

# ANNUAL FINANCIAL REPORT

of the

## NORTHEAST NEBRASKA SOLID WASTE COALITION

for the fiscal years ended  
September 30, 2021  
and 2020

NORTHEAST  
NEBRASKA  
SOLID WASTE  
COALITION

ANNUAL FINANCIAL REPORT

*for the fiscal years ended  
September 30, 2021  
and 2020*

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
ANNUAL FINANCIAL REPORT**  
*For the Fiscal Years Ended September 30, 2021 and 2020*

---

**TABLE OF CONTENTS**

	<u>Exhibit No.</u>	<u>Page(s)</u>
List of Principal Officials		1
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report		2-4
Management's Discussion and Analysis		5-8
<b>BASIC FINANCIAL STATEMENTS</b>		
Statements 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		13-21
<b>SUPPLEMENTARY INFORMATION</b>		
Schedule of Revenues, Expenditures and Changes in General Fund Balance - Budget and Actual - Budgetary Basis	4A	22
Schedule of Revenues, Expenditures and Changes in Closure/Post Closure Fund Balance – Budget and Actual - Budgetary Basis	4B	23
Notes to Supplementary Information		24
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> – Independent Auditor's Report		25-26
Schedule of Findings and Responses		27

# NORTHEAST NEBRASKA SOLID WASTE COALITION

List of Principal Officials

(Unaudited)

September 30, 2021

<u>Title</u>	<u>Name</u>	<u>Representing</u>	<u>Population</u>
Chairperson	Corey Granquist	City of Norfolk	24,955
Vice-Chairperson	Charlie Bahr	City of Columbus	24,028
Board member	Mark Jensen	City of Fremont	27,141
Board member	Ron Pfeifer	Platte County	7,521
Board member	Eric Stinson	Madison County	5,570
Board member	Dan Weddle	Dodge County	4,171
Board member	Duane Rehak	Stanton County	4,082
Board member	Rob Fite	City of Madison	2,283
Board member	Cliff Morrow	Burt County	2,012
Board member	Paul Poeschl	City of Stanton	1,520
Board member	Nathan Anderson	City of Oakland	1,369
Board member	Michael D Fleer	City of Battle Creek	1,194
Board member	Paul Cash	Village of Hooper	857
Board member	Josh Dahlberg	Village of Duncan	392
Board member	Randy Paczosa	Village of Silver Creek	320
Board member	Jerry Abrahamson	Village of Inglewood	380
Board member	Rick Tucker	Village of Nickerson	312
Board member	Dennis Wolverton	Village of Pilger	240
Board member	Joshua Koepke	Village of Hoskins	263
Board member	Dick Orent	Village of Uehling	241
Board member	Josh Anderson	Village of Meadow Grove	287
Board member	Todd Groteluschen	Village of Creston	206
Board member	Vacant	Village of Craig	202
Board member	Vacant	Village of Winslow	19
Board member	Gary Svitak	Maple Creek Precinct	
Treasurer	Randy Gates		
Secretary	Brianna Duerst		
		Total	<u>109,565</u>

## Independent Auditor's Report

Board of Directors  
Northeast Nebraska Solid Waste Coalition  
Norfolk, Nebraska

### 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, 2021, and the related notes to the financial statements, which collectively 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 financial position of the Northeast Nebraska Solid Waste Coalition, as of September 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

The 2020 financial statements, before they were restated for the matter discussed in Note 1.D., were audited by other auditors, and their report thereon, dated March 26, 2021, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 an opinion on the financial statements that collectively comprise the Coalition's basic financial statements. The budgetary comparison information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

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

In accordance with *Government Auditing Standards*, we also have issued our report dated April 1, 2022, 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 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 Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

*BKD, LLP*

Lincoln, Nebraska  
April 1, 2022

## 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, 2021. We encourage readers to consider this information in conjunction with the Coalition's financial statements which follow.

### FINANCIAL OPERATIONS SUMMARY

With revenues of \$3,211,670 and expenses of \$4,260,079, the Coalition's net position decreased \$1,048,409 in fiscal year 2021 going from \$13,743,905 to \$12,695,496. Unrestricted net position increased \$863,261. Restricted net position decreased \$1,585,754 and investment in capital assets decreased \$325,916.

### 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 2021 totaled \$12,695,496. This compares to \$13,743,905 for fiscal year 2020. A summary of the Coalition's net position is presented below.

	September 30		Increase	
	<u>2021</u>	<u>2020</u>	(Decrease)	<u>% change</u>
Current assets	\$ 7,586,037	\$ 6,756,500	\$ 829,537	12.3%
Restricted assets	12,138,285	13,037,471	(899,186)	(6.9%)
Net property, buildings, and equipment	4,448,459	4,797,958	(349,499)	(7.3%)
Total assets	<u>24,172,781</u>	<u>24,591,929</u>	<u>(419,148)</u>	(1.7%)
Current liabilities	167,821	225,128	(57,307)	(25.5%)
Noncurrent liabilities	<u>11,309,464</u>	<u>10,622,896</u>	<u>686,568</u>	6.5%
Total liabilities	<u>11,477,285</u>	<u>10,848,024</u>	<u>629,261</u>	5.8%
Net investment in capital assets	4,448,459	4,774,375	(325,916)	(6.8%)
Restricted net position	828,821	2,414,575	(1,585,754)	(65.7%)
Unrestricted net position	<u>7,418,216</u>	<u>6,554,955</u>	<u>863,261</u>	13.2%
Total net position	<u>\$ 12,695,496</u>	<u>\$ 13,743,905</u>	<u>\$ (1,048,409)</u>	(7.6%)

The increase in current assets of \$829,537 is primarily due to an increase in cash and investments. Cash and investments went from approximately \$6.39 million last year to \$7.29 million this year. This \$0.9 million increase is a result of cash provided from operations.

Restricted assets decreased \$899,186 or 6.9% due to a decrease in cash and investments held for closure/postclosure care costs. The rise in interest rates on long-term treasuries caused a decrease in fair market value of investments held for closure/postclosure care costs. This was partially offset by the Coalition's current year funding of closure/postclosure care costs of \$362,528 and interest on investments.

Net property, buildings, and equipment decreased \$349,499 due to normal depreciation of assets, which was partially offset by the addition of the landfill gas remediation project. Similarly, net investment in capital assets decreased \$325,916 due to depreciation, which was partially offset by the addition of the landfill gas remediation project and \$23,583 of prior year accounts payable related to the remediation project.

Current liabilities decreased \$57,307 or 25.5% primarily due to payables related to the landfill gas remediation project and landfill master plan in progress at the end of the prior year.

Restricted net position decreased \$1,585,754 due to the decrease in fair market value of investments held for closure/postclosure care costs and the increase in accrued closure/postclosure care costs. Unrestricted net position increased \$863,261 going from \$6,554,955 last year to \$7,418,216 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 1,455 tons in the current year going from 120,615 tons to 119,160 tons, which decreased user charges \$43,749 or 1.5% in the current year. The decrease in the current year indicates the debris clean up from the March 2019 flood and several storms was finished in the prior year.

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 2021 and 2020 follows:

	September 30		Increase	
	2021	2020	(Decrease)	% change
Operating revenues:				
User charges	\$ 2,863,863	\$ 2,907,612	\$ (43,749)	(1.5%)
Total operating revenues	<u>2,863,863</u>	<u>2,907,612</u>	<u>(43,749)</u>	(1.5%)
Operating expenses:				
Payroll and related taxes and benefits	95,319	92,724	2,595	2.8%
Disposal fees	1,096,851	1,116,034	(19,183)	(1.7%)
Repairs and maintenance	6,237	18,690	(12,453)	(66.6%)
General and administration	425,364	289,719	135,645	46.8%
Closure/postclosure costs	686,567	181,840	504,727	277.6%
Depreciation	364,535	365,645	(1,110)	(0.3%)
Total operating expenses	<u>2,674,873</u>	<u>2,064,652</u>	<u>610,221</u>	29.6%
Operating income	<u>188,990</u>	<u>842,960</u>	<u>(653,970)</u>	(77.6%)
Nonoperating revenue (expense):				
Net increase (decrease) in the fair value of investments	(1,585,206)	1,474,238	(3,059,444)	(207.5%)
Interest income	347,807	361,277	(13,470)	(3.7%)
Total nonoperating revenue (expense)	<u>(1,237,399)</u>	<u>1,835,515</u>	<u>(3,072,914)</u>	(167.4%)
Change in net position	(1,048,409)	2,678,475	(3,726,884)	(139.1%)
Net position, beginning of year	<u>13,743,905</u>	<u>11,065,430</u>	<u>2,678,475</u>	24.2%
Net position, end of year	<u>\$12,695,496</u>	<u>\$13,743,905</u>	<u>\$ (1,048,409)</u>	(7.6%)

Disposal fees decreased \$19,183 or 1.7%, which corresponds with the decrease in tonnage received during the current year. Repairs and maintenance decreased \$12,453 going from \$18,690 last year to \$6,237 this year due to maintenance on the scale and new security cameras in the prior year. General and administration increased \$135,645 or 46.8% primarily due to consultant fees for a landfill master plan.

Closure/postclosure costs increased \$504,727 going from \$181,840 last year to \$686,567 this year. Last year the engineers revised the closure/postclosure cost estimates. The revised estimates were lower than expected, resulting in a one-time drop in closure/postclosure costs last year.

Net decrease in fair value of investments was \$1,585,206 this year compared to a net increase of \$1,474,238 last year. The net decrease in fair value of investments was driven by increases in interest rates on long-term treasuries during the year, whereas the prior year saw a decrease in interest rates on long-term treasuries. Interest income decreased \$13,470 or 3.7% due to declining short-term interest rates.

## CAPITAL ASSETS

On September 30, 2021, the Coalition had approximately \$4.4 million invested in capital assets, net of accumulated depreciation of approximately \$7.6 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 \$364,535. 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**  
**STATEMENTS OF NET POSITION**  
*September 30, 2021 and 2020*

ASSETS	<u>2021</u>	<u>2020 (as restated)</u>
Current assets:		
Cash and cash equivalents	\$ 4,753,369	\$ 2,886,566
Investments	2,540,098	3,500,000
Receivables:		
Accounts	268,267	319,201
Interest	<u>24,303</u>	<u>50,733</u>
Total current assets	<u>7,586,037</u>	<u>6,756,500</u>
Restricted Assets:		
Cash and investments held for closure/postclosure costs	<u>12,138,285</u>	<u>13,037,471</u>
Total restricted assets	<u>12,138,285</u>	<u>13,037,471</u>
Property, Buildings, and Equipment:		
Land	1,218,051	1,218,051
Buildings and improvements	10,852,287	10,759,492
Equipment	26,154	26,154
Construction in progress	<u>-</u>	<u>77,759</u>
Total property, buildings, and equipment	12,096,492	12,081,456
Less accumulated depreciation	<u>7,648,033</u>	<u>7,283,498</u>
Total property, buildings, and equipment net of accumulated depreciation	<u>4,448,459</u>	<u>4,797,958</u>
Total assets	<u><u>\$ 24,172,781</u></u>	<u><u>\$ 24,591,929</u></u>

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

**NORTHEAST NEBRASKA SOLID WASTE COALITION**  
**STATEMENTS OF NET POSITION-CONTINUED**  
*September 30, 2021 and 2020*

LIABILITIES AND NET POSITION	<u>2021</u>	<u>2020 (as restated)</u>
Current liabilities:		
Accounts and contracts payable	\$ 153,011	\$ 213,266
Payroll liabilities	<u>14,810</u>	<u>11,862</u>
Total current liabilities	<u>167,821</u>	<u>225,128</u>
Noncurrent liabilities (Net of current portion):		
Accrued closure/postclosure costs (payable from restricted assets)	<u>11,309,464</u>	<u>10,622,896</u>
Total noncurrent liabilities	<u>11,309,464</u>	<u>10,622,896</u>
Total liabilities	<u>11,477,285</u>	<u>10,848,024</u>
Net position:		
Net investment in capital assets	4,448,459	4,774,375
Restricted for closure/postclosure costs	828,821	2,414,575
Unrestricted	<u>7,418,216</u>	<u>6,554,955</u>
Total net position	<u>12,695,496</u>	<u>13,743,905</u>
Total liabilities and net position	<u><u>\$ 24,172,781</u></u>	<u><u>\$ 24,591,929</u></u>

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

**NORTHEAST NEBRASKA SOLID WASTE COALITION**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*for fiscal years ended September 30, 2021 and 2020*

	2021	2020
Operating revenues:		
User charges	\$ 2,863,863	\$ 2,907,612
Total operating revenues	2,863,863	2,907,612
Operating expenses:		
Payroll and related taxes and benefits	95,319	92,724
Disposal fees	1,096,851	1,116,034
Repairs and maintenance	6,237	18,690
General and administration	425,364	289,719
Closure/postclosure costs	686,567	181,840
Depreciation	364,535	365,645
Total operating expenses	2,674,873	2,064,652
Operating Income	188,990	842,960
Nonoperating revenue (expense):		
Net increase (decrease) in the fair value of investments	(1,585,206)	1,474,238
Interest income	347,807	361,277
Total nonoperating revenue (expense)	(1,237,399)	1,835,515
Change in net position	(1,048,409)	2,678,475
Net position, beginning of year	13,743,905	11,065,430
Net position, end of year	\$ 12,695,496	\$ 13,743,905

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, 2021 and 2020*

	<u>2021</u>	<u>2020 (as restated)</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,914,797	\$ 2,873,198
Cash paid to suppliers for goods and services	(1,565,123)	(1,405,063)
Cash paid to employees for services	(92,371)	(90,084)
Net cash provided by operating activities	<u>1,257,303</u>	<u>1,378,051</u>
Cash flows for capital and related financing activities:		
Acquisition and construction of capital assets	<u>(38,620)</u>	<u>(54,176)</u>
Net cash (used for) capital and related financing activities	<u>(38,620)</u>	<u>(54,176)</u>
Cash flows from investing activities:		
Restricted investment purchased	(410,677)	(958,720)
Purchase of investments held for operating	(40,098)	(3,500,000)
Proceeds from sale of restricted investments	-	576,000
Proceeds from sale of investments held for operating	1,000,000	1,998,132
Interest received	98,966	92,984
Net cash (used for) investing activities	<u>648,191</u>	<u>(1,791,604)</u>
Net increase in cash and cash equivalents	1,866,874	(467,729)
Cash and cash equivalents - beginning of year (as restated)	<u>2,911,486</u>	<u>3,379,215</u>
Cash and cash equivalents - end of year	<u><u>4,778,360</u></u>	<u><u>2,911,486</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>188,990</u>	<u>842,960</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	364,535	365,645
Closure/postclosure costs	686,567	181,840
Changes in assets and liabilities		
(Increase) decrease accounts receivable	50,934	(34,414)
Increase (decrease) accounts payable	(36,671)	19,380
Increase (decrease) payroll liabilities	2,948	2,640
Total Adjustments	<u>1,068,313</u>	<u>535,091</u>
Net cash provided by operating activities	<u><u>1,257,303</u></u>	<u><u>1,378,051</u></u>
Supplemental Schedule of Noncash Investing, Capital and Financing Activities		
Net increase (decrease) in the fair value of investments	(1,585,206)	1,474,238
Accounts payable exchanged for capital assets	-	23,583
Total noncash investing, capital and financing activities	<u>(1,585,206)</u>	<u>1,497,821</u>
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash & cash equivalents	4,753,369	2,886,566
Cash held for closure/post closure costs	24,991	24,920
	<u>\$ 4,778,360</u>	<u>\$ 2,911,486</u>

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, 2021 and 2020*

---

**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, 2021 and 2020*

---

**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 September 27, 2021 Coalition meeting, following a public hearing, the Coalition Board adopted the budget for the fiscal year ending September 30, 2021. 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 three months or less which are considered cash equivalents for purposes of the Statement of Cash Flows.

In prior years, any certificates of deposit or U.S. Treasury obligations with original maturities of one year or less were considered cash equivalents for the purposes of the Statement of Cash Flows. During 2021, the Coalition retroactively changed its policy to consider any certificates of deposit or U.S. Treasury obligations with original maturities of three months or less cash equivalents, in accordance with accounting principles generally accepted in the United States of America. The change from one year to three months resulted in a restatement of fiscal year 2020 ending cash and cash equivalents from \$6,411,486 to \$2,911,486, and of fiscal year 2019 cash and cash equivalents from \$5,377,347 to \$3,379,215. The change had no impact on the Coalition's change in net position.

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
NOTES TO FINANCIAL STATEMENTS**  
*For the fiscal years ended September 30, 2021 and 2020*

---

**1. Summary of Significant Accounting Policies (Continued):**

**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

**F. Recent Accounting Pronouncements:**

**Adoption of New Accounting Pronouncements**

During the year, the Coalition adopted four GASB Statements. Statement No. 84 *Fiduciary Activities* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 90 *Majority Equity Interests* 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. Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* increases consistency and comparability related to reporting fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans, and enhances the relevance, consistency, and comparability of accounting and financial reporting for Internal Revenue Code Section 457 plans. Statement No. 98 *The Annual Comprehensive Financial Report* establishes the term ‘annual comprehensive financial report’ to replace the term ‘comprehensive annual financial report’ in generally accepted accounting principles. The adoption of these standards did not have an impact on the financial statements.

**New Accounting Pronouncements Not Adopted**

In June 2017, GASB issued Statement No. 87 *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. In April 2018, GASB issued Statement No. 89 *Accounting for*

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
NOTES TO FINANCIAL STATEMENTS**  
*For the fiscal years ended September 30, 2021 and 2020*

---

**F. Recent Accounting Pronouncements (Continued):**

*Interest Cost Incurred before the End of a Construction Period.* This Statement enhances the relevance of information about capital assets and the cost of borrowing, and simplifies accounting for interest cost incurred before the end of a construction period. In January 2020, GASB issued Statement No. 92 *Omnibus 2020*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. This Statement addresses implications that result from the replacement of an interbank offered rate, most notably, the London Interbank Offered Rate. These Statements are effective for the Coalition's year ending September 30, 2022.

**2. Cash and Cash Equivalents:**

On September 30, 2021 and 2020, the Coalition's cash consisted of fully insured and collateralized checking accounts. 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 with original maturities of three months or less. On September 30, 2021 and 2020, 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.

**3. Deposits and Investments:**

The Coalition's deposits at September 30, 2021 were fully insured and collateralized checking accounts and certificates of deposit. The Coalition's primary account had a balance at September 30, 2021 of \$4,766,482. At year end, the Coalition held a certificate of deposit of \$2,540,098. The Coalition also has an account held by the Coalition to finance closure/post closure care. At September 30, 2021 the balance in this bank account was \$24,991.

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), Inflation Indexed Treasury Notes, and a U.S. Treasury Note.

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
NOTES TO FINANCIAL STATEMENTS**  
*For the fiscal years ended September 30, 2021 and 2020*

---

**3. Deposits and Investments (Continued):**

At September 30, 2021 the Coalition had the following investments and maturities:

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Fair Value</u>
Inflation Indexed Notes	4/15/2028	\$863,707
Inflation Indexed Notes	4/15/2028	\$561,522
Strips	11/15/2026	\$440,016
Strips	8/15/2028	\$644,250
Strips	11/15/2034	\$418,287
Strips	11/15/2036	\$493,744
Strips	5/15/2040	\$1,953,315
Strips	11/15/2040	\$1,935,109
Strips	5/15/2041	\$339,697
Strips	11/15/2042	\$311,903
Strips	11/15/2043	\$356,977
Strips	5/15/2044	\$1,090,187
Strips	8/15/2044	\$394,456
Strips	11/15/2044	\$598,776
Strips	11/15/2046	\$434,547
Strips	11/15/2046	\$478,353
Strips	11/15/2047	\$521,349
Notes	8/15/2028	<u>\$277,099</u>
Total Investments		<u>\$12,113,294</u>

*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, 2021 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.

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
NOTES TO FINANCIAL STATEMENTS**  
*For the fiscal years ended September 30, 2021 and 2020*

---

**3. Deposits and Investments (Continued):**

*Fair Value Measurement Risk:* Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value. Level 1 is quoted prices in active markets for identical assets or liabilities. Level 2 is observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 3 is unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Coalition's investments in U.S. Treasury obligations are classified within Level 1 of the fair value hierarchy. The Coalition's demand deposits and certificates of deposit are carried at cost, and thus are not included within the fair value hierarchy.

<i>Reconciliation to the financial statements:</i>	<b>Carrying Amount <u>Sept 30, 2021</u></b>	<b>Carrying Amount Sept 30, 2020 <u>(as restated)</u></b>
U.S. Treasury obligations	\$12,113,294	\$13,012,552
Demand deposits	4,778,360	2,911,485
Certificates of deposits	<u>2,540,098</u>	<u>3,500,000</u>
	<u>19,431,752</u>	<u>19,424,037</u>
Cash and cash equivalents	4,753,369	2,886,566
Investments	2,540,098	3,500,000
Cash and investments held for closure/post closure costs	<u>12,138,285</u>	<u>13,037,471</u>
	<u>\$19,431,752</u>	<u>\$19,424,037</u>

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
NOTES TO FINANCIAL STATEMENTS**  
*For the fiscal years ended September 30, 2021 and 2020*

---

**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 \$11,309,464 and \$10,622,896 reported as landfill closure and postclosure care liability at September 30, 2021 and 2020, respectively, represents the cumulative amount reported to date based on the use of 55.8% and 53.0% respectively, of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2021 and 2020. The Coalition expects to close the landfill in a single phase. The estimated remaining landfill life is 16 years. 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 \$20.28 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, 2021 and 2020, cash and investments reported on a budgetary basis of \$9,858,776 and \$9,157,348, respectively, (\$12,138,285 and \$13,037,471 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, 2021 and 2020*

**5. Capital Assets:**

Capital asset activity for the years ended September 30, 2021 and 2020 was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Capital assets, not being depreciated:				
Land	\$ 1,218,051	\$ -	\$ -	\$ 1,218,051
Construction in progress	77,759	15,036	(92,795)	-
Total capital assets, not being depreciated	<u>1,295,810</u>	<u>15,036</u>	<u>(92,795)</u>	<u>1,218,051</u>
Capital assets, being depreciated:				
Buildings & land improvements	10,759,492	92,795	-	10,852,287
Equipment	26,154	-	-	26,154
Total capital assets, being depreciated	<u>10,785,646</u>	<u>92,795</u>	<u>-</u>	<u>10,878,441</u>
Less accumulated depreciation for:				
Buildings & land improvements	7,263,997	363,655	-	7,627,652
Equipment	19,501	880	-	20,381
Total accumulated depreciation	<u>7,283,498</u>	<u>364,535</u>	<u>-</u>	<u>7,648,033</u>
Total capital assets, being depreciated, net	<u>3,502,148</u>	<u>(271,740)</u>	<u>-</u>	<u>3,230,408</u>
Capital assets, net	<u>\$ 4,797,958</u>	<u>\$ (256,704)</u>	<u>\$ (92,795)</u>	<u>\$ 4,448,459</u>
	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>

**NORTHEAST NEBRASKA  
SOLID WASTE COALITION  
NOTES TO FINANCIAL STATEMENTS**  
*For the fiscal years ended September 30, 2021 and 2020*

---

**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 five million dollar aggregate, five million dollar per occurrence policy. The policy period is October 1, 2020 to September 30, 2021. 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, 2021 and 2020 totaled \$4,464 and \$4,178, 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, 2021, \$212,047 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 \$42,390 was paid to the City of Norfolk for these services. Also, the Coalition reimbursed the City of Norfolk \$15,587 for Coalition expenses paid by the city and \$4,589 was due to the City of Norfolk at September 30, 2021.



**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, 2021*

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Interest income	\$ 50,000	\$ 50,746	\$ 746
User charges	<u>3,107,646</u>	<u>2,916,116</u>	<u>(191,530)</u>
Total revenues	3,157,646	2,966,862	(190,784)
Expenditures:			
Payroll and related taxes and benefits	96,007	92,371	3,636
Disposal fees	1,172,080	1,097,095	74,985
Repairs and maintenance	22,700	11,787	10,913
Operating supplies	1,368	892	476
General and administration	569,405	456,668	112,737
Capital outlay	<u>300,000</u>	<u>38,620</u>	<u>261,380</u>
Total expenditures	<u>2,161,560</u>	<u>1,697,433</u>	<u>464,127</u>
Excess of revenues over expenditures	<u>996,086</u>	<u>1,269,429</u>	<u>273,343</u>
Other financial sources (uses):			
Intrafund operating transfer out	<u>(380,395)</u>	<u>(362,528)</u>	<u>17,867</u>
Total other financial sources (uses)	<u>(380,395)</u>	<u>(362,528)</u>	<u>17,867</u>
Excess of revenues over expenditures and other financial uses	615,691	906,901	291,210
Fund balance - budgetary basis:			
Beginning of year	<u>6,386,195</u>	<u>6,386,566</u>	<u>371</u>
End of year	<u>\$ 7,001,886</u>	<u>\$ 7,293,467</u>	<u>\$ 291,581</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, 2021*

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Interest income	\$ 305,000	\$ 338,900	\$ 33,900
Other financial sources:			
Intrafund operating transfer in	<u>380,395</u>	<u>362,528</u>	<u>(17,867)</u>
Excess of revenues and other sources over expenditures	685,395	701,428	16,033
Fund balance - budgetary basis:			
Beginning of year	<u>9,129,576</u>	<u>9,157,348</u>	<u>27,772</u>
End of year	<u>\$ 9,814,971</u>	<u>\$ 9,858,776</u>	<u>\$ 43,805</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, 2021*

---

**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	\$ 906,901
Closure/Post Closure Fund	701,428
	<u>1,608,329</u>
Basis differences:	
To adjust revenues from recognition on a cash basis	(1,679,298)
To adjust total expenditures from recognition on a cash basis	<u>(977,440)</u>
Change in Net Position, on a GAAP basis	<u>\$ (1,048,409)</u>

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

**Independent Auditor's Report**

Board of Directors  
Northeast Nebraska Solid Waste Coalition  
Norfolk, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Northeast Nebraska Solid Waste Coalition (the Coalition), which comprise the statement of net position as of September 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 1, 2022, which contained an 'Emphasis of Matter' paragraph for a restatement of prior year financial statements and a reference to the prior year audit of the financial statements of the Coalition audited by other auditors.

***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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

### ***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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***The Coalition's Response to Findings***

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

### ***Purpose of this Report***

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

**BKD, LLP**

Lincoln, Nebraska  
April 1, 2022

**Northeast Nebraska Solid Waste Coalition**  
**Schedule of Findings and Responses**  
**Year Ended September 30, 2021**

<b>Reference Number</b>	<b>Finding</b>
2021-001	<p><b>Proposed Audit Adjustments</b></p> <p><i>Criteria</i> – Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p><i>Condition</i> – The Coalition’s financial statements required prior period adjustments for proper financial statement presentation.</p> <p><i>Effect</i> – Prior period adjustments were identified and proposed in connection with the financial statement audit.</p> <p><i>Cause</i> – The Coalition received accounting advice over the course of several years from various third parties, however this guidance was not consistent with GAAP and therefore, corrections were made to certain beginning balances.</p> <p><i>Recommendation</i> – Management should review procedures to help ensure that controls are in place that will allow for the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions (Management’s Response)</i> – Management has modified its accounting policy for the affected financial statement items and will ensure that the items are reported properly in future fiscal year financial statements.</p>