Region 5 Systems
Lincoln, Nebraska

June 30, 2026
With Comparative Totals for
June 30, 2025

Financial Statements
and
Independent Auditor's Report

PRELIMINARY DRAFT

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Region 5 Systems

Years ended June 30, 2026 and 2025

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INDEPENDENT AUDITOR'S REPORT

Regional Governing Board
Region 5 Systems
Lincoln, Nebraska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Region 5 Systems, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Region 5 Systems' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Region 5 Systems as of June 30, 2026 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 Region 5 Systems and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Region 5 Systems' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Region 5 Systems' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Region 5 Systems' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 that 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.

Management has omitted 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 is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Region 5 Systems' basic financial statements. The accompanying supplementary statement of revenues and expenditures with budget comparison, schedule of operating expenses, and 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial

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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 accompanying supplementary information, as identified in the table of contents, 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 November XX, 2026, on our consideration of Region 5 Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Region 5 Systems' internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Region 5 Systems' June 30, 2025 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 19, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lincoln, Nebraska
November XX, 2026

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Region 5 Systems

STATEMENTS OF NET POSITION - GOVERNMENT-WIDE

June 30, 2026
With comparative totals for June 30, 2025

ASSETS

	2026	2025
ASSETS		
Cash and cash equivalents (notes A and B)	$ 4,555,397	$ 3,995,154
Accounts receivable - state (note A)	1,993,497	1,513,519
Accounts receivable - other (note A)	62,277	409,674
Prepaid expenses/deposits	4,934	5,574
Capital assets, net (notes A and C)	256,437	306,655
Right of use asset, net (note D)	1,922,103	2,025,073
Total assets	$ 8,794,645	$ 8,255,649

LIABILITIES AND NET POSITION

LIABILITIES		
Accounts payable - agencies	$ 1,639,715	$ 861,961
Accounts payable - other	6,691	9,676
Accrued expenses	568,382	478,807
Lease liability (note D)	1,981,101	2,040,356
Total liabilities	4,195,889	3,390,800
NET POSITION (note A)		
Net investment in capital assets	256,437	306,655
Restricted (note E)	2,592,161	2,932,440
Unrestricted	1,750,158	1,625,754
Total net position	4,598,756	4,864,849
Total liabilities and net position	$ 8,794,645	$ 8,255,649

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Region 5 Systems

STATEMENTS OF ACTIVITIES - GOVERNMENT-WIDE

Year ended June 30, 2026
With comparative totals for June 30, 2025

	2026			2025
	Program Revenues		Net Revenue (Expense) and Changes in Net Position	
	Expenses	Operating Grants and Contributions	Governmental Activities (Note A)	
Governmental activities				
Mental health and substance use	$ 19,427,542	$ 20,445,441	$ 1,017,899	$ 1,314,378
Housing HUD	841,847	757,228	(84,619)	43,115
Homeless PATH	65,000	59,584	(5,416)	-
Prevention SPF/PFS	232,472	232,172	(300)	-
Miscellaneous services	265,724	216,990	(48,734)	203,833
Opioid SOR grant	148,744	131,090	(17,654)	9,809
Opioid settlement	1,147,570	871,652	(275,918)	300,865
General	912,219	-	(912,219)	(1,600,184)
Depreciation and amortization	50,218	-	(50,218)	(49,834)
Total governmental activities	23,091,336	22,714,157	(377,179)	221,982
General revenues				
Miscellaneous income			-	35,363
Loss on disposal of assets			-	(43,763)
Interest income			111,086	159,947
Total general revenues			111,086	151,547
Change in net position			(266,093)	373,529
Beginning net position			4,864,849	4,491,320
Ending net position			$ 4,598,756	$ 4,864,849

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Region 5 Systems

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2026
With comparative totals for June 30, 2025

	2026	2025
ASSETS		
Cash and cash equivalents (notes A and B)	$ 4,555,397	$ 3,995,154
Accounts receivable - state (note A)	1,993,497	1,513,519
Accounts receivable - other (note A)	62,277	409,674
Prepaid expenses/deposits	4,934	5,574
Total assets	$ 6,616,105	$ 5,923,921
LIABILITIES		
Accounts payable - agencies	$ 1,639,715	$ 861,961
Accounts payable - other	6,691	9,676
Total liabilities	1,646,406	871,637
FUND BALANCE (note A)		
Nonspendable	4,934	5,574
Restricted (note E)	2,592,161	2,932,440
Committed (note E)	128,712	131,684
Unassigned	2,243,892	1,982,586
Total fund balance	4,969,699	5,052,284
Total liabilities and fund balance	$ 6,616,105	$ 5,923,921
Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance - governmental funds	$ 4,969,699	$ 5,052,284
Capital assets, net of depreciation, used in governmental activities are not financial resources, and therefore not reported in governmental funds	2,178,540	2,331,728
Long-term liabilities, including accrued vacation and lease payments are not payable in the current period, and therefore not reported in governmental funds	(2,549,483)	(2,519,163)
Net position of governmental activities	$ 4,598,756	$ 4,864,849

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Region 5 Systems

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2026
With comparative totals for June 30, 2025

	2026	2025
Revenues		
Mental health and substance use	$ 20,445,441	$ 19,105,201
Housing HUD	757,228	665,739
Homeless PATH	59,584	65,000
Prevention SPF/PFS	232,172	19,179
Miscellaneous services	216,990	626,019
Opioid SOR grant	131,090	195,118
Opioid settlement	871,652	1,621,153
Miscellaneous income	-	35,363
Interest income	111,086	159,947
Total revenues	22,825,243	22,492,719
Expenditures		
Allocations	22,128,899	20,425,409
Operating expenditures	778,929	1,651,325
Capital outlay	-	289,838
Total expenditures	22,907,828	22,366,572
REVENUES OVER (UNDER) EXPENDITURES	(82,585)	126,147
Beginning fund balance	5,052,284	4,926,137
Ending fund balance	$ 4,969,699	$ 5,052,284

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Region 5 Systems

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES

Year ended June 30, 2026
With comparative totals for June 30, 2025

	2026	2025
Net change in fund balances - total governmental funds (page 7)	$ (82,585)	$ 126,147
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful life of the assets.		
Capital asset purchases capitalized	-	289,838
Depreciation expense	(50,218)	(49,834)
Loss on disposal of assets	-	(43,763)
Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in governmental funds		
Accrued vacation	(89,575)	66,424
Lease liability	(43,715)	(15,283)
Change in net position of governmental activities (page 5)	$ (266,093)	$ 373,529

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows.

Reporting Entity. Region 5 Systems (the Region), was established in accordance with the Nebraska Comprehensive Community Mental Health Services Act of 1974 (LB 302), by which the State of Nebraska was divided into six geographic regions to coordinate and oversee the delivery of a full range of behavioral health services to youth and adults. In 2004, the Behavioral Health Reform Act (LB 1083) was passed, which superseded LB 302.

The Region covers sixteen counties in southeast Nebraska. The Region is administered by a board of elected officials. The Region receives funding from local, state, and federal government sources.

The Region has no component units over which it exercises financial accountability as defined in Governmental Accounting Standards Board (GASB) Statement 14.

Basis of Presentation. The **government-wide financial statements**, which include the statements of net position and the statements of activities, report financial information for the Region as a whole.

The **fund financial statements** of the reporting entity of the Region are maintained for its only fund, the general fund. The general fund is the operating fund of the Region, which accounts for all financial resources of the Region.

Measurement Focus and Basis of Accounting. Measurement focus is a term used to describe "how" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus. In the **government-wide** statements of net position and statements of activities, governmental activities are reported using the economic resources measurement focus.

In the **fund** financial statements, the **governmental funds** utilize the current financial resources measurement focus. Under this method, the balance sheet generally includes only current financial assets and liabilities. The statement of revenues, expenditures, and changes in fund balances, presents sources and uses of available spendable financial resources during the given period. These funds use fund balance as a measure of available spendable financial resources at the end of the given period.

Basis of Accounting. In the **governmental activities** in the **government-wide** statements of net position and statements of activities, the activities are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. In the **governmental fund financial statements**, activities are presented using the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Region considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Cash Equivalents. The Region considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Receivables. Receivables primarily consist of amounts due from federal, state, and county sources and are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances and current relationships with funders, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

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Capital Assets. Capital assets are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. Furniture and equipment is depreciated over estimated useful lives from 5 to 10 years. It is the Region's policy to capitalize property and equipment over $500. Lesser amounts are expensed.

Compensated Absences. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Applicable payroll taxes are also included as part of this reported amount.

In accordance with the provisions of the Statement of Financial Accounting Standards 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that are estimated will be taken as "terminal leave" prior to retirement.

Equity. In the government-wide financial statements, equity is classified as net position and displayed in three components:

> **Net investment in capital assets.** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
>
> **Restricted.** Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
>
> **Unrestricted.** Consists of all other assets that do not meet the definition of "net investment in capital assets" or "restricted".

In the governmental fund financial statements, equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

> **Nonspendable.** Amounts that are not in a spendable form or are required to be maintained intact.
>
> **Restricted.** Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.
>
> **Committed.** Amounts constrained to specific purposes by the Region itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Region takes the same highest level action to remove or change the constraint.
>
> **Assigned.** Amounts the Region intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
>
> **Unassigned.** Amounts that are available for any purpose.

The Regional Governing Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the Regional Governing Board through adoption or amendment of the budget as intended for specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the Region's policy to use the most restrictive funds first in the following order: restricted, committed, assigned and unassigned as they are needed.

Revenue. The Region is primarily funded by state and federal grants. The Region also receives funding from various intergovernmental sources including county and state sources, but the Region does not have tax-assessing powers.

Leases. At inception, the Region determines if a contract is or includes a lease arrangement. The following describes the Region's accounting policies related to its leasing arrangements:

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As Lessee. Leased assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. The Region recognizes a right-of-use asset and related liability at the commencement date, generally based on the present value of lease payments over the lease term using the Region's incremental borrowing rate. Leases with an initial term of 12 months or less, including month-to-month leases, are not recorded on the statement of net position and are expensed on a straight-line basis.

Operating Leases. Operating lease assets and liabilities are recognized separately on the Region's statement of net position. The Region recognizes a single lease expense on a straight-line basis over the lease term. Lease and non-lease components are accounted for together as a single lease component for operating leases.

Finance Leases. Right-of-use assets acquired under finance leases are included in property and equipment and are amortized over the lease term. Amortization of the right-of-use asset and interest on the lease liability are presented consistently with similar costs in the statements of activities.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

The Region's deposits are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. As of June 30, 2026 and 2025, all of the Region's deposits were insured or collateralized.

State law requires all funds in depositories to be fully insured or collateralized; and the Region's policy is to require depositories to provide pledged securities to cover deposits in excess of FDIC limits.

NOTE C - CAPITAL ASSETS

Capital asset activity is as follows:

	June 30, 2025	Additions During Year	Disposals During Year	June 30, 2026
Furniture and equipment	$ 453,251	$ -	$ -	$ 453,251
Less accumulated depreciation	(146,596)	(50,218)	-	(196,814)
Total capital assets, net	$ 306,655	$ (50,218)	$ -	$ 256,437

The financial statements include depreciation expense of $50,218 for the year ended June 30, 2026.

NOTE D - LEASES

Finance Lease

The Region's finance lease includes a building lease. The lease expires February 28, 2045 and requires monthly payments of $14,102, it is discounted at 5.50%.

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For the year ended June 30, 2026, the Region recognized the following in relation to its finance leases:

	June 30, 2025	Additions During Year	Disposals During Year	June 30, 2026
Right of use assets				
Building	$ 2,059,396	$ -	$ -	$ 2,059,396
Less accumulated amortization	(34,323)	(102,970)	-	(137,293)
Total right of use assets, net	$ 2,025,073	$ (102,970)	$ -	$ 1,922,103

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for finance lease as of June 30, 2026, and a reconciliation to operating lease liabilities reported on the statement of net position:

Years ending June 30,	
2027	$ 169,220
2028	169,220
2029	169,220
2030	169,220
2031	169,220
Thereafter	2,312,679
Total minimum lease payments	3,158,779
Less: present value discount	(1,177,678)
Operating lease liability	$ 1,981,101

Finance lease expense for the year ended June 30, 2026 was $102,970.

NOTE E - RESTRICTED AND COMMITTED BALANCES

Restricted net position relates to the following:

	2026	2025
Federal homeless (PATH) grant	$ 8	$ 8
State funds - prior year	1,189	1,189
State funds	173,266	237,627
Opioid settlement funds	2,417,698	2,693,616
	$ 2,592,161	$ 2,932,440

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Committed fund balance relates to the following:

	2026	2025
Native American funds	$ 115	$ 115
Youth Advisory Board funds	4,130	7,102
Equipment funds	124,467	124,467
	$ 128,712	$ 131,684

NOTE F - RETIREMENT

The Region provides pension benefits for all of its full-time employees through a defined contribution plan. The 403(b) Plan was frozen as of August 31, 2008, and a 457(b) Plan was established as of September 1, 2008. Full-time employees are eligible to participate after the employee completes two years of continuous service and attains age 21. The Region contributes 3% of the employees' base salary to the Employee Pension Plan (the Plan). If employees elect to contribute to the Plan, they may do so. In addition to the base contribution, the Region will match the employees' contribution up to 3%. The combination of deferrals, match, and nonelective contributions cannot exceed $70,000 for 2025, or $77,500 if they are age 50 to 59, or $81,250 if they are age 60 to 63. The Region's contributions for each employee (plus allocated interest) are fully vested immediately.

The Region contributed $202,723 for the year ended June 30, 2026.

NOTE G - RISK MANAGEMENT

The Region is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Region carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE H - BUDGET AND BUDGETARY ACCOUNTING

The Region adopts an annual budget for the general fund prepared in accordance with the basis of accounting utilized by that fund. The budget is submitted to the State of Nebraska Department of Health and Human Services.

The Region does not meet the criteria of the Nebraska Budget Act as they did not have a property tax request or receive state aid as defined in Section 13-518 of the Nebraska State Statute. Therefore, the Region is not required to file a budget document with the State of Nebraska or comply with the Budget Act requirements.

NOTE I - NEW ACCOUNTING STANDARD

In April 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The Statement improves the requirements for presenting budgetary comparison information in the basic financial statements. The objective of the Statement is to improve the usefulness of governmental financial reports for decision-making and accountability.

The Region adopted the Statement, effective for the year ended June 30, 2026, using the prospective approach, as applicable. The adoption of the Statement did not result in an adjustment to the opening balance of net position in the period of adoption.

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NOTE J - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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Region 5 Systems

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year ended June 30, 2026

	Budgeted amounts				
	Original	Final	Variance with original budget - over (under) Final Budget	Actual amounts (Budgetary Basis) (See Note B)	Variance with Final Budget over (under) Actual Amounts
Budgetary fund balance, July 1	$ 3,995,154	$ 3,995,154	$ -	$ 3,995,154	$ -
Revenues					
Mental health and substance use	19,881,786	19,881,786	-	20,312,860	431,074
Housing HUD	1,065,640	1,065,640	-	757,228	(308,412)
Homeless PATH	65,000	65,000	-	59,584	(5,416)
Prevention SPF/PFS	-	-	-	232,172	232,172
Miscellaneous services	115,000	115,000	-	216,990	101,990
Opioid SOR grant	-	-	-	131,090	131,090
Opioid settlement	-	-	-	871,652	871,652
Interest income	120,000	120,000	-	111,086	(8,914)
Total revenues	25,242,580	25,242,580	-	26,687,816	1,445,236
Expenditures					
Allocations	20,307,697	20,307,697	-	21,353,490	1,045,793
Operating expenditures	939,729	939,729	-	778,929	(160,800)
Total expenditures	21,247,426	21,247,426	-	22,132,419	884,993
Ending budgetary fund balance	$ 3,995,154	$ 3,995,154	$ -	4,555,397	$ 2,330,229
Reconciliation to GAAP basis					
Accounts receivable				2,055,774	
Prepaid expenses/deposits				4,934	
Accounts payable				(1,646,406)	
Total fund balance GAAP basis				$ 4,969,699	

PRELIMINARY DRAFT

SUPPLEMENTARY INFORMATION

PRELIMINARY DRAFT

Region 5 Systems

SCHEDULE OF OPERATING EXPENDITURES

Year ended June 30, 2026

PRELIMINARY DRAFT

	General Office	Network Admin	Youth Coordination	Prevention Coordination	Emergency Coordination	Consumer Coordination	Housing Coordination	Disaster Coordination	CQI Coordination	Total
Operating expenditures										
Salaries	$ 550,879	$ 597,207	$ 89,488	$ 285,162	$ 164,439	$ 49,395	$ 331,707	$ 28,274	$ 277,528	$2,374,079
Benefits and taxes	160,261	169,429	23,368	96,977	56,167	14,657	108,856	6,498	108,852	745,065
Advertising	-	312	-	-	-	-	150	-	-	462
Compliance	339	178	47	118	57	-	200	-	57	996
Contracts	-	-	-	-	-	80,000	360	-	-	80,360
Insurance	5,384	11,914	2,240	5,629	2,375	1,646	7,523	540	4,306	41,557
Meeting expenses	3,528	1,921	-	364	-	13	-	9	-	5,835
Occupancy	54,510	18,855	2,465	11,868	4,911	1,452	15,893	1,147	11,036	122,137
Postage & printing	2,044	2,245	291	1,399	617	176	1,869	134	1,303	10,078
Professional fees	20,314	3,573	440	2,141	904	270	2,869	205	1,995	32,711
Repairs & maintenance	5,214	3,911	512	2,467	1,041	311	3,292	237	2,298	19,283
Software	20,068	18,032	2,418	11,445	5,943	1,602	20,898	1,376	10,881	92,663
Subscriptions & dues	1,546	1,463	181	882	372	111	1,291	85	2,034	7,965
Staff development	31,870	9,610	815	923	2,473	86	6,993	66	711	53,547
Supplies	4,091	2,827	414	3,273	1,063	264	2,545	171	1,794	16,442
Telephone	2,127	5,309	489	2,697	1,773	407	5,286	123	2,889	21,100
Travel	2,347	2,996	389	945	1,041	40	469	17	144	8,388
Miscellaneous	4,441	372	51	240	132	296	348	23	223	6,126
Total operating expenditures	868,963	850,154	123,608	426,530	243,308	150,726	510,549	38,905	426,051	3,638,794
Equipment	50,218	-	-	-	-	-	-	-	-	50,218
Total	$ 919,181	$ 850,154	$ 123,608	$ 426,530	$ 243,308	$ 150,726	$ 510,549	$ 38,905	$ 426,051	$3,689,012

Region 5 Systems

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2026

Federal Grantor/Program Title	Pass through Grantor	Assistance Listing Number	Grant Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services					
Substance Abuse Block Grant	Nebraska Department of Health and Human Services	93.959	B08TI087052	$ 234,520	$ 234,520
Substance Abuse Block Grant	Nebraska Department of Health and Human Services	93.959	B08TI088119	1,365,247	1,366,790
Mental Health Block Grant	Nebraska Department of Health and Human Services	93.958	B09SM0089638	306,000	306,000
Mental Health Block Grant	Nebraska Department of Health and Human Services	93.958	B09SM090356	401,703	401,703
Homeless Block Grant	Nebraska Department of Health and Human Services	93.150	X06SM090084	21,672	21,672
Homeless Block Grant	Nebraska Department of Health and Human Services	93.150	X06SM090434	43,328	43,328
SPF/PFS Grant	Nebraska Department of Health and Human Services	93.243	1H79WP083671	205,003	205,003
SPF/PFS Grant	Nebraska Department of Health and Human Services	93.243	5H79SP083671	27,169	27,469
State Opioid Response (SOR) Opioid Proj.	Nebraska Department of Health and Human Services	93.788	H79TI087771	58,856	58,856
State Opioid Response (SOR) Opioid Proj.	Nebraska Department of Health and Human Services	93.788	H79TI087771	72,234	89,888
				2,735,732	2,755,229
U.S. Department of Housing and Urban Development					
Cont. of Care Program Grant (RPH)		14.267	NE0053L7D002312	140,572	140,572
Cont. of Care Program Grant (RPH)		14.267	NE0053L7D002413	218,942	254,416
Cont. of Care Program Grant (RTPH)		14.267	NE0154Y7D002302	23,815	23,815
Cont. of Care Program Grant (RTPH)		14.267	NE0154Y7D002403	127,213	139,611
Cont. of Care Program Grant (LPH)		14.267	NE0135L7D022304	128,697	128,697
Cont. of Care Program Grant (LPH)		14.267	NE0135L7D022405	116,703	154,735
				755,942	841,846
				$ 3,491,674	$ 3,597,075

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation. The accompanying schedule of federal awards includes the federal grant activity of Region 5 Systems (the Region) and is presented on the accrual basis of accounting. Grant awards are considered expended when the expense transactions associated with the grant occur. 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 preparation of, the financial statements.

Indirect Costs. The Region did not elect to use the fifteen percent de minimis indirect cost rate as allowed in the Uniform Guidance, 2 CFR 200.414.

PRELIMINARY DRAFT

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

Regional Governing Board
Region 5 Systems
Lincoln, 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 the governmental activities and each major fund of the Region 5 Systems as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Region 5 Systems' basic financial statements and have issued our report thereon dated November XX, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Region 5 Systems' internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Region 5 Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of Region 5 Systems' 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region 5 Systems' financial statements are free of 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*.

PRELIMINARY DRAFT

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1314 Andrews Drive | Norfolk, NE | 68701 | p: 402.379.9294 | f: 402.379.2338
1121 North 102nd Court | Suite 100 | Omaha, NE | 68114 | p: 402.895.5050 | f: 402.895.5723

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 Region 5 Systems' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Region 5 Systems' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lincoln, Nebraska
November XX, 2026

PRELIMINARY DRAFT

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Regional Governing Board
Region 5 Systems
Lincoln, Nebraska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Region 5 Systems' 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 Region 5 Systems' major federal programs for the year ended June 30, 2026. Region 5 Systems' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Region 5 Systems complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Region 5 Systems 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 Region 5 Systems' 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 Region 5 Systems' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Region 5 Systems' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

PRELIMINARY DRAFT

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assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Region 5 Systems' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Region 5 Systems' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Region 5 Systems' 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 Region 5 Systems' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

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.

PRELIMINARY DRAFT

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.

Lincoln, Nebraska
November XX, 2026

PRELIMINARY DRAFT

Region 5 Systems

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2026

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified? _____ Yes ___X___ None reported

Noncompliance material to financial statements noted? _____ Yes ___X___ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified? _____ Yes ___X___ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes ___X___ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee ___X___ Yes _____ No

B. Financial Statement Findings

None reported

C. Federal Award Findings and Questioned Costs

None reported

PRELIMINARY DRAFT

Region 5 Systems

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2025

Findings - Financial Statements Audit

None.

Findings and Questioned Costs - Major Federal Awards Programs Audit

None.

PRELIMINARY DRAFT