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NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021  
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

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## INDEPENDENT AUDITORS' REPORT

### HERLEY & REINKE ACCOUNTING, P.C.

CERTIFIED PUBLIC  
ACCOUNTANTS &  
BUSINESS CONSULTANTS

Brock Herley  
BrenDee Reinke

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508 West Prospect Avenue  
P.O. Box 368  
Norfolk, NE 68702-0368  
P: 402 379 2722  
F: 402 379 2218

[www.hra.cpa](http://www.hra.cpa)

#### MEMBERS

American Institute of  
Certified Public Accountants

Nebraska Society of  
Certified Public Accountants

To the Board of Directors  
Northeast Nebraska Economic Development District  
Norfolk, Nebraska

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Northeast Nebraska Economic Development District, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Northeast Nebraska Economic Development District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Northeast Nebraska Economic Development District, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Nebraska Economic Development District's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

To the Board of Directors  
Northeast Nebraska Economic Development District

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Northeast Nebraska Economic Development District's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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

To the Board of Directors  
Northeast Nebraska Economic Development District

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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of the Northeast Nebraska Economic Development District'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 Northeast Nebraska Economic Development District'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 Northeast Nebraska Economic Development District's internal control over financial reporting and compliance.

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HERLEY & REINKE ACCOUNTING, P.C.  
Certified Public Accountants

Norfolk, Nebraska  
October 25, 2022

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT  
BALANCE SHEETS  
JUNE 30, 2022 AND 2021

|                                                                           | <u>2022</u>         | <u>2021</u>         |
|---------------------------------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                                             |                     |                     |
| <b>CURRENT ASSETS</b>                                                     |                     |                     |
| Cash and Cash Equivalents                                                 | \$ 943,642          | \$ 711,874          |
| Accounts Receivable (Net of Allowance for<br>Doubtful Accounts)           | 91,378              | 83,137              |
| Accounts Receivable - Related Party                                       | 49,433              | 18,080              |
| Other Current Assets                                                      | 5,645               | 4,770               |
| Total Current Assets                                                      | <u>\$ 1,090,098</u> | <u>\$ 817,861</u>   |
| <br>                                                                      |                     |                     |
| FURNITURE AND EQUIPMENT, NET                                              | <u>\$ 48,789</u>    | <u>\$ 13,457</u>    |
| <br>                                                                      |                     |                     |
| <b>RESTRICTED ASSETS</b>                                                  |                     |                     |
| Cash and Investments                                                      | \$ 1,958,419        | \$ 994,960          |
| Notes Receivable (Net of Allowance for<br>Uncollectible Notes Receivable) | 3,248,106           | 3,900,070           |
| Total Restricted Assets                                                   | <u>\$ 5,206,525</u> | <u>\$ 4,895,030</u> |
| <br>                                                                      |                     |                     |
| TOTAL ASSETS                                                              | <u>\$ 6,345,412</u> | <u>\$ 5,726,348</u> |
| <br><b>LIABILITIES AND NET POSITION</b>                                   |                     |                     |
| <b>CURRENT LIABILITIES</b>                                                |                     |                     |
| Accounts Payable                                                          | \$ 6,401            | \$ 4,208            |
| Accrued Expenses                                                          | 28,382              | 29,846              |
| Accrued Vacation                                                          | 12,749              | 14,282              |
| Deferred Revenues                                                         | 224,334             | 202,800             |
| Current Portion of Leases Payable                                         | 4,807               | 2,920               |
| Current Portion of Long-Term Debt                                         | 47,805              | 47,330              |
| Total Current Liabilities                                                 | <u>\$ 324,478</u>   | <u>\$ 301,386</u>   |
| <br>                                                                      |                     |                     |
| <b>LONG-TERM LIABILITIES</b>                                              |                     |                     |
| Leases Payable, Net of Current Portion                                    | \$ 5,190            | \$ 4,136            |
| Notes Payable, Net of Current Portion                                     | 481,747             | 529,517             |
| Total Long-Term Liabilities                                               | <u>\$ 486,937</u>   | <u>\$ 533,653</u>   |
| <br>                                                                      |                     |                     |
| TOTAL LIABILITIES                                                         | <u>\$ 811,415</u>   | <u>\$ 835,039</u>   |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT  
BALANCE SHEETS  
JUNE 30, 2022 AND 2021

|                                    | <u>2022</u>         | <u>2021</u>         |
|------------------------------------|---------------------|---------------------|
| NET POSITION                       |                     |                     |
| Restricted                         |                     |                     |
| Expendable                         |                     |                     |
| Grant Contributions                | \$ 712,340          | \$ 727,392          |
| Net Investment in Capital Assets   | 39,436              | 6,401               |
| Unrestricted                       | <u>4,782,221</u>    | <u>4,157,516</u>    |
| TOTAL NET POSITION                 | <u>\$ 5,533,997</u> | <u>\$ 4,891,309</u> |
| <br>                               |                     |                     |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 6,345,412</u> | <u>\$ 5,726,348</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|                                       | <u>2022</u>         | <u>2021</u>         |
|---------------------------------------|---------------------|---------------------|
| OPERATING REVENUES                    |                     |                     |
| Grant Administration Fees             | \$ 326,143          | \$ 302,152          |
| Interest Income                       | 179,686             | 178,778             |
| Dues and Assessments                  | 194,076             | 191,354             |
| Federal Grant Proceeds                | 762,506             | 1,895,886           |
| Management Fees                       | 234,244             | 197,622             |
| Loan Fees                             | 15,587              | 35,112              |
| In-Kind Dues                          | 15,000              | 15,000              |
| Special Projects Income               | 16,817              | 195,873             |
| Inspection Fees                       | 8,380               | 7,225               |
| Bad Debt Recovery                     | 109,866             | 2,948               |
| Miscellaneous Income                  | 2,050               | -                   |
| Total Operating Revenues              | <u>\$ 1,864,355</u> | <u>\$ 3,021,950</u> |
| OPERATING EXPENSES                    |                     |                     |
| Salaries and Wages                    | \$ 687,040          | \$ 677,015          |
| Employee Benefits                     | 181,430             | 182,093             |
| Contract Service Expense              | 17,534              | 20,780              |
| Travel, Meals, and Lodging            | 15,262              | 4,612               |
| Professional and Contractual Services | 18,255              | 16,996              |
| Interest Expense                      | 5,768               | 7,067               |
| Office Supplies and Postage           | 44,316              | 36,966              |
| Training and Publications             | 17,528              | 15,119              |
| Printing and Advertising              | 4,016               | 9,342               |
| Depreciation Expense                  | 8,190               | 4,812               |
| Rent Expense                          | 15,000              | 15,000              |
| Telephone and Utilities               | 15,872              | 17,948              |
| Repairs and Maintenance               | 6,419               | 5,669               |
| Insurance                             | 5,630               | 4,383               |
| Meeting Expense                       | 4,545               | 260                 |
| Bad Debt Expense                      | -                   | 194,829             |
| Grant                                 | 124,918             | 342,214             |
| Conference Expense                    | 49,500              | 9,026               |
| Equipment Expense                     | 444                 | 3,230               |
| Miscellaneous Expense                 | -                   | 82                  |
| Total Operating Expenses              | <u>\$ 1,221,667</u> | <u>\$ 1,567,443</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021.

|                                   | <u>2022</u>         | <u>2021</u>         |
|-----------------------------------|---------------------|---------------------|
| NET CHANGE IN NET POSITION        | \$ 642,688          | \$ 1,454,507        |
| NET POSITION AT BEGINNING OF YEAR | <u>4,891,309</u>    | <u>3,436,802</u>    |
| NET POSITION AT END OF YEAR       | <u>\$ 5,533,997</u> | <u>\$ 4,891,309</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|                                                                 | <u>2022</u>         | <u>2021</u>         |
|-----------------------------------------------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                     |                     |
| Fees Received                                                   | \$ 558,885          | \$ 578,465          |
| Grants and Projects Receipts                                    | 779,323             | 2,091,759           |
| Net Disbursements of Notes Receivable                           | 761,830             | (1,295,914)         |
| Dues                                                            | 215,610             | 204,205             |
| Interest from Notes                                             | 179,686             | 178,778             |
| Miscellaneous Receipts                                          | 2,050               | -                   |
| Contract and Project Costs                                      | (35,789)            | (37,776)            |
| Salaries and Benefits Paid                                      | (870,003)           | (867,431)           |
| General and Administrative Expense Paid                         | (302,721)           | (460,904)           |
| Interest Paid                                                   | (5,768)             | (7,067)             |
| <b>NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <b>\$ 1,283,103</b> | <b>\$ 384,115</b>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                     |                     |
| Payments on Notes Payable                                       | \$ (47,295)         | \$ (62,305)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                     |                     |
| Acquisition of Furniture and Equipment                          | \$ (43,522)         | \$ -                |
| Acquisition of Capital Lease                                    | 6,791               | -                   |
| Repayment of Capital Lease                                      | (3,850)             | (2,920)             |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                  | <b>\$ 1,195,227</b> | <b>\$ 318,890</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>           | <b>1,706,834</b>    | <b>1,387,944</b>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                 | <b>\$ 2,902,061</b> | <b>\$ 1,706,834</b> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021.

|                                                                                                       | <u>2022</u>  | <u>2021</u>  |
|-------------------------------------------------------------------------------------------------------|--------------|--------------|
| Reconciliation of Change in Net Position to Net Cash Flows<br>Provided (Used) by Operating Activities |              |              |
| Change in Net Position                                                                                | \$ 642,688   | \$ 1,454,507 |
| Adjustments to Reconcile Net Income to Net Cash                                                       |              |              |
| Net Cash Flows Provided (Used) by Operating Activities:                                               |              |              |
| Depreciation                                                                                          | 8,190        | 4,812        |
| Provision for Bad Debt                                                                                | -            | 194,829      |
| Change in Accounts Receivable                                                                         | (8,241)      | (2,328)      |
| Change in Accounts Receivable - Related Party                                                         | (31,353)     | 19,029       |
| Change in Other Current Assets                                                                        | (875)        | 4,653        |
| Change in Accounts Payable                                                                            | 2,193        | 3,633        |
| Change in Accrued Expenses                                                                            | (1,464)      | (686)        |
| Change in Accrued Vacation                                                                            | (1,533)      | (8,323)      |
| Change in Deferred Revenues                                                                           | 21,534       | 12,851       |
| Bad Debt Recovered                                                                                    | (109,866)    | (2,948)      |
| Change in Notes Receivable                                                                            | 761,830      | (1,295,914)  |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES                                                      | \$ 1,283,103 | \$ 384,115   |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

NATURE OF ENTITY: Northeast Nebraska Economic Development District (the District) was established under the Interlocal Cooperation Act. The District governed by a Board of Directors, along with a staff consisting of an Executive Director, Deputy Director, Fiscal Officer, Business and Housing Loan Specialists, Community Planners and Administrative staff. The area served by the District includes sixteen counties in Northeast Nebraska, which includes the cities of Columbus, Fremont, and Norfolk. Any local government within the boundaries of the District is eligible for membership. The purpose is to examine area potential by promoting and developing plans, as necessary, for the economic development of the District, cooperating with any entity, whether public or private.

REPORTING ENTITY: In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The basic, but not the only, criterion for including a potential component unit within the reporting entity is financial accountability. Financial accountability is defined as the District's ability to appoint a voting majority of an organization's governing body and either 1) the District's ability to impose its will over the organization or 2) the potential the organization will provide a financial benefit to, or impose a financial burden on, the District. Based upon the application of these criteria, it has been determined there are no component units for the District, and the District is not a participant in any joint ventures.

BASIS OF ACCOUNTING: The District uses the accrual method of accounting. Revenues are recognized when they become measurable and available as net current position. All major revenues are susceptible to accrual. Expenditures are generally recognized when the related liability is incurred.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with ongoing operations.

BUDGET: The budget is adopted on the accrual basis of accounting. The budgeted amounts on page 19 have not been adjusted for comparisons with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end.

CASH AND CASH EQUIVALENTS: The District considers all short-term investments purchased with original maturities of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE: The accounts receivable arise in the normal course of business. Payments are due within 30 days of the invoice date and no interest is charged on past due accounts receivable. It is the policy of management to review the outstanding accounts receivable on a monthly basis for delinquent accounts. Based on management's experience in the past, management will establish an allowance for doubtful accounts for uncollectible accounts when the accounts receivable is deemed uncollectible. The District has established an allowance for doubtful accounts of \$24,849 and \$17,862 as of June 30, 2022 and 2021.

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2022

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES, CONTINUED

**FURNITURE AND EQUIPMENT:** The District capitalizes all costs in excess of \$2,000 as property and equipment, including the costs which substantially increase the useful lives of property and equipment. Contributed property and equipment are recorded at fair value at the time of donation. Expenditures for maintenance and repairs are charged to operations as incurred.

Property and equipment are carried at cost or fair value, depending on the method of acquisition, less accumulated depreciation. Depreciation is computed using annual rates which are sufficient to amortize the cost of depreciable property and equipment under the straight-line method over the following estimated useful lives:

|                         |               |
|-------------------------|---------------|
| Furniture and Equipment | 5 to 20 years |
|-------------------------|---------------|

When the District retires or otherwise disposes of property and equipment, the cost and related accumulated depreciation are removed from the general ledger accounts and the resulting gains or losses, if any, are included in operations as income.

**IN-KIND CONTRIBUTIONS:** In-kind contributions reflect telephone, utilities, postage, supplies, rental, and clerical expenses incurred by the District which were paid by members.

**USE OF ESTIMATES:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SUBSEQUENT EVENTS:** Subsequent events were evaluated through October 25, 2022, which is the date the financial statements were available to be issued.

**NET POSITION:** Net position is displayed in three components as follows:

Net Investment in Capital Assets – This component consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This component consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2022

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash for the District at June 30 consisted of the following:

|                         | <u>2022</u>         | <u>2021</u>         |
|-------------------------|---------------------|---------------------|
| Checking Accounts       | \$ 168,993          | \$ 126,815          |
| Certificates of Deposit | <u>2,733,068</u>    | <u>1,580,019</u>    |
|                         | <u>\$ 2,902,061</u> | <u>\$ 1,706,834</u> |

No deposits in excess of the amount insured by the Federal Deposit Insurance Corporation shall be allowed to accumulate in any financial institution unless:

- a. the financial institution gives a surety bond;
- b. the financial institution provides the District with securities as collateral on the excess funds; or
- c. the financial institution issues a joint custody receipt to the benefit of the District, where a third-party financial institution actually holds the security.

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

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

The District's policy for custodial credit risk is mandated by state statutes, as described above. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022 and 2021, respectively, \$0 and \$0 of the District's bank balances were exposed to custodial credit risk.

NOTE 3 – EMPLOYEE BENEFIT PLAN

The District maintains a qualified cash or deferred compensation plan under section 457 of the Internal Revenue Code. Under the plan, employees may elect to defer up to one-third of their salary, subject to Internal Revenue Service limits. The District matches such contributions at rates varying from 3.00% to 5.00% of an employee's compensation, dependent upon the number of years the employee has been employed by the District. The District made contributions of \$11,135 and \$13,006 to the plan during the years ended June 30, 2022 and 2021, respectively. Employees made contributions of \$20,635 and \$19,588 to the plan during the years ended June 30, 2022 and 2021 respectively.

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2022

NOTE 4 – NOTES RECEIVABLE

The District has several notes receivable, which had the following principal balances due to the District at June 30, 2022 and 2021:

| <u>Loan Description</u>                               | <u>2022</u>         | <u>2021</u>         |
|-------------------------------------------------------|---------------------|---------------------|
| Economic Development Admin RLF                        | \$ 1,137,617        | \$ 1,790,728        |
| Economic Development Admin Cares Act RLF              | 1,762,076           | 1,634,313           |
| Intermediary Relending Program RLF                    | 857,191             | 1,066,065           |
| Housing and Urban Development RLF                     | 64,416              | 97,211              |
|                                                       | <u>\$ 3,821,300</u> | <u>\$ 4,588,317</u> |
| Less: Allowance for Uncollectible<br>Notes Receivable | <u>(573,194)</u>    | <u>(688,247)</u>    |
| Net Notes Receivable                                  | <u>\$ 3,248,106</u> | <u>\$ 3,900,070</u> |

A loan loss reserve of 15.00% of the balance due has been established. This reserve has been established based upon the experience of management with similar types of loans.

Interest on loans is recognized over the term of the loans and is calculated using the simple-interest method on principal amounts outstanding. Interest on loans currently bears fixed rates varying between 0.00% to 6.00%. A loan is considered to be in default after being delinquent for three months. On a quarterly basis, by the Board's approval, loans are written-off if no new repayment terms can be agreed upon with the recipient of the loan.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

|                                   | <u>Balance<br/>July 1, 2021</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance<br/>June 30, 2022</u> |
|-----------------------------------|---------------------------------|------------------|------------------|----------------------------------|
| Furniture and<br>Equipment        | \$ 183,416                      | \$ 43,522        | \$ (14,842)      | \$ 212,096                       |
| Less: Accumulated<br>Depreciation | <u>(169,959)</u>                | <u>(8,190)</u>   | <u>14,842</u>    | <u>(163,307)</u>                 |
| Net Capital Assets                | <u>\$ 13,457</u>                | <u>\$ 35,332</u> | <u>\$ -</u>      | <u>\$ 48,789</u>                 |

Capital assets activity for the year ended June 30, 2021 is as follows:

|                                   | <u>Balance<br/>July 1, 2020</u> | <u>Additions</u>  | <u>Disposals</u> | <u>Balance<br/>June 30, 2021</u> |
|-----------------------------------|---------------------------------|-------------------|------------------|----------------------------------|
| Furniture and<br>Equipment        | \$ 183,416                      | \$ -              | \$ -             | \$ 183,416                       |
| Less: Accumulated<br>Depreciation | <u>(165,147)</u>                | <u>(4,812)</u>    | <u>-</u>         | <u>(169,959)</u>                 |
| Net Capital Assets                | <u>\$ 18,269</u>                | <u>\$ (4,812)</u> | <u>\$ -</u>      | <u>\$ 13,457</u>                 |

Depreciation expense for the years ended June 30, 2022 and 2021 was \$8,190 and \$4,812, respectively.

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2022

NOTE 6 – CAPITAL LEASE

In December 2019, the District entered into one capital lease with Eakes Office Solutions for two copiers. The lease terms are 60 months with combined minimum lease payments of \$243 due monthly. The lease expires in December 2024. This lease contains an option for the District to purchase each copier for fair market value at the end of the lease term.

In February 2022, the District entered into a lease with One Office Solutions for a postage meter. The lease terms are 60 months with minimum lease payments of \$47 due monthly. The lease expires in February 2027.

In November 2021, the District entered into a lease with Allo Communications for phone equipment. The lease terms are 36 months with minimum lease payments of \$110 due monthly. The lease expires in November 2024.

Leased equipment additions and disposals are included in capital assets additions and disposals. Leased equipment and related accumulated amortization under capital assets are as follows:

|                                | <u>2022</u>     | <u>2021</u>     |
|--------------------------------|-----------------|-----------------|
| Equipment                      | \$ 21,389       | \$ 14,598       |
| Less: Accumulated Amortization | (11,392)        | (7,542)         |
| Net Value                      | <u>\$ 9,997</u> | <u>\$ 7,056</u> |

Future minimum lease payments are as follows:

| <u>Year</u>                         | <u>Copier</u>   | <u>Postage<br/>Meter</u> | <u>Phone<br/>Equipment</u> |
|-------------------------------------|-----------------|--------------------------|----------------------------|
| 2023                                | \$ 2,920        | \$ 564                   | \$ 1,324                   |
| 2024                                | 1,246           | 564                      | 1,324                      |
| 2025                                | -               | 564                      | 551                        |
| 2026                                | -               | 564                      | -                          |
| 2027                                | -               | 376                      | -                          |
| Less: Interest                      | (248)           | (158)                    | (192)                      |
| Present Value of Remaining Payments | <u>\$ 3,918</u> | <u>\$ 2,474</u>          | <u>\$ 3,007</u>            |

Amortization of leased equipment under capital leases is included with depreciation expense.

NOTE 7 – LONG-TERM DEBT

The District has received two loans from the U.S. Department of Agriculture (USDA) Intermediary Relending Program. A loan for \$750,000 is due in annual payments of \$31,838, including both principal and interest, with the final payment due March 8, 2031. The loan balance was \$242,967 and \$300,915 as of June 30, 2022 and 2021, respectively. A loan for \$500,000 is due in annual payments of \$21,255, including both principal and interest, with the final payment due April 21, 2035. The loan balance was \$238,780 and \$275,896 as of June 30, 2022 and 2021, respectively. Interest on both loans is fixed at 1.00%. The loans are collateralized by all cash and notes receivable related to the USDA Intermediary Relending Program.

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2022

NOTE 7 – LONG-TERM DEBT, CONTINUED

Long-term debt activity for the year ended June 30, 2022 is as follows:

|            | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|------------|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| IRP Loan 1 | \$ 300,910                   | \$ -             | \$ 28,830          | \$ 272,080                | \$ 29,113                      |
| IRP Loan 2 | <u>275,937</u>               | <u>-</u>         | <u>18,465</u>      | <u>257,472</u>            | <u>18,692</u>                  |
| Total      | <u>\$ 576,847</u>            | <u>\$ -</u>      | <u>\$ 47,295</u>   | <u>\$ 529,552</u>         | <u>\$ 47,805</u>               |

Payments on the loans are due as follows:

| <u>Year Ended June 30,</u>                    | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-----------------------------------------------|-------------------|------------------|-------------------|
| 2023                                          | \$ 47,805         | \$ 5,322         | \$ 53,127         |
| 2024                                          | 48,285            | 4,842            | 53,127            |
| 2025                                          | 48,769            | 4,358            | 53,127            |
| 2026                                          | 49,258            | 3,869            | 53,127            |
| 2027                                          | 49,752            | 3,375            | 53,127            |
| 2028-2032                                     | 223,775           | 9,292            | 233,067           |
| 2033-2037                                     | <u>61,908</u>     | <u>1,255</u>     | <u>63,163</u>     |
| Total Debt Service to<br>Maturity Requirement | <u>\$ 529,552</u> | <u>\$ 32,313</u> | <u>\$ 561,865</u> |

NOTE 8 – LINE OF CREDIT

The District entered into a \$500,000 line-of-credit with a local bank on August 31, 2020. The line of credit matures September 1, 2022 and interest is based on the periodic rate and corresponding annual percentage rate. The interest rate at June 30, 2022 and 2021 was 4.75% and 3.25%, respectively. The balance at June 30, 2022 and 2021 was \$0 and \$0, respectively. The note is unsecured. The District does not intend to renew this line of credit.

NOTE 9 – RELATED-PARTY TRANSACTIONS

The District is affiliated with Northeast Economic Development, Inc. (NED, Inc.), as evidenced by their common control of management. The District contracts with NED, Inc. to provide general management, grant administration services, and lead inspection administration services. The District received \$234,244 and \$197,622 in management and administration fees from NED, Inc. for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, \$49,433 and \$18,080 was receivable from NED, Inc. for these fees, respectively.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to damage to, destruction of, or theft of assets; errors and omissions; injuries to employees; natural disaster; and torts. During the year, the District carried commercial insurance for general liability, property coverage, and worker's compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current and prior fiscal years.

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

JUNE 30, 2022

NOTE 10 – RISK MANAGEMENT, CONTINUED

The District pays annual premiums for workers' compensation coverage based upon an estimate of salaries paid to employees. The ultimate amount of premiums due is based upon actual salaries paid, making the policy retrospectively rated. Any additional or excess premium resulting from an adjustment to the ultimate cost is indeterminable.

NOTE 11 – RESTRICTED ASSETS

Certain cash deposits totaling \$1,958,419 and \$994,960 as of June 30, 2022 and 2021, respectively, are restricted as to use. Deposits are restricted by grantor agencies for future loans to individuals and businesses.

NOTE 12 – GRANT

In prior years, the District had a regional revolving loan funds program that has been discontinued. Communities still have unused funds which they had granted to the District for use through the regional revolving loan fund. In order to utilize the unused funds in the regional revolving loan fund, when funds are requested for community economic development activities, the District grants the requested and approved funds to NED, Inc. The regional revolving loan funds can then be used by NED, Inc. using their non-profit development organization status. The District granted regional revolving loan funds of \$0 and \$0 to NED, Inc. for the years ended June 30, 2022 and 2021, respectively.

NOTE 13 – COVID-19 AND MANAGEMENT'S PLAN

On January 30, 2020 the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later, on March 11, 2020 the World Health Organization made the assessment that COVID-19 was a global health pandemic. Measures taken by federal, state and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing and closures on nonessential services have triggered significant disruptions to businesses, resulting in an economic slowdown.

The outbreak of COVID-19 has caused minimal disruption in operations for the District. In an effort to minimize the spread of COVID-19, the District, in March of 2020, made changes to operations and how services were provided, thus, the outbreak of COVID-19 did not adversely impact the ability of the District to collect loan payments, conduct its operations or result in increased cost of operations, declines in revenues and declines in investment values.

The ultimate impact of the pandemic is highly uncertain. While the District does not expect that the COVID-19 outbreak may adversely impact the District's fiscal year 2023 results, the District cannot at this time accurately predict the full extent to which the COVID-19 outbreak may affect the District's finances and operations. The District continues to monitor developments and the directives of federal, state and local officials to determine what additional precautions and procedures need to be implemented by the District. The District will continue to work with its stakeholders to develop solutions and strategies for addressing any financial and operational challenges.



INDEPENDENT AUDITORS' 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

**HERLEY & REINKE  
ACCOUNTING, P.C.**

**CERTIFIED PUBLIC  
ACCOUNTANTS &  
BUSINESS CONSULTANTS**

Brock Herley  
BrenDee Reinke

To the Board of Directors of  
Northeast Nebraska Economic Development District  
Norfolk, Nebraska

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 Northeast Nebraska Economic Development District, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Northeast Nebraska Economic Development District's basic financial statements, and have issued our report thereon dated October 25, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northeast Nebraska Economic Development District'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 Northeast Nebraska Economic Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Nebraska Economic Development District'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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northeast Nebraska Economic Development District'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*.

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508 West Prospect Avenue  
P.O. Box 368  
Norfolk, NE 68702-0368  
P: 402 379 2722  
F: 402 379 2218

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[www.hra.cpa](http://www.hra.cpa)

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To the Board of Directors  
Northeast Nebraska Economic Development District

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HRA

HERLEY & REINKE ACCOUNTING, P.C.  
Certified Public Accountants

Norfolk, Nebraska  
October 25, 2022

SUPPLEMENTARY INFORMATION

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022

UNAUDITED

|                                       | <u>ORIGINAL/<br/>FINAL BUDGET</u> | <u>ACTUAL</u> |
|---------------------------------------|-----------------------------------|---------------|
| <b>REVENUES</b>                       |                                   |               |
| Grant Administration Fees             | \$ 460,000                        | \$ 326,143    |
| Interest Income                       | 172,800                           | 179,686       |
| Dues and Assessments                  | 190,250                           | 194,076       |
| Federal Grant Proceeds                | 1,111,383                         | 762,506       |
| Management Fees                       | 225,000                           | 234,244       |
| Loan Fees                             | 16,500                            | 15,587        |
| In-Kind Dues                          | 15,000                            | 15,000        |
| Special Projects Income               | 4,250                             | 16,817        |
| Inspection Fees                       | 15,000                            | 8,380         |
| Bad Debt Recovery                     | -                                 | 109,866       |
| Miscellaneous Income                  | 500                               | 2,050         |
| Total Operating Revenues              | \$ 2,210,683                      | \$ 1,864,355  |
| <b>EXPENSES</b>                       |                                   |               |
| Salaries and Wages                    | \$ 788,779                        | \$ 687,040    |
| Employee Benefits                     | 207,014                           | 181,430       |
| Contract Service Expense              | 945,154                           | 17,534        |
| Travel, Meals, and Lodging            | 28,000                            | 15,262        |
| Professional and Contractual Services | 14,600                            | 18,255        |
| Interest Expense                      | 5,775                             | 5,768         |
| Office Supplies and Postage           | 34,200                            | 44,316        |
| Training and Publications             | 37,100                            | 17,528        |
| Printing and Advertising              | 2,200                             | 4,016         |
| Depreciation Expense                  | 4,800                             | 8,190         |
| Office Space Rental                   | 15,000                            | 15,000        |
| Telephone and Utilities               | 16,700                            | 15,872        |
| Repairs and Maintenance               | 9,450                             | 6,419         |
| Insurance                             | 5,000                             | 5,630         |
| Meeting Expense                       | 4,500                             | 4,545         |
| Bad Debt Expense                      | 25,000                            | -             |
| Grant                                 | 437,290                           | 124,918       |
| Conference Expense                    | -                                 | 49,500        |
| Equipment Expense                     | -                                 | 444           |
| Miscellaneous Expense                 | 500                               | -             |
| Total Operating Expenses              | \$ 2,581,062                      | \$ 1,221,667  |
| EXCESS OF REVENUES OVER EXPENSES      | \$ (370,379)                      | \$ 642,688    |

Note: Budget amounts and actual amounts have been presented on the accrual basis of accounting.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Northeast Nebraska Economic Development District

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Northeast Nebraska Economic Development District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Northeast Nebraska Economic Development District's major federal programs for the year ended June 30, 2022.

In our opinion, Northeast Nebraska Economic Development District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northeast Nebraska Economic Development District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance

**HERLEY & REINKE  
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Brock Herley  
BrenDee Reinke

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508 West Prospect Avenue  
P.O. Box 368  
Norfolk, NE 68702-0368  
P: 402 379 2722  
F: 402 379 2218

[www.hra.cpa](http://www.hra.cpa)

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To the Board of Directors of  
Northeast Nebraska Economic Development District

resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast Nebraska Economic Development District's compliance with the requirements of each major federal program.

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

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

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

#### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

HRA

HERLEY & REINKE ACCOUNTING, P.C.  
Certified Public Accountants

Norfolk, Nebraska  
October 25, 2022

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

| <u>Federal Grantor / Pass-Through Grantor<br/>Program or Cluster Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|----------------------------------------------------------------------------|------------------------------------|---------------------------------|
| <u>Economic Development Administration,<br/>Department of Commerce</u>     |                                    |                                 |
| Economic Development Administration<br>Support for Planning Organizations  | 11.302                             | \$ 70,000                       |
| COVID-19 Economic Adjustment Assistance -<br>Planning Grant                | 11.307 COVID-19                    | 71,084                          |
| COVID-19 Economic Adjustment Assistance -<br>Revolving Loan Fund           | 11.307 COVID-19                    | <u>2,241,899</u>                |
| Total Expenditures of Federal Awards                                       |                                    | <u>\$ 2,382,983</u>             |

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeast Nebraska Economic Development District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – LOAN BALANCES

Outstanding loan balances under the COVID-19 Economic Adjustment Assistance Program totaled \$1,762,076 at June 30, 2022.

NOTE 3 – INDIRECT COSTS

Northeast Nebraska Economic Development District did not elect to use the 10% de minimis indirect cost rate allowed when computing the amounts in the schedule of expenditures of federal awards.

NOTE 4 – ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM REVOLVING LOAN FUND

The calculation for the COVID-19 Economic Adjustment Assistance Program Revolving Loan Fund for the year ending June 30, 2022 is as follows:

|                                | <u>6/30/2022</u>    |
|--------------------------------|---------------------|
| Principal Outstanding Loans    | \$ 1,762,076        |
| Cash and Investment Balance    | 451,229             |
| Administrative Expenses        | <u>28,594</u>       |
|                                | 2,241,899           |
| Federal Grant Rate             | <u>100%</u>         |
| Economic Adjustment Assistance | <u>\$ 2,241,899</u> |

NORTHEAST NEBRASKA  
ECONOMIC DEVELOPMENT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Northeast Nebraska Economic Development District.
2. No significant deficiencies or material weaknesses in internal control over financial reporting were reported.
3. No instances of noncompliance material to the financial statements of Northeast Nebraska Economic Development District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were reported.
5. The auditors' report on compliance for the major federal award programs for Northeast Nebraska Economic Development District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program included:  

U.S. Department of Commerce  
Economic Adjustment Assistance                      CFDA No. 11.307 COVID-19
8. The threshold for distinguishing between Types A and B federal award programs was \$750,000.
9. Northeast Nebraska Economic Development District qualified as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None