

ANNUAL FINANCIAL REPORT

of the

NORTHEAST NEBRASKA SOLID WASTE COALITION

for the fiscal years ended
September 30, 2020
and 2019

NORTHEAST
NEBRASKA
SOLID WASTE
COALITION

ANNUAL FINANCIAL REPORT

*for the fiscal years ended
September 30, 2020
and 2019*

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
ANNUAL FINANCIAL REPORT**
For the Fiscal Years Ended September 30, 2020 and 2019

TABLE OF CONTENTS

	<u>Exhibit No.</u>	<u>Page(s)</u>
List of Principal Officials		1
FINANCIAL SECTION		
Independent Auditors' Report		2-4
Management's Discussion and Analysis		5-8
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	1	9-10
Statements of Revenues, Expenses, and Changes in Net Position	2	11
Statements of Cash Flows	3	12
Notes to Financial Statements		13-20
SUPPLEMENTARY INFORMATION		
Schedule of Revenues, Expenditures and Changes in General Fund Balance - Budget and Actual - Budgetary Basis	4A	21
Schedule of Revenues, Expenditures and Changes in Closure/Post Closure Fund Balance – Budget and Actual - Budgetary Basis	4B	22
Notes to Supplementary Information		23
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		24-25
Schedule of Findings and Responses		26
Summary Schedule of Prior Audit Findings		27

NORTHEAST NEBRASKA SOLID WASTE COALITION

List of Principal Officials
September 30, 2020

<u>Title</u>	<u>Name</u>	<u>Representing</u>	<u>Population</u>
Chairperson	Corey Granquist	City of Norfolk	24,424
Vice-Chairperson	Charlie Bahr	City of Columbus	23,195
Board member	Mark Jensen	City of Fremont	26,437
Board member	Ron Pfeifer	Platte County	6,848
Board member	Christian Ohl	Madison County	5,279
Board member	Dan Weddle	Dodge County	4,151
Board member	Duane Rehak	Stanton County	4,020
Board member	Rob Fite	City of Madison	2,561
Board member	Cliff Morrow	Burt County	1,520
Board member	Trent Hickman	City of Stanton	1,632
Board member	Dan Jacobs	City of Oakland	1,556
Board member	Michael D Fleer	City of Battle Creek	1,215
Board member	Paul Cash	Village of Hooper	775
Board member	Josh Dahlberg	Village of Duncan	547
Board member	Randy Paczosa	Village of Silver Creek	409
Board member	Jerry Abrahamson	Village of Inglewood	401
Board member	Rick Tucker	Village of Nickerson	334
Board member	Ernie Short	Village of Pilger	305
Board member	Joshua Koepke	Village of Hoskins	281
Board member	Dan Dallman	Village of Uehling	271
Board member	DeWayne Rohlf	Village of Meadow Grove	249
Board member	Todd Groteluschen	Village of Creston	206
Board member	Vacant	Village of Craig	166
Board member	Vacant	Village of Winslow	83
Board member	Gary Svitak	Maple Creek Precinct	
Treasurer	Randy Gates		
Secretary	Brianna Duerst		
		Total	<u>106,865</u>



INDEPENDENT AUDITOR'S REPORT

Honorable Members
of the Board of Directors
Northeast Nebraska Solid Waste Coalition

Report on the Financial Statements

We have audited the accompanying financial statements of the Northeast Nebraska Solid Waste Coalition (the Coalition), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which comprise the Coalition's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Coalition, as of September 30, 2020, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coalition's basic financial statements. The budgetary comparison information and list of principle officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The list of principle officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the Coalition'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 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 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 Coalition's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Coalition's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of the Northeast Nebraska Solid Waste Coalition's financial performance provides an overview of the Coalition's financial activities for the fiscal year ending September 30, 2020. We encourage readers to consider this information in conjunction with the Coalition's financial statements which follow.

FINANCIAL OPERATIONS SUMMARY

With revenues of \$4,743,127 and expenses of \$2,064,652, the Coalition's net position increased \$2,678,475 in fiscal year 2020 going from \$11,065,430 to \$13,743,905. Unrestricted net position increased \$1,045,289. Restricted net position increased \$1,944,655, while investment in capital assets decreased \$311,469.

USING THIS ANNUAL REPORT

The Northeast Nebraska Solid Waste Coalition is a special purpose government presented as a single enterprise fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Coalition's basic financial statements. The annual report consists of a series of financial statements and other information as follows:

Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Coalition's financial activities.

The Statement of Net Position presents information on the Coalition's assets and liabilities, with the difference between them 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 Coalition is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Coalition's operating revenues and expenses, non-operating revenues and expenses and whether the Coalition's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Coalition's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Coalition financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Coalition's financial position. The Coalition's net position for fiscal year 2020 totaled \$13,743,905. This compares to \$11,065,430 for fiscal year 2019. A summary of the Coalition's net position is presented below.

	September 30		Increase	
	<u>2020</u>	<u>2019</u>	<u>(Decrease)</u>	<u>% change</u>
Current assets	\$ 6,756,500	\$ 5,689,191	\$ 1,067,309	18.8%
Restricted assets	13,037,471	10,910,975	2,126,496	19.5%
Net property, buildings, and equipment	<u>4,797,958</u>	<u>5,085,844</u>	<u>(287,886)</u>	(5.7%)
Total assets	<u>24,591,929</u>	<u>21,686,010</u>	<u>2,905,919</u>	13.4%
Current liabilities	225,128	179,525	45,603	25.4%
Noncurrent liabilities	<u>10,622,896</u>	<u>10,441,055</u>	<u>181,841</u>	1.7%
Total liabilities	<u>10,848,024</u>	<u>10,620,580</u>	<u>227,444</u>	2.1%
Net investment in capital assets	4,774,375	5,085,844	(311,469)	(6.1%)
Restricted net position	2,414,575	469,920	1,944,655	413.8%
Unrestricted net position	<u>6,554,955</u>	<u>5,509,666</u>	<u>1,045,289</u>	19.0%
Total net position	<u>\$13,743,905</u>	<u>\$11,065,430</u>	<u>\$ 2,678,475</u>	24.2%

The increase in current assets of \$1,067,309 is primarily due to an increase in cash. Cash went from approximately \$5.38 million at the end of last year to \$6.39 million this year. This \$1.01 million increase in cash is a result of cash provided from operations.

Restricted assets increased \$2,126,496 or 19.5% due to an increase in cash and investments held for closure/postclosure care costs. Of this increase \$358,291 was the Coalition's current year funding of closure/postclosure care cost. The remaining increase was interest on investments held for closure/postclosure care cost and increases in fair market value of these investments due to declining interest rates. The increase in restricted assets resulted in an increase in restricted net position of \$1,944,655.

Net property, buildings, and equipment decreased \$287,886 due to normal depreciation of assets, which was partially offset by the addition of construction in progress for landfill gas remediation. Depreciation decreased net investment in capital assets \$311,469.

Current liabilities increased \$45,603 or 25.4% primarily due to payables related to the landfill gas remediation project and landfill master plan in progress at the end of the year.

Unrestricted net position increased \$1,045,289 going from \$5,509,666 last year to \$6,554,955 this year due to normal operations of the Coalition.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues consist of tipping fees for disposal of waste at the Coalition's landfill in Stanton County. Coalition waste is primarily received from transfer stations of member communities. The Coalition's tipping fee remained at \$24 per ton in the current year. Tonnage decreased 2,001 tons in the current year going from 122,616 tons to 120,615 tons, which decreased user charges \$40,701 or 1.4% in the current year. The prior year had a significant amount of tonnage from clean up after the March 2019 floods that affected much of Nebraska.

The Coalition hired Waste Connections to perform day-to-day landfill operations. Payments to Waste Connections are included in disposal fees. The scale operators at the landfill are Coalition employees. Payroll and related taxes and benefits on the operating statement are for wages and fringe benefits paid to these two employees. The utilization of capital assets is reflected in the financial statements as depreciation which allocates the cost of an asset over its expected useful life. Nonoperating revenue consists of interest income and any increase in the fair value of investments. Nonoperating expense is any decrease in fair value of investments. A summary of revenue, expenses and changes in net position for the fiscal years ended 2020 and 2019 follows:

	<u>September 30</u>		Increase	
	<u>2020</u>	<u>2019</u>	(Decrease)	% change
Operating revenues:				
User charges	<u>\$ 2,907,612</u>	<u>\$ 2,948,313</u>	<u>\$ (40,701)</u>	(1.4%)
Total operating revenues	<u>2,907,612</u>	<u>2,948,313</u>	<u>(40,701)</u>	(1.4%)
Operating expenses:				
Payroll and related taxes and benefits	92,724	88,269	4,455	5.0%
Disposal fees	1,116,034	1,127,120	(11,086)	(1.0%)
Repairs and maintenance	18,690	6,017	12,673	210.6%
General and administration	289,719	260,022	29,697	11.4%
Closure/postclosure costs	181,840	806,305	(624,465)	(77.4%)
Depreciation and amortization	<u>365,645</u>	<u>370,627</u>	<u>(4,982)</u>	(1.3%)
Total operating expenses	<u>2,064,652</u>	<u>2,658,360</u>	<u>(593,708)</u>	(22.3%)
Operating income (loss)	<u>842,960</u>	<u>289,953</u>	<u>553,007</u>	190.7%
Nonoperating revenue (expense):				
Net increase (decrease) in the fair value of investments	1,474,238	1,673,786	(199,548)	(11.9%)
Interest income	<u>361,277</u>	<u>408,294</u>	<u>(47,017)</u>	(11.5%)
Total nonoperating revenue (expense)	<u>1,835,515</u>	<u>2,082,080</u>	<u>(246,565)</u>	(11.8%)
Change in net position	2,678,475	2,372,033	306,442	12.9%
Net position, beginning of year	<u>11,065,430</u>	<u>8,693,397</u>	<u>2,372,033</u>	27.3%
Net position, end of year	<u>\$13,743,905</u>	<u>\$11,065,430</u>	<u>\$ 2,678,475</u>	24.2%

Disposal fees decreased \$11,086 or 1.0%, which corresponds with the decrease in tonnage received during the current year. Repairs and maintenance increased \$12,673 going from \$6,017 last year to \$18,690 this year due to maintenance on the scale and new security cameras. General and administration increased \$29,697 or 11.4% primarily due to host fees paid to Stanton County related to prior years tonnage.

Closure/postclosure costs decreased \$624,465 going from \$806,305 last year to \$181,840 this year. During the current year, the Coalition's engineers updated the closure and postclosure cost estimates, which resulted in a decrease of estimated costs of approximately \$750,000 as more fully discussed in Note 5 to the financial statements. The portion of cost estimates related to the portion of the landfill previously filled, resulted in a one-time decrease in closure/postclosure costs.

Net increase in fair value of investments was \$1,474,238 this year compared to \$1,673,786 last year. These increases were driven by decreases in interest rates on long-term treasuries which decreased both years, but less in the current year. Interest income decreased \$47,017 or 11.5% due to declining interest rates.

CAPITAL ASSETS

On September 30, 2020, the Coalition had approximately \$4.8 million invested in capital assets, net of accumulated depreciation of approximately \$7.3 million. Most of the Coalition's assets consist of landfill cells. The Coalition owns 160 acres of land on which the landfill is sited with land and related costs totaling approximately \$1.2 million. The Coalition also has a maintenance building and scale house totaling approximately \$465,000. Depreciation charges for the year were \$365,645. See Note 5 in the financial statements for more information on the Coalition's capital assets.

CONTACTING THE COALITION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, creditors, and members with a general overview of the Coalition's finances and to demonstrate the Coalition's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Coalition's Finance Department at (402) 844-2000.

NORTHEAST NEBRASKA SOLID WASTE COALITION

STATEMENT OF NET POSITION

September 30, 2020 and 2019

ASSETS	2020	2019
Current assets:		
Cash and cash equivalents	\$ 6,386,566	\$ 5,376,814
Receivables:		
Accounts	319,201	284,787
Interest	50,733	27,590
Total current assets	6,756,500	5,689,191
Restricted Assets:		
Cash and investments held for closure/postclosure costs	13,037,471	10,910,975
Total restricted assets	13,037,471	10,910,975
Property, Buildings, and Equipment:		
Land	1,218,051	1,218,051
Buildings and improvements	10,759,492	10,759,492
Equipment	26,154	26,154
Construction in progress	77,759	-
Total property, buildings, and equipment	12,081,456	12,003,697
Less accumulated depreciation	7,283,498	6,917,853
Total property, buildings, and equipment net of accumulated depreciation	4,797,958	5,085,844
Total assets	\$ 24,591,929	\$ 21,686,010

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITION

STATEMENT OF NET POSITION-CONTINUED

September 30, 2020 and 2019

LIABILITIES AND NET POSITION	2020	2019
Current liabilities:		
Accounts and contracts payable	\$ 213,266	\$ 170,303
Payroll liabilities	11,862	9,222
Total current liabilities	225,128	179,525
Noncurrent liabilities (Net of current portion):		
Accrued closure/postclosure costs (payable from restricted assets)	10,622,896	10,441,055
Total noncurrent liabilities	10,622,896	10,441,055
Total liabilities	10,848,024	10,620,580
Net position:		
Net investment in capital assets	4,774,375	5,085,844
Restricted for closure/postclosure costs	2,414,575	469,920
Unrestricted	6,554,955	5,509,666
Total net position	13,743,905	11,065,430
Total liabilities and net position	\$ 24,591,929	\$ 21,686,010

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITIONSTATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION*for fiscal years ended September 30, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
Operating revenues:		
User charges	\$ 2,907,612	\$ 2,948,313
Total operating revenues	<u>2,907,612</u>	<u>2,948,313</u>
Operating expenses:		
Payroll and related taxes and benefits	92,724	88,269
Disposal fees	1,116,034	1,127,120
Repairs and maintenance	18,690	6,017
General and administration	289,719	260,022
Closure/postclosure costs	181,840	806,305
Depreciation and amortization	<u>365,645</u>	<u>370,627</u>
Total operating expenses	<u>2,064,652</u>	<u>2,658,360</u>
Operating Income	<u>842,960</u>	<u>289,953</u>
Nonoperating revenue (expense):		
Net increase (decrease) in the fair value of investments	1,474,238	1,673,786
Interest income	<u>361,277</u>	<u>408,294</u>
Total nonoperating revenue (expense)	<u>1,835,515</u>	<u>2,082,080</u>
Change in net position	2,678,475	2,372,033
Net position, beginning of year	<u>11,065,430</u>	<u>8,693,397</u>
Net position, end of year	<u>\$ 13,743,905</u>	<u>\$ 11,065,430</u>

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITION
STATEMENTS OF CASH FLOWS
for the fiscal years ended September 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from customers	\$ 2,873,198	\$ 2,896,314
Cash paid to suppliers for goods and services	(1,405,063)	(1,429,060)
Cash paid to employees for services	(90,084)	(88,185)
Net cash provided by operating activities	1,378,051	1,379,069
Cash flows for capital and related financing activities:		
Acquisition and construction of capital assets	(54,176)	-
Net cash (used for) capital and related financing activities	(54,176)	-
Cash flows from investing activities		
Restricted investment purchased	(958,720)	(1,054,816)
Proceeds from sale of restricted investments	576,000	645,000
Interest received	92,984	132,143
Net cash (used for) investing activities	(289,736)	(277,673)
Net increase in cash and cash equivalents	1,034,139	1,101,396
Cash and cash equivalents - beginning of year	5,377,347	4,275,951
Cash and cash equivalents - end of year	6,411,486	5,377,347
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	842,960	289,953
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	365,645	370,627
Closure/postclosure costs	181,840	806,305
Changes in assets and liabilities		
(Increase) decrease accounts receivable	(34,414)	(51,999)
Increase (decrease) accounts payable	19,380	(35,901)
Increase (decrease) payroll liabilities	2,640	84
Total Adjustments	535,091	1,089,116
Net cash provided by operating activities	1,378,051	1,379,069
Supplemental Schedule of Noncash Investing, Capital and Financing Activities		
Net increase (decrease) in the fair value of investments	1,474,238	1,673,786
Accounts payable exchanged for capital assets	23,583	-
Total noncash investing, capital and financing activities	1,497,821	1,673,786
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash & cash equivalents	6,386,566	5,376,814
Cash held for closure/post closure costs	24,920	533
	\$ 6,411,486	\$ 5,377,347

The accompanying notes are an integral part of the financial statements.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

1. Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

A. Reporting Entity and Nature of Operations:

The Northeast Nebraska Solid Waste Coalition (the Coalition) is a joint venture composed of twenty-four cities and counties in Northeast Nebraska formed pursuant to the Nebraska Interlocal Cooperation Act for the purpose of providing solid waste management to their respective entities by the means of creating, building, and operating a solid waste disposal facility, more commonly referred to as a landfill. The Coalition's Board is composed of a member from each of the participating cities and counties. None of the participating entities have an equity interest in the Coalition. The Coalition commenced operations October 30, 1995.

B. Basis of Accounting:

The Coalition's financial statements are prepared using a flow of economic resources measurement focus. With this measurement focus all assets and all liabilities associated with the operation of the Coalition are included on the statement of net position. The statements of revenues, expenses and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position. Operating revenues are revenues derived during the normal course of providing solid waste management. The primary example of operating revenues is user charges. Non-operating revenues are all revenues that do not meet the definition of operating revenues. Non-operating revenues include investment income and gain on disposal of capital assets.

The Coalition uses the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. Capital assets are depreciated on a straight-line basis over estimated useful lives ranging from 2 - 30 years on buildings and improvements and 5 - 25 years on equipment. The Coalition's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

1. Summary of Significant Accounting Policies (Continued):

C. Budgets/Budgetary Accounting:

With the passage of LB 1207 in the 1994 Legislative session, joint entities such as the Northeast Nebraska Solid Waste Coalition created to fulfill the purpose of Integrated Solid Waste Management Act pursuant to the Interlocal Cooperation Act, were required to comply with the Municipal Proprietary Function Act for purposes of budgetary accounting. At the May 21, 2020 Coalition meeting, following a public hearing, the Coalition Board adopted the budget for the fiscal year ending September 30, 2020. Prior to this, public hearings on the budget were also held in Columbus, Norfolk, and Fremont. This budget was prepared by Coalition staff and submitted to the Coalition Board for their approval. The Municipal Proprietary Function Act requires that if estimated expenditures exceed budgeted expenditures the Board must adopt a proprietary function reconciliation statement within 90 days after year end which reflects any difference between the adopted budget statement and the actual expenditures for the fiscal year.

The Coalition's budget is adopted and stated on a cash basis. For budget purposes both cash and cash equivalents along with restricted cash and investments (net of unamortized discount) are considered cash. The Budgetary Comparison Statement is prepared on this budgetary basis, which is not in accordance with U.S. generally accepted accounting principles.

D. Statements of Cash Flows:

The Coalition's cash and cash equivalents (which includes restricted cash) consists of demand deposit accounts and any certificates of deposit or U.S. Treasury obligations with original maturities of one year or less which are considered cash equivalents for purposes of the Statement of Cash Flows.

E. Investments:

The Coalition uses the following methods in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates of Deposit	Cost
U.S. Treasury Obligations:	
Held for Closure/Postclosure Care	Fair Value
Held for Operating	Cost, which approximates Fair Value

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

1. Summary of Significant Accounting Policies (Continued):

F. Recent Accounting Pronouncements:

Adoption of New Accounting Pronouncements

During the year, the Coalition adopted Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective date of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The adoption of this standard did not have an impact on the financial statements.

New Accounting Pronouncements Not Adopted

In January 2017, GASB issued Statement No. 84 *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In August 2018, GASB issued Statement No. 90 *Majority Equity Interests—an Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. These Statements are effective for the Coalition's year ending September 30, 2021.

2. Cash and Cash Equivalents:

On September 30, 2020 and 2019, the Coalition's cash consisted of fully insured and collateralized checking accounts and certificates of deposit. The Coalition's policy is to maintain all cash and equivalents either in fully insured and/or collateralized checking accounts, certificates of deposit and short-term U.S. Treasury obligations maturing in approximately one year or less. On September 30, 2020 and 2019, and throughout such years, the Coalition's bank deposits were entirely covered by Federal Deposit Insurance or by collateral held in joint custody in the Coalition's name at a third party bank (a Federal Reserve Bank) acting as the Coalition's agent. The Coalition's agent, in the Coalition's name, held U.S. Treasury obligations.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

3. Deposit and Investments:

The Coalition's deposits at September 30, 2020 were fully insured and collateralized checking accounts and certificates of deposit. The Coalition's primary account had a balance at September 30, 2020 of \$2,986,297. At year end, the Coalition held certificates of deposit of \$3,500,000. The Coalition also has an account held by the Coalition to finance closure/post closure care. At September 30, 2020 the balance in this bank account was \$24,920.

Investments held for closure/postclosure care are shown at fair value. Investments held for closure/post closure care consisted of zero coupon U.S. Treasury obligations (Strips), maturing November 15, 2026, August 15, 2028, November 15, 2034, November 15, 2036, May 15, 2040, November 15, 2040, May 15, 2041, November 15, 2042, November 15, 2043, May 15, 2044, August 15, 2044, November 15, 2044, November 15, 2046, and November 15, 2047. Inflation Indexed Treasury Notes maturing April 15, 2028 and a U.S. Treasury Note maturing August 15, 2028.

At September 30, 2020 the Coalition had the following investments:

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Fair Value</u>
Inflation Indexed Notes	4/15/2028	\$841,417
Inflation Indexed Notes	4/15/2028	\$547,031
Strips	11/15/2026	\$451,916
Strips	8/15/2028	\$674,295
Strips	11/15/2034	\$457,475
Strips	11/15/2036	\$546,570
Strips	5/15/2040	\$2,219,531
Strips	11/15/2040	\$1,729,996
Strips	5/15/2041	\$389,902
Strips	11/15/2042	\$365,970
Strips	11/15/2043	\$413,315
Strips	5/15/2044	\$1,256,424
Strips	8/15/2044	\$455,711
Strips	11/15/2044	\$692,694
Strips	11/15/2046	\$505,028
Strips	11/15/2046	\$555,938
Strips	11/15/2047	\$608,608
Notes	8/15/2028	\$300,731

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

3. Deposit and Investments (Continued):

Interest Rate Risk: The Coalition's investment policy for operating funds is limited to Direct U.S. Treasury obligations or certificates of deposit with a maturity of 1 year or less. The investment policy for Debt Service funds is direct U.S. Treasury obligations with a maturity of 5 years or less. The investment policy for Closure/Post Closure Funds is direct U.S. Treasury obligations with investments maturing on or before needed for closure and post closure care.

Credit Risk: Coalition's investments at September 30, 2020 consisted entirely of U.S. Treasury obligations rated AAA.

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

<i>Reconciliation to the financial statements:</i>	Carrying Amount	Carrying Amount
	<u>Sept 30, 2020</u>	<u>Sept 30, 2019</u>
Investments	\$13,012,552	\$10,910,441
Demand deposits	2,911,485	3,379,216
Certificates of deposits	3,500,000	1,000,000
U.S Treasury obligation held for operating	-	998,132
	<u>19,424,037</u>	<u>16,287,789</u>
Cash and cash equivalents	6,386,566	5,376,814
Cash and investments held for closure/post closure costs	<u>13,037,471</u>	<u>10,910,975</u>
	<u>\$19,424,037</u>	<u>\$16,287,789</u>

4. Closure and Postclosure Care Cost:

State and federal laws and regulations require the Coalition to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after final closure. Although closure and postclosure care costs will be paid only near or after the date of closure, the Coalition reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$10,622,896 and \$10,441,055 reported as landfill closure and postclosure care liability at September 30, 2020 and 2019, respectively, represents the cumulative amount reported to date based on the use of 53.0% and 50.2% respectively, of the estimated capacity of the landfill.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

4. Closure and Postclosure Care Cost (Continued):

During the current year, the Coalition's engineers updated the closure and postclosure cost estimates, which resulted in a decrease from the 2015 cost estimates adjusted for inflation. Last year the 2015 estimates adjusted for inflation was \$20.79 million and the updated engineers cost estimates this year is \$20.04 million. These amounts are based on what it would cost to perform all closure and postclosure care in 2020 and 2019. The Coalition expects to close the landfill in a single phase. The estimated remaining landfill life is 17 years. During the current year, the estimated annual tonnage was increased from 105,000 tons to 120,000 tons, reducing the estimated remaining landfill life from 21 years in the prior year. Actual cost could change significantly due to inflation, changes in technology, or changes in regulations. The Coalition will recognize the remaining amount of the total estimated cost of closure and post closure care of \$20.04 million as the remaining estimated capacity is filled.

The Coalition is required by state and federal laws and regulations to make annual contributions to an account held by the Coalition to finance closure and postclosure care. The Coalition is in compliance with these requirements and, at September 30, 2020 and 2019, cash and investments of \$9,157,348 and \$8,461,285, respectively, (\$13,037,471 and \$10,910,975 fair value, respectively) are held for these purposes. These are reported as restricted assets on the balance sheet. The Coalition expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

5. Capital Assets

Capital asset activity for the years ended September 30, 2020 and 2019 was as follows:

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 1,218,051	\$ -	\$ -	\$ 1,218,051
Construction in progress	-	77,759	-	77,759
Total capital assets, not being depreciated	<u>1,218,051</u>	<u>77,759</u>	<u>-</u>	<u>1,295,810</u>
Capital assets, being depreciated:				
Buildings & land improvements	10,759,492	-	-	10,759,492
Equipment	26,154	-	-	26,154
Total capital assets, being depreciated	<u>10,785,646</u>	<u>-</u>	<u>-</u>	<u>10,785,646</u>
Less accumulated depreciation for:				
Buildings & land improvements	6,899,232	364,765	-	7,263,997
Equipment	18,621	880	-	19,501
Total accumulated depreciation	<u>6,917,853</u>	<u>365,645</u>	<u>-</u>	<u>7,283,498</u>
Total capital assets, being depreciated, net	<u>3,867,793</u>	<u>(365,645)</u>	<u>-</u>	<u>3,502,148</u>
Capital assets, net	<u>\$ 5,085,844</u>	<u>\$ (287,886)</u>	<u>\$ -</u>	<u>\$ 4,797,958</u>

	Balance October 1, 2018	Additions	Deletions	Balance September 30, 2019
Capital assets, not being depreciated:				
Land	\$ 1,218,051	\$ -	\$ -	\$ 1,218,051
Total capital assets, not being depreciated	<u>1,218,051</u>	<u>-</u>	<u>-</u>	<u>1,218,051</u>
Capital assets, being depreciated:				
Buildings & land improvements	10,759,492	-	-	10,759,492
Equipment	26,154	-	-	26,154
Total capital assets, being depreciated	<u>10,785,646</u>	<u>-</u>	<u>-</u>	<u>10,785,646</u>
Less accumulated depreciation for:				
Buildings & land improvements	6,529,485	369,747	-	6,899,232
Equipment	17,741	880	-	18,621
Total accumulated depreciation	<u>6,547,226</u>	<u>370,627</u>	<u>-</u>	<u>6,917,853</u>
Total capital assets, being depreciated, net	<u>4,238,420</u>	<u>(370,627)</u>	<u>-</u>	<u>3,867,793</u>
Capital assets, net	<u>\$ 5,456,471</u>	<u>\$ (370,627)</u>	<u>\$ -</u>	<u>\$ 5,085,844</u>

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2020 and 2019

6. Risk Management:

The Coalition is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Coalition's general liability policy is a three million dollar aggregate, two million dollar per occurrence policy. The policy period is October 1, 2019 to September 30, 2020. Settled claims have not exceeded coverage in any of the past three years.

7. Pension Plan:

The Coalition provides a defined contribution Simplified Employee Pension plan. The plan established under Section 408(k) of the Internal Revenue Code, is for all employees age 18 or older. The amount contributed by the Coalition for the benefit of its employees is 7% of their salaries. Participants are always fully vested. Pension expense for the years ended September 30, 2020 and 2019 totaled \$4,178 and \$4,180, respectively.

8. Related Party Transactions:

The Coalition receives substantially all of its waste from member cities and counties, providing the majority of the Coalition's user fee revenue. As of September 30, 2020, \$280,523 of accounts receivable were from member cities and counties. The City of Norfolk, a member of the Coalition, provides administrative services for the Coalition. During the year \$41,737 was paid to the City of Norfolk for these services. Also, the Coalition reimbursed the City of Norfolk \$17,146 for Coalition expenses paid by the city and \$10,193 was due to the City of Norfolk at September 30, 2020.

NORTHEAST NEBRASKA SOLID WASTE COALITION

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN GENERAL FUND BALANCE -
 BUDGET AND ACTUAL - BUDGETARY BASIS
for the Fiscal Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest income	\$ 111,000	\$ 44,167	\$ (66,833)
User charges	<u>2,725,922</u>	<u>2,873,198</u>	<u>147,276</u>
Total revenues	2,836,922	2,917,365	80,443
Expenditures:			
Payroll and related taxes and benefits	94,067	90,082	3,985
Disposal fees	1,087,833	1,118,232	(30,399)
Repairs and maintenance	24,450	11,431	13,019
Operating supplies	2,068	732	1,336
General and administration	698,696	274,669	424,027
Capital outlay	<u>150,000</u>	<u>54,176</u>	<u>95,824</u>
Total expenditures	<u>2,057,114</u>	<u>1,549,322</u>	<u>507,792</u>
Excess (deficiency) of revenues over expenditures	<u>779,808</u>	<u>1,368,043</u>	<u>588,235</u>
Other financial sources (uses):			
Intrafund operating transfer out	<u>(352,500)</u>	<u>(358,291)</u>	<u>(5,791)</u>
Total other financial sources (uses)	<u>(352,500)</u>	<u>(358,291)</u>	<u>(5,791)</u>
Excess (deficiency) of revenues over expenditures and other financial uses	427,308	1,009,752	582,444
Fund balance - budgetary basis:			
Beginning of year	<u>5,376,814</u>	<u>5,376,814</u>	<u>-</u>
End of year	<u>\$ 5,804,122</u>	<u>\$ 6,386,566</u>	<u>\$ 582,444</u>

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITION
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN CLOSURE/POST CLOSURE FUND BALANCE -
 BUDGET AND ACTUAL - BUDGETARY BASIS
for the Fiscal Year Ended September 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest income	\$ 325,300	\$ 337,772	\$ 12,472
Other financial sources:			
Intrafund operating transfer in	<u>352,500</u>	<u>358,291</u>	<u>5,791</u>
Excess of revenues and other sources over expenditures	677,800	696,063	18,263
Fund balance - budgetary basis:			
Beginning of year	<u>8,461,289</u>	<u>8,461,285</u>	<u>(4)</u>
End of year	<u>\$ 9,139,089</u>	<u>\$ 9,157,348</u>	<u>\$ 18,259</u>

The accompanying notes are an integral part of the financial statements.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO SUPPLEMENTARY INFORMATION**
For the fiscal year ended September 30, 2020

1. Budget and Budgetary Control:

The annual appropriated budget adopted by the Coalition is prepared on a cash basis and, therefore, the budgetary basis differs from that used to present the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Such differences and their effect on operations are summarized as follows:

Excess (deficiency) of revenues and other financial sources over expenditures, and other financial uses on a budgetary basis:			
General Fund		\$ 1,009,752	
Closure/Post Closure Fund		696,063	
		1,705,815	
Basis differences:			
To adjust revenues from recognition on a cash basis		1,487,990	
To adjust total expenditures from recognition on a cash basis		(515,330)	
		\$ 2,678,475	
Net Income, on a GAAP basis		\$ 2,678,475	



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

Honorable Members
of the Board of Directors
Northeast Nebraska Solid Waste Coalition

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northeast Nebraska Solid Waste Coalition (the Coalition), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which comprise the Coalition's basic financial statements, and have issued our report thereon dated March 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting 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 the Coalition's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition’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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
March 26, 2021

Northeast Nebraska Solid Waste Coalition
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended September 30, 2020

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' reports issued:	Unmodified
Internal controls over financial reporting:	
• Material weaknesses identified:	None reported
• Significant deficiencies identified:	None reported
Noncompliance material to financial statements noted:	None reported

II. FINDINGS—FINANCIAL STATEMENTS

None reported.

Northeast Nebraska Solid Waste Coalition
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the year ended September 30, 2020

I. FINDINGS—FINANCIAL STATEMENTS

None reported.