows:

	General Fund	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
Fund Balances					
Restricted for					
Streets and highways	\$ -	\$ 2,470,922	\$ -	\$ -	\$ 2,470,922
Perpetual care - cemetery	-	-	140,395	-	140,395
Debt service	-	-	-	842,554	842,554
Total restricted	<u>-</u>	<u>2,470,922</u>	<u>140,395</u>	<u>842,554</u>	<u>3,453,871</u>
Committed to					
Minimum fund balance requirement	7,475,538	1,118,487	-	-	8,594,025
Northwestern Energy account	-	136,391	-	-	136,391
Various CARES Act projects	-	700,035	-	-	700,035
Compute North Projects	-	3,583,818	-	-	3,583,818
EDA Grant	-	1,301	-	-	1,301
Grants - Lottery Trust Fund	-	445,676	-	-	445,676
Indoor Sports Complex	-	-	1,818,387	-	1,818,387
Talmadge St RAB Landscaping	-	-	128,952	-	128,952
Flock Service Agreement	-	-	132,884	-	132,884
Police Vehicles	-	-	378,063	-	378,063
Body Camera Upgrade	-	-	176,854	-	176,854
Total committed	<u>7,475,538</u>	<u>5,985,708</u>	<u>2,635,140</u>	<u>-</u>	<u>16,096,386</u>
Assigned to					
Natural disaster reserve	-	15,890	-	-	15,890
Capital improvements/equipment	-	184,809	17,620,859	-	17,805,668
Total assigned	<u>-</u>	<u>200,699</u>	<u>17,620,859</u>	<u>-</u>	<u>17,821,558</u>
Unassigned	<u>4,614,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,614,474</u>
Total fund balances	<u>\$ 12,090,012</u>	<u>\$ 8,657,329</u>	<u>\$ 20,396,394</u>	<u>\$ 842,554</u>	<u>\$ 41,986,289</u>

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION

A. 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 pays an annual premium to Travelers Insurance Company for its general liability, property, umbrella, crime, inland marine, automobile, law enforcement, employee benefits, liquor liability, fiduciary liability, underground storage tank, and workers compensation insurance coverage. The policy limits of coverage provided by Travelers Insurance Company are \$2,000,000 general aggregate and \$4,000,000 excess liability.

Effective January 1, 1988, the City began insuring for employee medical and dental benefits. All covered expenses are paid from the City's Health Insurance fund and administered by a third-party administrator. Risks retained by the employees include deductibles and co-insurance. The City pays all other claims subject to the health plan agreement up to plan maximums. Commercial stop loss insurance has been purchased to limit catastrophic losses. This coverage pays all claims in excess of \$150,000 per year per participant. All aggregate claims in excess of \$5,299,221 are paid by the City's insurer.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Employee Retirement Systems And Pension Plans

The Money Accumulation Plan for Employees of the City of Kearney (Defined Contribution Plan)

The Money Accumulation Plan for Employees of the City of Kearney is a single-employer money purchase plan established by the City Council on January 1, 1987, to provide benefits at retirement to all full-time civilian employees of the City who have attained the age of nineteen. At September 30, 2024, there were 251 (220 active and 31 inactive) plan participants. Plan participants elect the portion of their compensation they would like to contribute and the City will match up to 6% of the participant's compensation. Actual participant and City contributions were \$1,775,299 and 1,671,607 for the years ended September 30, 2024, and 2023, respectively.

Participant contributions are immediately fully vested. City contributions are vested as follows: 0% at less than one year, 25% at one year, 31% at two years, 37% at three years, 43% at four years, 50% at five years, 60% at six years, 70% at seven years, 80% at eight years, 90% at nine years, and 100% at ten years of service. Plan benefit provisions and contribution requirements are established by Nebraska State Statute and City resolution and may be amended by the City Council.

Union Bank and Trust Company of Lincoln, Nebraska is the current trustee for the defined contribution plan. The market value of the planned investments as of September 30, 2024, was \$34,389,527.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION (CONTINUED)

C. Employee Retirement Systems And Pension Plans (Continued)

City of Kearney, Nebraska Police Officers' Pension Plan (Defined Contribution/Benefit Plan)

The City of Kearney, Nebraska Police Officers' Pension Plan is a single-employer money purchase plan established by the City Council on January 1, 1984, to provide benefits at retirement to all full-time sworn police officers of the City. At September 30, 2024, there were 77 (64 active and 13 inactive) plan participants. Plan participants are required to contribute 7% of their compensation and the City is required to contribute 7% of the participant's compensation. Actual participant and City contributions were \$825,453 and \$804,843 for the years ended September 30, 2024, and 2023, respectively.

Participant contributions are immediately fully vested. City contributions are vested as follows: 0% at less than four years, 40% at four years, 50% at five years, 60% at six years, 70% at seven years, 80% at eight years, 90% at nine years, and 100% at ten years of service. Plan benefit provisions and contribution requirements are established by Nebraska State Statute and City resolution and may be amended by the City Council.

Police employees receive the retirement benefit provided by their individual vested account. However, if an individual was an eligible employee on January 1, 1984, the benefit will not be less than 50% of their average final salary at normal retirement age. The benefits accrued after 1983 are fully funded and are administered by Union Bank and Trust Company. The benefits earned prior to 1984 are administered by the City of Kearney and are recorded in the Police Pension Trust Fund. The benefits earned prior to 1984 are defined benefit pensions. The benefits earned after 1983 are money purchase pensions.

Recommended additional periodic employer contributions to the Police Pension Trust Fund are determined on an actuarial basis using the aggregate actuarial cost method. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities. Actuarial reports are required every four years for the Police Officers' Pension Plan. The actuarial valuation as of January 1, 2024, from the most recently issued report, showed a recommended annual deposit of \$0 for the Police Officers' Pension Plan.

**City of Kearney, Nebraska
Notes to the Financial Statements**

NOTE 11 - OTHER INFORMATION (CONTINUED)

C. Employee Retirement Systems and Pension Plans (Continued)

City of Kearney, Nebraska Police Officers' Pension Plan (Defined Contribution/Benefit Plan)
Significant actuarial assumptions used to compute the recommended pension contribution are summarized below:

Investment return	
Pre-retirement	5.0%
Post-retirement	4.0%
Mortality	2023 417(e) Mortality table
Expenses	Normal cost includes estimated plan expense charge
Retirement age	
Salary scale	4% increase each year until retirement
Disability	None
Termination	None prior to retirement eligibility
Load for lump sums	Liabilities were loaded by 15% to reflect the potential adverse interest and mortality selection with participants choosing the lump sum option
Marital status	100% married, males assume to be three years older than females

The City has a defined contribution benefit plan for the Police Officers' Pension Plan. There is a possible liability related to the projected future payouts of the plan. The liability or asset is unknown at September 30, 2024.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION (CONTINUED)

C. Employee Retirement Systems and Pension Plans (Continued)

City of Kearney, Nebraska Police Officers' Pension Plan (Defined Contribution/Benefit Plan)
(Continued)

The cash basis transactions in the Police Officers defined benefit pension plan administered by the City of Kearney is as follows:

Receipts

Transfer from General Fund	\$ 11,471
Gain/loss	9,387
Total receipts	\$ 20,858

Disbursements

Trustee fees	\$ 66
Pensions paid	11,930
Total disbursements	\$ 11,996

Excess of receipts over disbursements \$ 8,862

Beginning balance 325,531

Ending balance \$ 334,393

Union Bank and Trust Company of Lincoln, Nebraska is the current trustee for the defined contribution plan. The market value of the planned investments as of September 30, 2024, was \$22,488,680.

City of Kearney, Nebraska Firefighters' Pension Plan (Defined Contribution Plan)

The City of Kearney, Nebraska Firefighters' Pension Plan is a single-employer money purchase plan established by the City Council on April 12, 1992, to provide benefits at retirement to all full-time firefighters of the City. At September 30, 2024, there were 16 (16 active and 0 inactive) plan participants. Plan participants are required to contribute 6.5% of their compensation and the City is required to contribute 13% of the participant's compensation. Actual participant and City contributions were \$254,390 and \$245,149 for the years ended September 30, 2024, and 2023, respectively.

Participant contributions are immediately fully vested. City contributions are vested as follows: 0% at less than four years, 40% at four years, 50% at five years, 60% at six years, 70% at seven years, 80% at eight years, 90% at nine years, and 100% at ten years of service. Plan benefit provisions and contribution requirements are established by Nebraska State Statute and City resolution and may be amended by the City Council. None of the sixteen firefighters currently employed by the City were employed on January 1, 1984, and are therefore not eligible for any defined pension benefits pursuant to statutes of the State of Nebraska.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION (CONTINUED)

C. Employee Retirement Systems And Pension Plans (Continued)

Union Bank and Trust Company of Lincoln, Nebraska is the current trustee for the defined contribution plan. The market value of the planned investments as of September 30, 2024, was \$6,271,983.

Deferred Compensation Plan

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed by the trustees under a number of investment options. The choice of investment option(s) is made by the participant. At September 30, 2024, and 2023, the plan asset value was 3,857,016 and \$3,218,687, respectively. This amount is comprised of both employer and employee contributions and investment earnings. This amount represents the amount due participants upon termination, retirement, death, or unforeseeable emergency.

D. Landfill Closure And Post-Closure Care

State and federal rules and regulations require the Kearney Area Solid Waste Agency (KASWA) to place final cover on its Solid Waste Landfill (SWLF) site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the KASWA reports a portion of these closure and post-closure care costs as operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,103,947 reported as SWLF closure and post-closure care liability at September 30, 2024, represents the cumulative amount reported to date based on the use of 60.84% of the estimated capacity Cells 1-10 of the landfill. The KASWA will recognize the remaining estimated cost of closure and post-closure care of \$5,103,947 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024. The KASWA expects that Cells 1-10 of the landfill will be operated for another 21.8 years with closure anticipated in the year 2046. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations.

The KASWA is required by state and federal rules and regulations to establish a mechanism to demonstrate financial assurance for both closure and post-closure care. Mechanisms used to demonstrate financial assurance must ensure that the amount of funds assured are adequate to cover the costs of closure and post-closure care and that the funds will be available in a timely fashion whenever needed. All mechanisms must be legally valid and binding under Nebraska law. The KASWA has chosen a financial test as its mechanism of choice.

E. Tax Abatements

The City enters into property tax abatement agreements with local businesses under the state Community Development Act. Under the Community Development Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of increasing business activity and employment in the community. The abatements may be granted to any business located within or promising to relocate to the community.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION (CONTINUED)

E. Tax Abatements

- For the fiscal year ended September 30, 2024, the City abated property taxes totaling \$1,999,257 under this program, including the following tax abatement agreements that exceeded 10% of the total amount abated:
- A 90% property tax abatement to Millennial Development, LLC. for the purpose of constructing four residential buildings totaling 106,632 square feet. The abatement amounted to \$231,705.
- An 80% property tax abatement to the Kearney Investment Corporation for the purpose of constructing a five-story hotel and convention center with approximately 164 rooms. The abatement amounted to \$381,256.

Abatements impacting the City for the year ended September 30, 2024, under the Community Development Act totaled \$7,972.

The City is subject to sales and use tax abatements granted by the State of Nebraska under the Nebraska Advantage Act and the Employment and Investment Growth Act. The Nebraska Advantage Act and the Employment and Investment Growth Act allows a taxpayer involved in a qualified business to earn sales and use tax benefits based on investment and employment growth.

Abatements impacting the City for the year ended September 30, 2024, under the Nebraska Advantage Act and the Employment and Investment Growth Act totaled \$14,501.

F. Major customers

The City owns the electrical distribution system and leases the system to Nebraska Public Power District (NPPD). NPPD pays the City a lease amount equal to twelve and one-half% (12.5%) of the retail revenue received by NPPD. The City received approximately 30% of the total NPPD lease payment from one major customer in the year ended September 30, 2024.

G. Subsequent events

Upon evaluation, Management notes that there were no subsequent events between the date of the financial statements and the date that the financial statements were available to be issued, May 5, 2025.

H. Commitments

Central Nebraska Veterans Home

In 2013 the State of Nebraska accepted proposals for the new Central Nebraska Veterans Home (CNVH). The City of Kearney, Buffalo County and the Economic Development Council of Buffalo County jointly submitted a proposal, and Kearney was selected as the new site. These entities entered into a funding agreement which sets forth the commitments made as part of the proposal.

Section 4 of the funding agreement, Utilities and Infrastructure Factors, states that the City of Kearney provide a \$20,000 annual electric rebate for a period of ten years ending in calendar year 2028, and provide a 50% reduction in water and sewer rates up to a maximum of \$80,000 per year for a period of twenty years ending in calendar year 2038.

City of Kearney, Nebraska
Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION (CONTINUED)

H. Commitments (Continued)

Central Nebraska Veterans Home

Section 6 of the funding agreement, Community Services, states that the City of Kearney shall pay the CNVH the amount of \$50,000 per year for 13 years (calendar year 2022 through calendar year 2035). These funds may be used to support the needs of the CNVH, including, without limitation, transportation needs such as the purchase of capital equipment, public transportation voucher, scholarship programs and funding for an on-site certified trainer or other staffing as needed.

UNK Rural Health Education Building

The City of Kearney, in its ongoing support and established relationship with the University of Nebraska Kearney campus, as well as the City's acknowledgement of the critical healthcare shortages facing Nebraska, pledged \$5 million in funds (or \$330,000 per year for 15 years), beginning in fiscal year 2025, for the construction of the Rural Health Education Building to be constructed on the UNK campus.

NOTE 12 - ERROR CORRECTION

During the year, the City identified that governmental activities liabilities and CRA receivables as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in an increase to general fund accounts payable and CRA receivables as of September 30, 2023, and a decrease to both beginning governmental net position and general fund beginning fund balance and an increase to CRA net position of \$214,156 as of September 30, 2024. This adjustment is reflected in the following governmental fund: general - \$(214,156).

The City also identified that governmental activities assets as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in an increase to occupation tax receivable as of September 30, 2023, and an increase to both beginning governmental net position and general fund beginning fund balance of \$303,554 as of September 30, 2024. This adjustment is reflected in the following governmental fund: restaurant occupation tax - \$303,554.

The City also identified that governmental activities assets as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in an increase to governmental lease receivable and an increase to net position of \$385,888 as of September 30, 2024. This adjustment is reflected in the following governmental fund: general - \$385,888.

The City also identified that governmental activities assets as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in a decrease to taxes - current receivable as of September 30, 2023, and a decrease to both beginning governmental net position and general fund beginning fund balance of \$68,928 as of September 30, 2024. This adjustment is reflected in the following governmental fund: general - (\$68,929).

The City also identified that governmental fund deferred inflows as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in an increase to unavailable revenue taxes and a decrease to fund balance of \$334,505 as of September 30, 2023. This adjustment is reflected in the following governmental funds: general - (\$307,734) and public safety TAB's - (\$26,771).

**City of Kearney, Nebraska
Notes to the Financial Statements**

NOTE 12 - ERROR CORRECTION (CONTINUED)

The City also identified that governmental activities deferred outflows as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in a decrease to deferred bond issuance costs (\$554,959), a decrease to deferred costs on early retirement of debt (\$257,815), and a decrease to net position of (\$812,774) as of September 30, 2023. This adjustment is reflected in the governmental activities.

The City also identified that business type activities deferred outflows as of September 30, 2023, were incorrectly reported. The City made an adjustment which resulted in a decrease to deferred bond issuance costs (\$122,420), a decrease to deferred costs on early retirement of debt (\$357,757), and a decrease to net position of (\$480,177) as of September 30, 2023. This adjustment is reflected in the following business type funds: water - (\$401,730) and sanitary sewer - (\$78,447).



REQUIRED SUPPLEMENTARY INFORMATION

City of Kearney, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Budget Basis - General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Receipts				
Taxes				
Property	\$ 4,632,759	\$ 4,632,759	\$ 4,662,387	\$ 29,628
Sales	11,132,499	11,132,499	11,523,755	391,256
Occupation	2,547,000	2,547,000	2,462,959	(84,041)
Motor vehicle	865,000	865,000	901,885	36,885
In lieu of taxes	690,421	690,421	680,412	(10,009)
Licenses and permits	508,955	508,955	559,927	50,972
Charges for services	1,347,575	1,347,575	1,508,019	160,444
Fines	11,000	11,000	9,451	(1,549)
Investment earnings	985,409	985,409	1,043,774	58,365
Miscellaneous	587,398	587,398	842,400	255,002
Intergovernmental - state	1,272,285	1,272,285	1,389,295	117,010
Total receipts	<u>24,580,301</u>	<u>24,580,301</u>	<u>25,584,264</u>	<u>1,003,963</u>
Disbursements				
Current				
General government	7,541,391	7,541,391	6,393,769	1,147,622
Public safety - police and fire	14,783,650	14,783,650	14,289,314	494,336
Public safety - other	1,111,670	1,111,670	939,397	172,273
Public works - other	488,094	488,094	448,328	39,766
Public health and social services	563,965	563,965	553,180	10,785
Culture and recreation	9,213,383	9,213,383	9,078,314	135,069
Capital outlay				
General government	132,900	132,900	123,442	9,458
Public safety - police and fire	821,446	821,446	537,482	283,964
Public safety - other	-	-	6,772	(6,772)
Public works - other	25,000	25,000	25,000	-
Public health and social services	57,000	57,000	72,327	(15,327)
Culture and recreation	1,039,806	1,039,806	401,630	638,176
Total disbursements	<u>35,778,305</u>	<u>35,778,305</u>	<u>32,868,955</u>	<u>2,909,350</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(11,198,004)</u>	<u>(11,198,004)</u>	<u>(7,284,691)</u>	<u>3,913,313</u>
Other Financing Sources (Uses)				
Transfers in	9,237,787	9,237,787	8,077,453	(1,160,334)
Transfers out	(11,471)	(11,471)	(11,471)	-
Capital contributions	68,907	68,907	68,907	-
Sale of capital assets	-	-	501,000	501,000
Total other financing sources and uses	<u>9,295,223</u>	<u>9,295,223</u>	<u>8,635,889</u>	<u>(659,334)</u>
Net change in fund balances	<u>(1,902,781)</u>	<u>(1,902,781)</u>	<u>1,351,198</u>	<u>3,253,979</u>
Fund balances - beginning (cash basis)	<u>9,458,169</u>	<u>9,458,169</u>	<u>9,500,738</u>	<u>42,569</u>
Fund balances - ending (cash basis)	<u>\$ 7,555,388</u>	<u>\$ 7,555,388</u>	<u>\$ 10,851,936</u>	<u>\$ 3,296,548</u>
Basis of accounting reconciliation			<u>1,238,076</u>	
Fund balances - ending (modified accrual basis)			<u>\$ 12,090,012</u>	

See note to required supplementary information.

City of Kearney, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Budget Basis - Transportation Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Receipts				
Charges for services	\$ 5,700	\$ 5,700	\$ 8,734	\$ 3,034
Miscellaneous	16,780	16,780	53,864	37,084
Intergovernmental - state	4,883,743	4,883,743	4,884,258	515
Total receipts	<u>4,906,223</u>	<u>4,906,223</u>	<u>4,946,856</u>	<u>40,633</u>
Disbursements				
Current				
Public works - streets	4,433,946	4,433,946	3,885,204	548,742
Capital outlay				
Public works - streets	1,034,500	1,034,500	848,335	186,165
Total disbursements	<u>5,468,446</u>	<u>5,468,446</u>	<u>4,733,539</u>	<u>734,907</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(562,223)</u>	<u>(562,223)</u>	<u>213,317</u>	<u>775,540</u>
Other Financing Sources (Uses)				
Net change in fund balances	(562,223)	(562,223)	213,317	775,540
Fund balances - beginning (cash basis)	<u>2,596,502</u>	<u>2,596,502</u>	<u>2,982,964</u>	<u>386,462</u>
Fund balances - ending (cash basis)	<u>\$ 2,034,279</u>	<u>\$ 2,034,279</u>	3,196,281	<u>\$ 1,162,002</u>
Basis of accounting reconciliation			<u>383,128</u>	
Fund balances - ending (modified accrual basis)			<u>\$ 3,579,409</u>	

See note to required supplementary information.

City of Kearney, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Budget Basis - Economic Development Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Receipts				
Miscellaneous	\$ 56,000	\$ 56,000	\$ 56,000	\$ -
Intergovernmental - state	35,000	35,000	15,435	(19,565)
Total receipts	<u>91,000</u>	<u>91,000</u>	<u>71,435</u>	<u>(19,565)</u>
Disbursements				
Current				
General government	-	-	50,000	(50,000)
Public safety - police and fire	-	-	-	-
Community development	894,390	894,390	1,069,893	(175,503)
Capital outlay				
General government	-	-	61,895	(61,895)
Culture and recreation	3,299,833	3,299,833	22,345	3,277,488
Total disbursements	<u>4,194,223</u>	<u>4,194,223</u>	<u>1,204,133</u>	<u>2,990,090</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(4,103,223)</u>	<u>(4,103,223)</u>	<u>(1,132,698)</u>	<u>2,970,525</u>
Other Financing Sources (Uses)				
Transfers in	1,100,000	1,100,000	1,673,013	573,013
Total other financing sources and uses	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,673,013</u>	<u>573,013</u>
Net change in fund balances	(3,003,223)	(3,003,223)	540,315	3,543,538
Fund balances - beginning (cash basis)	<u>3,003,223</u>	<u>3,003,223</u>	<u>4,031,230</u>	<u>97,390</u>
Fund balances - ending (cash basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,571,545</u>	<u>\$ 3,640,928</u>
Basis of accounting reconciliation			<u>(150,000)</u>	
Fund balances -ending (modified accrual basis)			<u>\$ 4,421,545</u>	

See note to required supplementary information.

City of Kearney, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Budget Basis - Lottery Trust Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Receipts				
Investment earnings	\$ 24,626	\$ 24,626	\$ 25,780	\$ 1,154
Miscellaneous	588,000	588,000	730,367	142,367
Total receipts	<u>612,626</u>	<u>612,626</u>	<u>756,147</u>	<u>143,521</u>
Disbursements				
Current				
Community development	879,562	879,562	852,260	27,302
Total disbursements	<u>879,562</u>	<u>879,562</u>	<u>852,260</u>	<u>27,302</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(266,936)</u>	<u>(266,936)</u>	<u>(96,113)</u>	<u>170,823</u>
Other Financing Sources (Uses)				
Net change in fund balances	(266,936)	(266,936)	(96,113)	170,823
Fund balances - beginning (cash basis)	<u>266,936</u>	<u>266,936</u>	<u>532,629</u>	<u>265,693</u>
Fund balances - ending (cash basis)	<u>\$ -</u>	<u>\$ -</u>	436,516	<u>\$ 436,516</u>
Basis of accounting reconciliation			<u>9,160</u>	
Fund balances - ending (modified accrual basis)			<u>\$ 445,676</u>	

See note to required supplementary information.

City of Kearney, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Budget Basis - Natural Disaster Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Disbursements				
Current				
General government	\$ 99,967	\$ 99,967	\$ -	\$ 99,967
Capital outlay				
General government	-	-	83,977	(83,977)
Total disbursements	<u>99,967</u>	<u>99,967</u>	<u>83,977</u>	<u>15,990</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(99,967)</u>	<u>(99,967)</u>	<u>(83,977)</u>	<u>15,990</u>
Other Financing Sources (Uses)				
Net change in fund balances	(99,967)	(99,967)	(83,977)	15,990
Fund balances - beginning (cash basis)	<u>99,967</u>	<u>99,967</u>	<u>99,867</u>	<u>(100)</u>
Fund balances - ending (cash basis)	<u>\$ -</u>	<u>\$ -</u>	15,890	<u>\$ 15,890</u>
Basis of accounting reconciliation			-	
Fund balances - ending (modified accrual basis)			<u>\$ 15,890</u>	

See note to required supplementary information.

City of Kearney, Nebraska
Schedule of Receipts, Disbursements, and Changes in Fund Balance - Budget to Actual
Budget Basis - Off Street Parking District No. 1 Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Receipts				
Taxes				
Property	\$ 58,697	\$ 58,697	\$ 56,352	\$ (2,345)
Charges for services	3,000	3,000	6,764	3,764
Investment earnings	400	400	249	(151)
Miscellaneous	1,000	1,000	6,000	5,000
Total receipts	<u>63,097</u>	<u>63,097</u>	<u>69,365</u>	<u>6,268</u>
Disbursements				
Current				
Community development	184,472	184,472	40,590	(143,882)
Total disbursements	<u>184,472</u>	<u>184,472</u>	<u>40,590</u>	<u>(143,882)</u>
Excess (deficiency) of receipts over (under) disbursements	(121,375)	(121,375)	28,775	150,150
Fund balances - beginning (cash basis)	<u>131,375</u>	<u>131,375</u>	<u>161,109</u>	<u>29,734</u>
Fund balances - ending (cash basis)	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>189,884</u>	<u>\$ 179,884</u>
Basis of accounting reconciliation			<u>4,925</u>	
Fund balances - ending (modified accrual basis)			<u>\$ 194,809</u>	

See note to required supplementary information.

City of Kearney, Nebraska
Note to Required Supplementary Information

NOTE 1 - BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with the Nebraska Budget Act. The Nebraska Budget Act requires that the City adopt its budget on a *cash basis*. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a fund with the City Administrator's approval. Transfers of appropriations between funds require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the city level.

Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

SUPPLEMENTARY INFORMATION

City of Kearney
Schedule of Expenditure of Federal Awards
September 30, 2024

Federal Agency/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal Expenditures	Grant/Contract Number
United States Department of Transportation			
Airport Improvement Program	20.106	\$ 190,058	3-31-0045-033
Airport Improvement Program	20.106	787,209	3-31-0045-036
Airport Improvement Program	20.106	27,617	3-31-0045-037
Airport Improvement Program	20.106	1,126,377	3-31-0045-038
Airport Improvement Program	20.106	5,166,999	3-31-0045-039
Airport Improvement Program	20.106	138,825	3-31-0045-040
Total Airport Improvement Program		<u>7,437,085</u>	
Passed through the Nebraska Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	9,873	402-24-04-02
State and Community Highway Safety	20.600	11,402	402-479-4818
State and Community Highway Safety	20.600	2,000	4021-24-33-12
Total State and Community Highway Safety		<u>23,275</u>	
National Priority Safety Programs	20.616	917	402-24-05-14
National Priority Safety Programs	20.616	1,429	405E24-02-17
National Priority Safety Programs	20.616	3,537	4021-24-12-16
Total National Priority Safety Programs		<u>5,883</u>	
Total Highway Safety Cluster		<u>29,158</u>	
Total United States Department of Transportation		<u>7,466,243</u>	
United States Environmental Protection Agency			
Passed through the Nebraska Department of Environment and Energy Clean Water State Revolving Fund			
Environment and Energy Clean Water State Revolving Fund	66.458	12,541,848	C318020
Drinking Water State Revolving Fund	66.468	1,901,668	D311676
Total United States Environmental Protection Agency		<u>14,443,516</u>	
United States Department of Justice			
Bulletproof Vest Program	16.607	<u>15,301</u>	2024
United States Department of Homeland Security			
Law Enforcement Officer Reimbursement Agreement Program	97.090	<u>9,142</u>	70T02021T6114N097
United States Department of Commerce			
Passed through the Nebraska Department of Economic Development			
Economic Adjustment Assistance Program	11.307	<u>15,435</u>	23-11-355
United States Department of the Treasury			
Equitable Sharing	21.016	<u>9,680</u>	20-DEA-64307
Total Federal Funds		<u>\$ 21,959,317</u>	

See notes to the schedule of expenditures of federal awards.

City of Kearney, Nebraska
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.





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

Independent Auditor’s Report

Honorable Mayor and Members
of the City Council
City of Kearney
Kearney, 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, (*Government Auditing Standards*) the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Kearney, Nebraska (the “City”) as of and for the year ended September 30, 2024, and the related notes to the basic financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated May 5, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 City’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bergank DV, LLC

Omaha, Nebraska
May 5, 2025



**Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance in Accordance with
the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Kearney
Kearney, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Kearney, Nebraska's (the "City's") compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (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, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BerganKDV, LLC

Omaha, Nebraska
May 5, 2025

**City of Kearney, Nebraska
Schedule of Findings and Questioned Costs**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	<p>Yes, Audit Finding 2024-001</p> <p>Yes, Audit Finding 2024-002</p>
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
<ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(ies) identified? 	<p>No</p> <p>None reported</p>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Assistance Listing No.:	66.458
Name of Federal Program or Cluster:	Capitalization Grants for Clean Water State Revolving Funds
Assistance Listing No.:	66.468
Name of Federal Program or Cluster:	Capitalization Grants for Drinking water State Revolving Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

**City of Kearney, Nebraska
Schedule of Findings and Questioned Costs**

SECTION II - FINANCIAL STATEMENT FINDINGS

Audit Finding 2024-001 Material Weakness - Year-End Financial Reporting

Criteria:

Management is responsible for achieving appropriate financial reporting objectives, including maintaining complete accounting records and preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

Material journal entries were proposed to adjust net position to be materially correct for financial reporting.

Effect or Potential Effect:

Intentional and unintentional errors could be made and not detected within a timely period by the District's personnel in the normal course of performing their assigned functions since they are not performing this process.

Recommendation:

A remedy for this situation would be to regularly review related balances to ensure they are being adjusted appropriately in a timely manner.

Views of Responsible Officials:

Management will review its year-end accounting and internal control procedures and implement improvements where practical.

Audit Finding 2024-002 Significant Deficiency - Segregation of Duties

Criteria:

Proper internal accounting controls require segregation of duties so that no one individual has access to both the accounting records and cash items or handles a transaction from inception to completion.

Condition:

The City utilizes its office and accounting personnel to segregate duties where feasible but due to the size of the accounting and office staff during the year the City did not have appropriate segregation of duties in all areas. There are instances where individuals responsible for performing or overseeing accounting functions also have access to cash and cash items.

Effect or Potential Effect:

Intentional or unintentional errors could be made and not be detected within a timely period by the City's management in the normal course of performing their assigned functions.

**City of Kearney, Nebraska
Schedule of Findings and Questioned Costs**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2024-002 Significant Deficiency - Segregation of Duties (Continued)

Recommendation:

A remedy for this situation would be for the City to reassign duties to other personnel, accounting staff or an outsourced accountant to allow for improved internal accounting control and segregation of duties.

Views of Responsible Officials:

The City Council continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Findings 2023-001 and 2023-002: Significant Deficiency in Internal Control over Financial Reporting - Inadequate Segregation of Duties

Auditee Response: The City Council continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

Finding 2023-003: Material Weakness over Suspension and Debarment Monitoring

Auditee Response: The Finance Office has implemented a process to annually verify that vendors being paid with federal funds do not appear on the SAM.gov Suspended and Debarred list.