

**Community Redevelopment  
Authority of the  
City of Kearney, Nebraska**

**Annual Financial Report**

**For the Fiscal Year Ended September 30, 2024**



**Prepared by the Department of Finance**

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
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## Independent Auditor's Report

Community Redevelopment Authority  
Kearney, Nebraska

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of the Community Redevelopment Authority of the City of Kearney, Nebraska (the "Authority"), as of and for the year ended September 30, 2024, and the related notes to the basic financial statements, which collectively comprise the Authority'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 and each major fund of the Authority, as of September 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

The Authority'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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

*Bergan KDV, LLC*

Omaha, Nebraska  
May 5, 2025



**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Management's Discussion and Analysis**

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

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$488,166 (*net position*). Of this amount, \$435,422 (*unrestricted net position*) may be used to meet the Authority's ongoing obligations to citizens and creditors in accordance with the Authority's fund designations and fiscal policies.
- The Authority's total net position decreased by \$321,211 in comparison with the prior year.
- As of the close of the current fiscal year, the Authority's governmental fund reported an ending fund balance of \$287,529, a decrease of \$307,692 in comparison with the prior year. 81.7% of this total amount, \$234,785, is available for use within the Authority's designations and policies.
- The Authority had no debt as of the end of the current fiscal year.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

The *Statement of Activities* presents information showing how the Authority'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).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Authority consist solely of community development. The government-wide financial statements can be found on pages 12-13 of this report.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Management's Discussion and Analysis**

**Overview of the Financial Statements (Continued)**

**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 Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one governmental fund, the general fund.

**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 the Authority'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*.

The Authority maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget in the required supplementary information.

The basic governmental fund financial statements can be found on pages 14-15 of this report.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-20 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$488,166 at the close of the most recent fiscal year. A portion of the Authority's net position (10.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net asset, \$435,422, may be used to meet the Authority's ongoing obligations to citizens and creditors.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Management's Discussion and Analysis**

**Government-Wide Financial Analysis (Continued)**

At the end of the current fiscal year, the Authority is able to report positive balances in both categories of net position. The same situation held true for the prior fiscal year.

- **Governmental Activities.** Governmental activities decreased the Authority's net position by \$321,211 in the current fiscal year, thereby accounting for 100% of the total decrease in the net position of the Authority.

**Community Redevelopment Authority's Changes in Net Position**

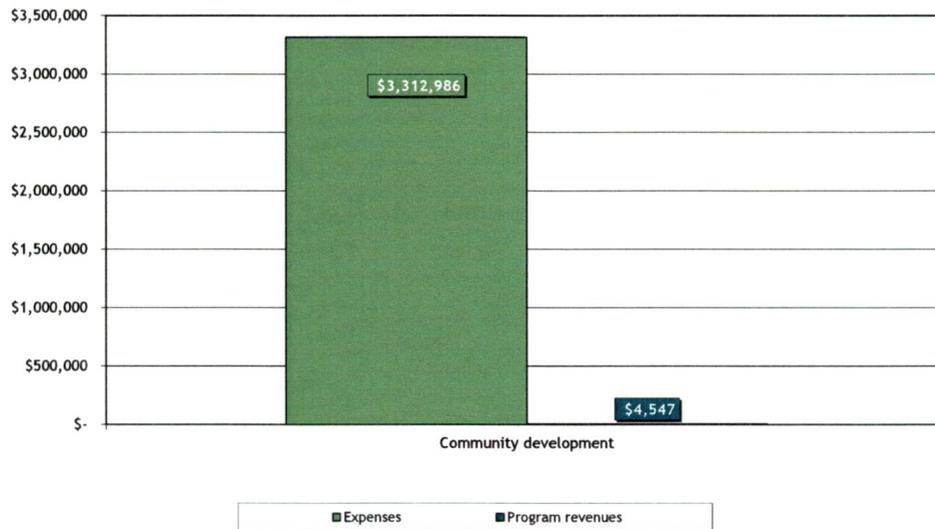
	Governmental Activities	
	2023	2024
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 16,000	\$ 4,000
Operating grants and contributions	316	547
General revenues		
Property taxes	149,154	245,946
Other taxes	439,624	467,568
Other	1,951,294	2,273,715
Total revenues	2,556,388	2,991,776
<b>Expenses</b>		
Community development	2,296,103	3,312,987
Total expenses	2,296,103	3,312,987
Increase (decrease) in net assets	260,285	(321,211)
Net assets - beginning as originally reported	334,936	595,221
Error correction (Note 7)	-	214,156
Net assets - beginning as restated	334,936	809,377
Net assets - ending	595,221	488,166
Net position of Governmental Activities	\$ 595,221	\$ 488,166

Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Management's Discussion and Analysis

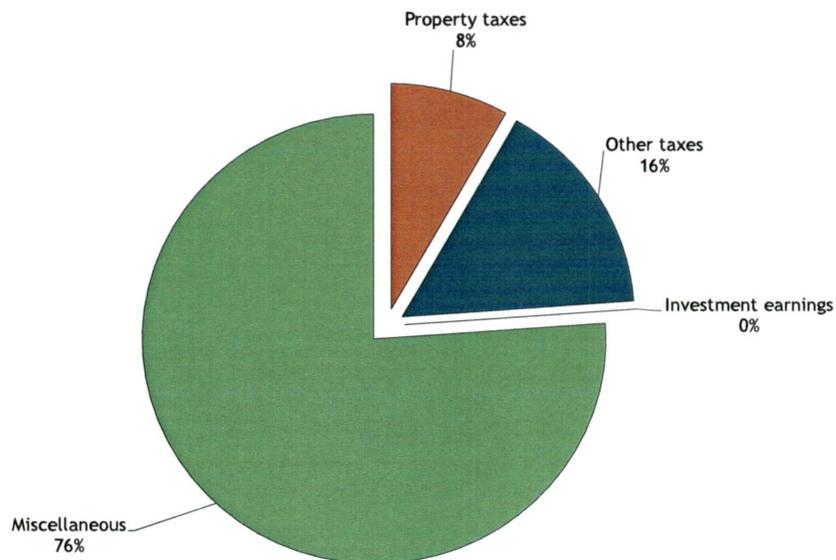
Expense and Program Revenues - Governmental Activities

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Management's Discussion and Analysis**

### **Financial Analysis of the Authority's Funds**

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

#### **Governmental Funds**

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

At the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$287,529, a decrease of \$307,692 in comparison with the prior year. As of September 30, 2024 unassigned fund balance of \$234,785 or 81.7% of total fund balance, is available for spending at the Authority's discretion.

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the general fund was \$234,785 while total fund balance reached \$287,529. 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 7.1% of total general fund expenditures, while total fund balance represents 8.7% of that same amount.

The fund balance of the Authority's general fund decreased by \$307,692 during the current fiscal year.

#### **General Fund Budgetary Highlights**

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

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

##### **Capital Assets**

The Authority had no investment in capital assets for its governmental activities as of September 30, 2024.

**Long-Term Debt.** At the end of the current fiscal year, the Authority had no bonded debt.

#### **Economic Factors and Next Year's Budget and Rates**

- At September 30, 2024, the unemployment rate for the City of Kearney was 2.2%, which is .4 % higher than the same date a year ago. 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 compare to national indices.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Management's Discussion and Analysis**

**Economic Factors and Next Year's Budget and Rates (Continued)**

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

During the current fiscal year, unassigned fund balance in the Community Redevelopment Authority fund decreased to \$234,785. The Authority has adopted a budget for the 2024-2025 fiscal year with expenditures of \$376,594.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 18 East 22<sup>nd</sup> Street, Kearney, NE 68847.

**BASIC FINANCIAL STATEMENTS**

**Community Redevelopment Authority**  
**of the City of Kearney, Nebraska**  
**Statement of Net Position**  
**September 30, 2024**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 453,771
Cash held by county treasurer	29,663
Receivables (net of allowance for uncollectibles)	
Taxes - current	200,637
Taxes - delinquent	24,320
Total assets	<u>708,391</u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	<u>220,225</u>
Total liabilities	<u>220,225</u>
<b>Net Position</b>	
Restricted for	
Tax increment financing	52,744
Unrestricted	<u>435,422</u>
Total net position	<u>\$ 488,166</u>

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Statement of Activities  
For the Year Ended September 30, 2024**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities						
Community development	\$ 3,312,986	\$ 4,000	\$ 547	\$ -	\$ (3,308,439)	\$ (3,308,439)
Total governmental activities	<u>\$ 3,312,986</u>	<u>\$ 4,000</u>	<u>\$ 547</u>	<u>\$ -</u>	(3,308,439)	(3,308,439)
General revenues						
Taxes						
Property taxes				245,946	245,946	
Occupation taxes				458,416	458,416	
In-lieu of taxes				9,152	9,152	
Unrestricted investment earnings				386	386	
Miscellaneous				<u>2,273,328</u>	<u>2,273,328</u>	
Total general revenues				<u>2,987,228</u>	<u>2,987,228</u>	
Change in net position				<u>(321,211)</u>	<u>(321,211)</u>	
Net position - beginning as previously stated				595,221	595,221	
Error Correction (Note VII)				214,156	214,156	
Net position - beginning as restated				<u>809,377</u>	<u>809,377</u>	
Net position - ending				<u>\$ 488,166</u>	<u>\$ 488,166</u>	

See notes to basic financial statements.

Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Balance Sheet  
Governmental Funds  
September 30, 2024

	General	Total Governmental Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 483,434	\$ 483,434
Receivables (net of allowance for uncollectibles)		
Taxes - current	200,637	200,637
Taxes - delinquent	24,320	24,320
Total assets	\$ 708,391	\$ 708,391
<b>Liabilities</b>		
Accounts payable	\$ 220,225	\$ 220,225
<b>Deferred inflows of resources</b>		
Unavailable revenue - taxes	200,637	200,637
<b>Fund Balance</b>		
Committed - Tax increment financing	52,744	52,744
Unassigned	234,785	234,785
Total fund balances	287,529	287,529
Total liabilities, deferred inflows of resources, and fund balances	\$ 708,391	\$ 708,391
<b>Reconciliation</b>		
Total fund balance - governmental fund		\$ 287,529
Amounts reported for governmental activities in the statement of net position are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds but are deferred inflows.		200,637
Total net position - governmental activities		\$ 488,166

See notes to basic financial statements.

Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2024

	General	Total Governmental Funds
<b>Revenues</b>		
Taxes		
Property	\$ 245,946	\$ 245,946
Occupation	471,935	471,935
In lieu of taxes	9,152	9,152
Charges for services	4,000	4,000
Investment earnings	386	386
Miscellaneous	2,273,329	2,273,329
Intergovernmental - state	547	547
Total revenues	3,005,295	3,005,295
<b>Expenditures</b>		
Current		
Community development	520,546	520,546
Capital outlay		
Community development	2,320,506	2,320,506
Debt service		
Community development	471,935	471,935
Total expenditures	3,312,987	3,312,987
Net change in fund balances	(307,692)	(307,692)
Fund balances - beginning of year	595,221	595,221
Fund balances - ending	\$ 287,529	\$ 287,529
<b>Reconciliation</b>		
Change in fund balance - governmental fund		\$ (307,692)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(13,519)
Change in net position of governmental activities		\$ (321,211)

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Community Redevelopment Authority of the City of Kearney, Nebraska (the "Authority") is a body corporate and politic of the State of Nebraska. Organized on August 10, 1993, the Authority was established in accordance with Nebraska State Statute to acquire, clear, rehabilitate, conserve, and develop or redevelop one or more blighted areas existing within the City of Kearney (the "City").

The Authority is being treated as a discretely presented component unit of the City of Kearney for purposes of the September 30, 2024, audit.

For financial reporting purposes, management has considered all potential component units as defined in GASB No. 34 and has determined that no other outside agency meets the criteria established therein; therefore, no other agency has been included as a component unit in the Authority's financial statements.

**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 non-fiduciary activities of the Authority.

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 the governmental fund.

**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*. Revenues are recorded when earned 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 Authority 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.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The Authority reports the following major governmental fund:

General Fund - This is the Authority's primary operating fund. It accounts for all financial resources of the Authority.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

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

State statutes authorize the Authority 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 Authority are reported at fair value.

**2. Receivables and Payables**

Property tax receivables are shown net of an 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 20 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. Deferred Inflows of Resources**

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 Authority has one item that qualifies for reporting in this category. The Authority presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**4. Fund Balance**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balances** - These are amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted Fund Balances** - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balances** - These are amounts comprised of unrestricted funds used for a specific purpose pursuant to constraints imposed by formal action of the Authority's Board and that remain binding unless removed by the Authority's Board by subsequent formal action.
- **Assigned Fund Balances** - These are amounts that are constrained by the Authority's intent to be used for specific purposes but are neither restricted nor committed and include all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed. The Authority's Board has delegated authority to assign and remove fund balance assignments to the Finance Department.
- **Unassigned Fund Balance** - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

**5. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**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 Authority adopt its budget on a *cash basis*. All annual appropriations lapse at fiscal year end.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Notes to the Financial Statements**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year end, the Authority's carrying amount of deposits was \$453,771 and the bank balance was \$1,307,006. The Authority also had \$29,663 held by the county treasurer. All balances were covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

**B. Receivables**

Receivables as of year-end for the Authority's general fund, including applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Interest</u>	<u>For Taxes</u>	<u>Total Receivables</u>	<u>Uncollectibles</u>	<u>Receivables</u>
General	\$ -	\$ 233,311	\$ 233,311	\$ 8,354	\$ 224,957
Total	<u>\$ -</u>	<u>\$ 233,311</u>	<u>\$ 233,311</u>	<u>\$ 8,354</u>	<u>\$ 224,957</u>

**NOTE 4 - OTHER INFORMATION**

**A. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Kearney carries insurance that covers the Authority.

**B. Tax Abatements**

The Authority enters into property tax abatement agreements with local businesses under the state Community Development Act. Under the 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.

For the fiscal year ended September 30, 2024, the Authority 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 Authority for the year ended September 30, 2024, under this Act totaled \$7,972.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Notes to the Financial Statements**

**NOTE 5 - USE OF ESTIMATES**

The preparation of the 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 amount of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions used in preparing the financial statements.

**NOTE 6 - SUBSEQUENT EVENTS**

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

**NOTE 7 - ERROR CORRECTION**

The Authority identified that governmental activities assets as of September 30, 2023, were incorrectly reported. The Authority made an adjustment which resulted in a net increase to governmental occupation tax revenue and an increase to net position of \$214,156 as of September 30, 2024. This adjustment is reflected in the government-wide financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Community Redevelopment Authority**  
**of the City of Kearney, Nebraska**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended September 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 239,000	\$ 239,000	\$ 238,632	\$ (368)
Occupation	500,000	500,000	471,935	(28,065)
In lieu of taxes	6,000	6,000	9,152	3,152
Investment earnings	500	500	378	(122)
Miscellaneous	2,510,000	2,510,000	2,308,185	(201,815)
Intergovernmental - state	400	400	547	147
Total revenues	3,255,900	3,255,900	3,028,829	(227,071)
<b>Expenditures</b>				
Community development	3,490,329	3,490,329	3,139,590	350,739
Total expenditures	3,490,329	3,490,329	3,139,590	350,739
Net change in fund balances	(234,429)	(234,429)	(110,761)	123,668
Fund balances - beginning (cash basis)	249,429	249,429	564,532	315,103
Fund balances - ending (cash basis)	\$ 15,000	\$ 15,000	453,771	\$ 438,771
Basis of accounting reconciliation			(166,242)	
Fund balances - ending (modified accrual basis)			\$ 287,529	

**NOTE 1 - BUDGETARY ACCOUNTING**

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



**Report 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**

Community Redevelopment Authority  
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 and each major fund of the Community Redevelopment Authority of the City of Kearney, Nebraska (the "Authority") as of and for the year ended September 30, 2024, and the related notes to the basic financial statements, which collectively comprise the Authority'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 Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, 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 Authority'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 Responses 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 Responses as item 2024-002 to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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.

**Authority's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

*BerganKDV, LLC*

Omaha, Nebraska

May 5, 2025

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Schedule of Findings and Responses**

**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.

**Community Redevelopment Authority  
of the City of Kearney, Nebraska  
Schedule of Findings and Responses**

**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**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 Authority 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 Authority 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 Authority's management in the normal course of performing their assigned functions.

*Recommendation:*

A remedy for this situation would be for the Authority 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 Authority's Board continually evaluates the distribution of duties to employees and closely monitors all accounting functions.

**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

**Audit Finding 2023-001 Material Weakness - Segregation of Duties**

This finding was repeated in current year as Finding 2024-002 as a significant deficiency.