

MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

From: Carey Fry, Senior Accountant

Subject: FY 2021 Audit

Date: December 3, 2021

- **It is staff's recommendation that the FEL Subcommittee recommend to the Board of Directors that the FY2021 Audit Report, prepared by BerganKDV, be accepted and that the General Manager be directed to file an authenticated copy of the audit report with the Nebraska Auditor of Public Accounts and the Nebraska Natural Resources Commission.**

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
FINANCIAL STATEMENTS
WITH
SUPPLEMENTAL INFORMATION
AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2021



**Papio-Missouri River Natural Resources District
Table Of Contents**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	4-10
BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	11
Statement of Activities	12
<i>Governmental Fund Financial Statements</i>	
Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Change in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	16
<i>Proprietary Funds Financial Statements</i>	
Statement of Net Position	17
Statement of Revenues, Expenses, and Change in Net Position	18
Statement of Cash Flows	19
<i>Fiduciary Funds Financial Statements</i>	
Statement of Fiduciary Net Position	20
Statement of Changes in Net Position	20
Notes to Basic Financial Statements	21-41
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance – Actual and Budget (Budgetary Basis) – Governmental Fund	42
Notes to Budgetary Comparison Schedule	43
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Functional Revenues and Expenditures	44
Schedule of Revenues, Expenses, and Change in Net Position – Actual and Budget – Proprietary Funds	45
Combining Statement of Net Position – Non-major – Proprietary Funds	46

Papio-Missouri River Natural Resources District

Table Of Contents

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
Combining Statement of Revenues, Expenses, and Changes in Net Position – Non-major – Proprietary Funds	47-48
Schedule of Certificate of Deposit – Governmental Fund	49
Schedule of Certificates of Deposit – Proprietary Funds	50
Schedule of Insurance Policies and Bonds	51
Schedule of Taxes Receivable – Governmental Fund	52
Schedule of Cash Balances Held by County Treasurers	53
Information Required by Section 2-3223, N.R.S. – 1975	54
Schedule of Expenditures of Federal Awards	55
Notes to the Schedule of Expenditures of Federal Awards	56
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	57-58
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	59-60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE	61-62

Independent Auditor's Report

To the Board of Directors
Papio-Missouri River Natural Resources District
Omaha, Nebraska

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District (the "District") as of and for the year ended June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

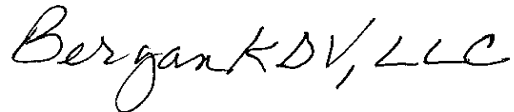
Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The accompanying other supplementary information identified in the Table of Contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information and the Schedule of Expenditures of Federal Awards are 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 29, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bergank DV, LLC". The signature is written in a cursive, flowing style.

Omaha, Nebraska
November 29, 2021

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2021**

The Management's Discussion and Analysis of the financial performance of Papio-Missouri River Natural Resources District (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow. The discussion primarily focuses on the District's general fund, although the proprietary funds are also analyzed.

FINANCIAL HIGHLIGHTS

- Net position increased by \$29,205,921, which is a 12.7% increase in total net position.
- Total governmental activities net position is comprised of the following:
 - 1) Net investment in capital assets of \$210,768,302. Property and equipment, net of accumulated depreciation, is reduced for the outstanding debt related to the purchase or construction of capital assets.
 - 2) Unrestricted net position of \$38,521,728. These assets are available to maintain the District's continuing obligations. Unrestricted net position includes assets reserved for specific purposes by Board resolution but not restricted by debt covenants or laws and regulations.
- Revenues on the general fund financial statements totaled \$45,966,535. This is a decrease of \$27,783,364 from last year's revenues of \$73,749,899 due to reduced funding for flood related projects.
- The net increase in capital assets was \$27,335,480 to a total of \$277,994,618.
- Total long-term debt, excluding compensated absences, of the District decreased from \$62,500,065 to \$61,007,980 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements, which include the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2021**

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities and a perspective of current financial resources and obligations.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by taxes and intergovernmental revenues, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District's governmental activities include general government administration, projects aimed at ground and surface water protection, flood threat protection, soil and wildlife conservation efforts, public services such as trail maintenance and educational materials, and recreation. The District's business-type activities include three rural water systems and four other waterway construction and preservation projects.

Statement of Net Position

The first of these government-wide statements is the Statement of Net Position. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors, such as the condition of the District's capital assets, in addition to the financial information provided in this report.

Statement of Activities

The second government-wide statement is the Statement of Activities, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by property tax collections.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2021**

Fund Financial Statements (Continued)

The District is comprised of the governmental fund, seven proprietary funds, and two fiduciary funds. The governmental fund encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different, with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability, focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

A budgetary comparison schedule is included as required supplementary information to the basic financial statements for the general fund. This schedule demonstrates compliance with the District's adopted and final revised budget.

Proprietary funds generally report services for which the District charges customers a fee. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The Dakota County, Washington County and Thurston County Rural Water Systems, as well as four waterway reconstruction projects, comprise the District's proprietary funds.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. Individual fund information for non-major enterprise funds is found in combining statements in a later section of this report.

The fiduciary funds are used to account for assets held in a trustee capacity. Fiduciary fund statements focus on net position and the change in net position and are accounted for on the accrual basis. The District is the administering custodian of both the Papillion Creek Watershed Partnership and the Southern Sarpy Watershed Partnership. Both are comprised of local governments that have entered into interlocal agreements to fund engineering studies addressing water quantity and quality issues in their respective drainage areas.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2020**

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's non-major proprietary funds and expenditures of federal awards.

Financial Analysis Of The District As A Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole. The following table summarizes the District's net position.

Summary of Net Position

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 43,136,293	\$ 46,460,185	\$ 2,198,958	\$ 1,239,477
Deferred outflow of resources	1,782,553	668,376	-	-
Capital assets, net of accumulated depreciation	268,026,062	240,888,536	9,968,556	9,770,602
Total assets	<u>312,944,908</u>	<u>288,017,097</u>	<u>12,167,514</u>	<u>11,010,079</u>
Current liabilities	8,193,866	7,535,568	247,196	253,616
Deferred inflow of resources	709,411	684,707	-	-
Long-term liabilities	54,751,601	57,452,046	1,806,598	1,953,928
Total liabilities	63,654,878	65,672,321	2,053,794	2,207,544
Net position				
Net investment in capital assets	210,768,302	180,637,061	7,168,426	6,678,790
Restricted	-	-	179,344	179,344
Unrestricted	38,521,728	41,707,715	2,765,950	1,944,401
Total net position	<u>\$ 249,290,030</u>	<u>\$ 222,344,776</u>	<u>\$ 10,113,720</u>	<u>\$ 8,802,535</u>

The District reported positive balances in net position for both governmental and business-type activities. Net position of governmental activities increased by \$26,945,254, including a \$949,482 decrease to beginning net position due to a prior period adjustment to adjust the balance due from other governments. Net investment in capital assets increased \$30,131,241 from on-going projects and payments on bonds.

Net position increased \$1,311,185 for business-type activities due to grants and operating income.

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2021**

This table summarizes the District's changes in net position from revenues and expenditures. The District is heavily reliant on property taxes to support governmental operations since taxes provide approximately 60% of the District's total governmental revenues most years.

Summary of Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2021	% of Total	2020	2021	% of Total	2020
Revenues						
Program Revenues						
Charges for services	\$ 233,010	0.5%	\$ 285,744	\$ 1,587,305	60.5%	\$ 1,461,189
Operating grants and contributions	12,774,549	28.0%	43,479,611	-	-	-
Capital Grants	347,967	0.8%	337,470	818,162	31.2%	-
General Revenues						
Property taxes	27,455,269	60.3%	26,241,203	-	-	-
Watershed	4,784,380	10.5%	3,492,988	-	-	-
Assessment income	-	-	-	90,967	3.5%	81,001
Transfers	(114,827)	-0.3%	(83,829)	114,827	4.4%	83,829
Gain on sale of fixed assets	-	0.0%	77,518	500	0.0%	16,183
Interest income	61,803	0.1%	245,124	11,862	0.5%	21,063
Total revenues	45,542,151	100%	74,075,829	2,623,623	100%	1,663,265
Expenses						
General administration	6,047,368	34.3%	11,370,482	-	-	-
Information and education	119,513	0.7%	100,291	-	-	-
Flood prevention	6,554,934	37.1%	3,114,888	-	-	-
Erosion control	799,496	4.5%	1,052,721	-	-	-
Water quality	1,310,588	7.4%	988,348	-	-	-
Recreation	1,351,541	7.7%	417,493	-	-	-
Forestry and wildlife	140,591	0.8%	593,292	-	-	-
Interest on long-term debt	1,323,384	7.5%	-	-	-	-
Major proprietary funds	-	-	-	747,785	57.0%	841,420
Other proprietary funds	-	-	-	564,653	43.0%	536,214
Total expenses	17,647,415	100%	17,637,515	1,312,438	100%	1,377,634
Change in net position	<u>\$ 27,894,736</u>		<u>\$ 56,438,314</u>	<u>\$ 1,311,185</u>		<u>\$ 285,631</u>

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Fund

The General Fund is the District's primary operating fund. It is used to account for all financial resources except those required to be reported in a separate fund. The fund balance of the General Fund decreased by \$2,886,185, including the prior period adjustment to intergovernmental receivables of \$949,482 to \$38,891,366.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The District's major proprietary funds for this fiscal year include Washington County Rural Water System and the Elkhorn River Stabilization Improvement Project Area. Net position of these funds increased by \$292,555 and \$732,209 respectively. Although the Elkhorn River Project has not been classified as a major fund historically, flood-related work during this fiscal year increased the relative size of the fund. Net position of the non-major proprietary funds increased by \$286,421, and total proprietary fund net position increased by \$1,311,185.

BUDGETARY HIGHLIGHTS

The Papio-Missouri River Natural Resources District's Board of Directors adopts a budget each fiscal year that complies with the reporting regulations imposed by the State of Nebraska. This budget can be, but was not, modified during the year with the approval of the Board. Economic factors, such as property tax rates and the availability of federal and state funding, play a major role in the District's budgeting process.

The District adopts a budget on the cash basis of accounting in accordance with the Nebraska Budget Act. The general fund budgeted expenditures for the current year were \$98,330,344, compared with the prior year budget of \$105,727,196. Most of this decrease is largely due to construction progress on the Missouri River Levee rehabilitation project taking place in the prior year. Actual budgetary expenditures were \$66,572,814 and \$75,853,312, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation and related debt, for governmental and business-type activities as of June 30, 2021, was \$210,768,302 and \$7,168,426, respectively. This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment and unamortized bond issue costs. The net investment increased 16.68% for governmental and increased 7.33% for business-type activities.

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2021**

Long-term Debt

At the end of the fiscal year, the District had \$60,788,206 in bonds, notes, and leases payable. \$1,967,667 of this debt is attributable to the proprietary funds for construction of and upgrades to the rural water distribution systems. \$56,700,000 is attributable to general obligation bonds issued for construction of flood control projects, \$341,289 is attributable to capital leases for the purchase of equipment, and \$1,752,225 is attributable to seller-financed land purchases. \$27,025 is outstanding on lease contracts for office equipment. Also included in long-term debt is \$219,774 of bond premiums.

The District's authority to issue general obligation bonds, previously scheduled to expire in 2019, was extended through December 31, 2024. An additional issue of \$28,190,000 was closed in October 2021 to assist in funding priority flood control reservoirs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District adopted a budget for the 2021-2022 fiscal year with total requirements of \$109.8 million, a slight decrease from the 2020-21 fiscal year budget of \$110.9 million.

Factors considered in preparing the District's budget for fiscal year 2021-22 include the following:

- A total property tax assessment of \$28,531,091 on valuation of \$79.99 billion from a levy of \$.035669 per \$100 of valuation, a decrease of 0.0008 from fiscal year 2020-21. However, the overall increase in valuation led to an increase of \$965,032 in the total property tax assessment.
- District projects are financed by several methods this year, including federal and/or state funding, cost sharing agreements with other local governments, and property taxes.
- The fiscal year 2021-2022 budget includes design, construction, and/or land acquisition costs for six of the nine remaining flood control reservoirs in the Papillion Creek Watershed Management Plan. These six are priority sites due to ongoing or planned development in the area and are estimated to cost a total of \$91.7 million, funded in part by watershed fees collected from zoning jurisdictions within the Papillion Creek Watershed Partnership. Progress will continue on the three structures (WP-1, WP-4 and WP-2) currently under design or construction.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Senior Accountant at 8901 South 154th Street, Omaha, NE 6813

Papio-Missouri River Natural Resources District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 19,178,489	\$ 1,109,444	\$ 20,287,933
Cash on deposit with County Treasurers	691,096	-	691,096
Certificates of Deposit	50,000	865,646	915,646
Investments	5,799,850	-	5,799,850
Property tax receivable	9,742,648	-	9,742,648
Leases receivable	714,811	-	714,811
Service receivable	-	91,489	91,489
Interest receivable	12	1,395	1,407
Due from other governments	5,713,003	818,257	6,531,260
Internal balances	927,189	(927,189)	-
Inventories	-	60,572	60,572
Prepaid expenses	319,195	-	319,195
Restricted certificates of deposit	-	179,344	179,344
Capital assets			
Land	68,463,407	214,215	68,677,622
Construction in progress	49,239,565	407,343	49,646,908
Capital assets being depreciated			
Capital improvements and infrastructure	230,625,918	12,036,387	242,662,305
Buildings and improvements	7,601,143	-	7,601,143
Vehicles and equipment	5,976,801	189,403	6,166,204
Intangible assets	77,528	23,162	100,690
Less accumulated depreciation	(93,958,300)	(2,901,954)	(96,860,254)
Total assets	<u>311,162,355</u>	<u>12,167,514</u>	<u>323,329,869</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to refunded debt	<u>1,782,553</u>	<u>-</u>	<u>1,782,553</u>
Total assets and deferred outflows of resources	<u>\$ 312,944,908</u>	<u>\$ 12,167,514</u>	<u>\$ 325,112,422</u>
Liabilities			
Accounts payable	\$ 2,885,199	\$ 70,019	\$ 2,955,218
Due to other governments	376	6,829	7,205
Accrued payroll	142,661	-	142,661
Accrued interest payable	53,960	9,279	63,239
Bonds, Notes, and Leases Payable			
Due within one year	4,768,625	161,069	4,929,694
Due in more than one year	54,271,688	1,806,598	56,078,286
Compensated Absences			
Due within one year	343,045	-	343,045
Due in more than one year	479,913	-	479,913
Total liabilities	<u>62,945,467</u>	<u>2,053,794</u>	<u>64,999,261</u>
Deferred Inflows of Resources			
Deferred inflows related to lease income	<u>709,411</u>	<u>-</u>	<u>709,411</u>
Net Position			
Net investment in capital assets	210,768,302	7,168,426	217,936,728
Restricted for			
Debt service	-	179,344	179,344
Unrestricted	38,521,728	2,765,950	41,287,678
Total net position	<u>249,290,030</u>	<u>10,113,720</u>	<u>259,403,750</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 312,944,908</u>	<u>\$ 12,167,514</u>	<u>\$ 325,112,422</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Program Revenues	Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General administration	\$ 6,047,368	\$ 217,355	\$ 16,403	\$ -	\$ (5,813,610)	\$ -	\$ (5,813,610)
Flood prevention	6,554,934	-	10,771,640	173,512	4,390,218	-	4,390,218
Erosion control	799,496	-	-	174,455	(625,041)	-	(625,041)
Forestry and wildlife	140,591	4,439	-	-	(136,152)	-	(136,152)
Water quality	1,310,588	1,100	505,667	-	(803,821)	-	(803,821)
Recreation	1,351,541	10,116	1,480,839	-	139,414	-	139,414
Information and education	119,513	-	-	-	(119,513)	-	(119,513)
Interest on long-term debt	1,323,384	-	-	-	(1,323,384)	-	(1,323,384)
Total governmental activities	<u>17,647,415</u>	<u>233,010</u>	<u>12,774,549</u>	<u>347,967</u>	<u>(4,291,889)</u>	<u>-</u>	<u>(4,291,889)</u>
Business-type activities							
Washington County Rural Water	727,489	1,013,892	-	-	-	286,403	286,403
Elkhorn River Stabilization	20,296	-	-	732,408	-	712,112	712,112
Non-major proprietary funds	564,653	573,413	-	85,754	-	94,514	94,514
Total business-type activities	<u>1,312,438</u>	<u>1,587,305</u>	<u>-</u>	<u>818,162</u>	<u>-</u>	<u>1,093,029</u>	<u>1,093,029</u>
Total governmental and business-type activities	<u>\$ 18,959,853</u>	<u>\$ 1,820,315</u>	<u>\$ 12,774,549</u>	<u>\$ 1,166,129</u>	<u>\$ (4,291,889)</u>	<u>\$ 1,093,029</u>	<u>\$ (3,198,860)</u>
General revenues							
Property taxes					\$ 27,455,269	\$ -	\$ 27,455,269
Watershed					4,784,380	-	4,784,380
Assessment income					-	90,967	90,967
Gain on sale of capital assets					-	500	500
Interest income					61,803	11,862	73,665
Transfers					(114,827)	114,827	-
Total general revenues					<u>32,186,625</u>	<u>218,156</u>	<u>32,404,781</u>
Change in net position					<u>27,894,736</u>	<u>1,311,185</u>	<u>29,205,921</u>
Net position - beginning, as previously stated					222,344,776	8,802,535	231,147,311
Prior period adjustment (see Note 15)					(949,482)	-	(949,482)
Net position - beginning, restated					<u>221,395,294</u>	<u>8,802,535</u>	<u>230,197,829</u>
Net position - ending					<u>\$ 249,290,030</u>	<u>\$ 10,113,720</u>	<u>\$ 259,403,750</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Balance Sheet - Governmental Funds
June 30, 2021

Assets

Cash and investments	\$ 19,178,489
Cash on deposit with County Treasurers	691,096
Certificates of deposit	50,000
Investments	5,799,850
Receivables	
Taxes	9,742,648
Leases	714,811
Interest	12
Prepaid items	319,195
Due from other funds	927,189
Due from other governments	5,713,003
	<hr/>
Total assets	<u><u>\$ 43,136,293</u></u>

Liabilities

Accounts payable	\$ 2,885,199
Due to other governments	376
Accrued payroll	142,661
Compensated absences	343,045
Total liabilities	<hr/> <u>3,371,281</u>

Deferred Inflows of Resources

Unavailable revenue - property taxes	164,235
Deferred lease income	709,411
Total deferred inflows of resources	<hr/> <u>873,646</u>

Fund Balances (Deficits)

Nonspendable	319,195
Committed	12,971,712
Assigned	50,000
Unassigned	25,550,459
Total fund balances (deficits)	<hr/> <u>38,891,366</u>

Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u><u>\$ 43,136,293</u></u>
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**Papio-Missouri River Natural Resources District
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2021**

Total fund balances - governmental funds	\$ 38,891,366
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	361,984,362
Less accumulated depreciation	(93,958,300)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond and notes principal payable	(58,820,539)
Premium on bonds payable	(219,774)
Compensated absences payable	(479,913)
Property taxes that will be collected in future years, but are not available soon enough to pay for the current period's expenditures, are deferred in the funds.	
Difference in property tax revenue accrual	164,235
Deferred costs on refunded debt are not financial resources	1,782,553
Governmental funds do not report a liability for accrued interest until due and payable.	(53,960)
Total net position - governmental activities	<u><u>\$ 249,290,030</u></u>

**Papio-Missouri River Natural Resources District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021**

Revenues

General administration	\$ 28,043,836
Flood prevention	15,745,898
Erosion control	174,455
Forestry and wildlife	4,448
Water quality	506,943
Recreation	1,490,955
Total revenues	<u>45,966,535</u>

Expenditures

Current

General administration	6,200,997
Flood prevention	31,384,132
Erosion control	1,490,332
Forestry and wildlife	148,017
Water quality	1,304,190
Recreation	2,801,451
Information and education	119,513

Debt service

Principal	4,697,894
Interest and other charges	1,439,524
Total expenditures	<u>49,586,050</u>

Excess of revenues over (under) expenditures	<u>(3,619,515)</u>
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Other Financing Sources (Uses)

Bonds issued	21,685,000
Note payable issued	1,375,837
Lease proceeds	140,783
Payment of refunded debt	(21,403,981)
Transfers out	(114,827)
Total other financing sources (uses)	<u>1,682,812</u>

Net change in fund balances	<u>(1,936,703)</u>
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Fund Balances

Beginning of year	41,777,551
Prior period adjustment (See Note 15)	(949,482)
Beginning of year, restated	<u>40,828,069</u>
End of year	<u><u>\$ 38,891,366</u></u>

**Papio-Missouri River Natural Resources District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2021**

Net change in fund balances - governmental funds	\$ (1,936,703)
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay	32,144,273
Depreciation expense	(4,768,007)
Net book value of disposals and transfers	(238,740)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

(12,925)

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.

Payments to refund bonds escrow agent	20,055,000
Principal payments on bonds payable	3,180,001
Principal payments on notes payable	1,293,612
Principal payments on leases payable	239,793

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

22,680

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Deferred loss on refunding of bonds	1,348,979
Note Proceeds	(1,375,837)
Capital Lease Proceeds	(140,783)
Issuance of refunding of debts	(21,685,000)
Effects of bond premiums, discounts and related items	221,569
Amortization of deferred cost on refunded debt	(143,619)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Difference in property tax revenue accrual	(309,557)
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Change in net position - governmental activities	<u>\$ 27,894,736</u>
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Papio-Missouri River Natural Resources District
Statement of Net Position - Proprietary Funds
June 30, 2021

	Washington Rural County	Elkhorn River Stabilization	Total Non- Major	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 629,788	\$ 20,887	\$ 458,769	\$ 1,109,444
Certificates of deposit	479,065	-	386,581	865,646
Service receivable	49,256	-	42,233	91,489
Interest receivable	889	-	506	1,395
Due from other governments	-	732,408	85,849	818,257
Inventories	38,757	-	21,815	60,572
Total current assets	<u>1,197,755</u>	<u>753,295</u>	<u>995,753</u>	<u>2,946,803</u>
Noncurrent assets				
Restricted certificates of deposit	135,795	-	43,549	179,344
Capital assets				
Land	1,000	-	213,215	214,215
Capital improvements and infrastructure	7,537,043	983,337	3,516,007	12,036,387
Vehicles and equipment	89,674	-	99,729	189,403
Intangible assets	11,902	-	11,260	23,162
Construction in progress	-	-	407,343	407,343
Total capital assets	<u>7,639,619</u>	<u>983,337</u>	<u>4,247,554</u>	<u>12,870,510</u>
Less accumulated depreciation and amortization	<u>(1,653,726)</u>	<u>(21,306)</u>	<u>(1,226,922)</u>	<u>(2,901,954)</u>
Capital assets, net of Accumulated depreciation	<u>5,985,893</u>	<u>962,031</u>	<u>3,020,632</u>	<u>9,968,556</u>
Total noncurrent assets	<u>6,121,688</u>	<u>962,031</u>	<u>3,064,181</u>	<u>10,147,900</u>
Total assets	<u>\$ 7,319,443</u>	<u>\$ 1,715,326</u>	<u>\$ 4,059,934</u>	<u>\$ 13,094,703</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 55,411	\$ -	\$ 14,608	\$ 70,019
Accrued interest payable	1,624	-	7,655	9,279
Due to other funds	30,813	733,037	163,339	927,189
Due to other governments	3,800	-	3,029	6,829
Current portion of long-term debt	131,292	-	29,777	161,069
Total current liabilities	<u>222,940</u>	<u>733,037</u>	<u>218,408</u>	<u>1,174,385</u>
Long-term liabilities				
Capital lease payable	9,092	-	1,904	10,996
Bonds payable, net	1,668,292	-	127,310	1,795,602
Total long-term liabilities	<u>1,677,384</u>	<u>-</u>	<u>129,214</u>	<u>1,806,598</u>
Total liabilities	<u>1,900,324</u>	<u>733,037</u>	<u>347,622</u>	<u>2,980,983</u>
Net Position				
Net investment in capital assets	4,177,219	229,624	2,761,583	7,168,426
Restricted	135,795	-	43,549	179,344
Unrestricted	1,106,105	752,665	907,180	2,765,950
Total net position	<u>5,419,119</u>	<u>982,289</u>	<u>3,712,312</u>	<u>10,113,720</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,319,443</u>	<u>\$ 1,715,326</u>	<u>\$ 4,059,934</u>	<u>\$ 13,094,703</u>

Papio-Missouri River Natural Resources District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2021

	Washington Rural County	Elkhorn River Stabilization	Total Non- Major Proprietary	Total
Sales and cost of sales				
Sales	\$ 914,270	\$ -	\$ 531,509	\$ 1,445,779
Customer charges and hookup fees	99,381	-	41,199	140,580
Miscellaneous	241	-	705	946
Gross profit	<u>1,013,892</u>	<u>-</u>	<u>573,413</u>	<u>1,587,305</u>
Operating expenses				
Repairs and maintenance	13,147	-	6,542	19,689
Supplies and postage	19,421	-	16,597	36,018
Professional services	9,940	-	5,868	15,808
Personnel	163,594	629	232,988	397,211
Telephone, utilities and rent	16,219	-	14,748	30,967
Miscellaneous	5,119	-	825	5,944
Water purchase	223,144	-	131,996	355,140
Contract costs	94,345	-	23,497	117,842
Project construction and land	-	-	1,508	1,508
Project operation and maintenance	30,063	-	33,836	63,899
Depreciation and amortization	95,679	19,667	60,376	175,722
Vehicle expense	8,783	-	24,966	33,749
Other	922	-	1,008	1,930
Total operating expenses	<u>680,376</u>	<u>20,296</u>	<u>554,755</u>	<u>1,255,427</u>
Operating income (loss)	333,516	(20,296)	18,658	331,878
Nonoperating revenues (expenses)				
Investment income	6,152	5	5,705	11,862
Assessment revenue	-	20,092	70,875	90,967
Federal grants	-	732,408	85,754	818,162
Interest expense	(47,113)	-	(9,898)	(57,011)
Total nonoperating revenues (expenses)	<u>(40,961)</u>	<u>752,505</u>	<u>152,436</u>	<u>863,980</u>
Income (loss) before transfers	292,555	732,209	171,094	1,195,858
Gain (loss) on disposal of capital assets	-	-	500	500
Transfers in	<u>-</u>	<u>-</u>	<u>114,827</u>	<u>114,827</u>
Change in net position	292,555	732,209	286,421	1,311,185
Beginning of year	<u>5,126,564</u>	<u>250,080</u>	<u>3,425,891</u>	<u>8,802,535</u>
End of year	<u>\$ 5,419,119</u>	<u>\$ 982,289</u>	<u>\$ 3,712,312</u>	<u>\$ 10,113,720</u>

Papio-Missouri River Natural Resources District
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2021

	Washington Rural County	Elkhorn River Stabilization	Non-Major Proprietary Funds	Total
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,016,399	\$ -	\$ 489,163	\$ 1,505,562
Payments to suppliers	(441,176)	-	(268,204)	(709,380)
Payments to employees	(163,594)	(629)	(232,988)	(397,211)
Net cash flows - operating activities	<u>411,629</u>	<u>(629)</u>	<u>(12,029)</u>	<u>398,971</u>
Cash Flows - Noncapital Financing Activities				
Transfer to other funds	-	-	114,827	114,827
Transfer from other funds	-	-	105,594	105,594
Interfund balances	(9,025)	(2,598)	-	(11,623)
Net cash flows - noncapital financing activities	<u>(9,025)</u>	<u>(2,598)</u>	<u>220,421</u>	<u>208,798</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(125,668)	-	(33,968)	(159,636)
Interest paid on debt	(47,435)	-	(10,371)	(57,806)
Assessments	-	20,092	70,875	90,967
Federal grants	-	-	85,754	85,754
Debt proceeds	11,902	-	2,661	14,563
Proceeds from disposal of capital assets	-	-	500	500
Acquisition of capital assets	(11,902)	-	(361,776)	(373,678)
Net cash flows - capital and related financing activities	<u>(173,103)</u>	<u>20,092</u>	<u>(246,325)</u>	<u>(399,336)</u>
Cash Flows - Investing Activities				
Net maturity (purchase) of investments	(1,848)	-	(3,792)	(5,640)
Interest and dividends received	6,527	5	6,079	12,611
Net cash flows - investing activities	<u>4,679</u>	<u>5</u>	<u>2,287</u>	<u>6,971</u>
Net change in cash and cash equivalents	234,180	16,870	(35,646)	215,404
Cash and Cash Equivalents				
Beginning of year	<u>395,608</u>	<u>4,017</u>	<u>494,415</u>	<u>894,040</u>
End of year	<u>\$ 629,788</u>	<u>\$ 20,887</u>	<u>\$ 458,769</u>	<u>\$ 1,109,444</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ 333,516	\$ (20,296)	\$ 18,658	\$ 331,878
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	95,679	19,667	60,376	175,722
Accounts receivable	2,507	-	1,504	4,011
Due from other governments	-	-	(85,754)	(85,754)
Inventory	(24,122)	-	5,118	(19,004)
Accounts and contracts payable	3,662	-	(12,722)	(9,060)
Due to other governmental units	387	-	791	1,178
Total adjustments	<u>78,113</u>	<u>19,667</u>	<u>(30,687)</u>	<u>67,093</u>
Net cash flows - operating activities	<u>\$ 411,629</u>	<u>\$ (629)</u>	<u>\$ (12,029)</u>	<u>\$ 398,971</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Statement of Fiduciary Net Position
June 30, 2021

	Papillion Creek Watershed Partnership	Southern Sarpy Watershed Partnership	Total
Assets			
Cash and investments	\$ 299,834	\$ 2,742,629	\$ 3,042,463
Due from other governments	10,750	-	10,750
Total assets	<u>\$ 310,584</u>	<u>\$ 2,742,629</u>	<u>\$ 3,053,213</u>
Liabilities			
Accounts payable	\$ 3,903	\$ 28,766	\$ 32,669
Deferred revenue	184,400	-	184,400
Total liabilities	<u>\$ 188,303</u>	<u>\$ 28,766</u>	<u>\$ 217,069</u>
Net Position			
Held in trust	<u>\$ 122,281</u>	<u>\$ 2,713,863</u>	<u>\$ 2,836,144</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Papillion Creek Watershed Partnership	Southern Sarpy Watershed Partnership	Total
Additions			
Partnership dues	\$ 369,000	\$ 200,000	\$ 569,000
Watershed fees	-	1,229,219	1,229,219
Interest	413	2,569	2,982
Total additions	<u>369,413</u>	<u>1,431,788</u>	<u>1,801,201</u>
Deductions			
Contributions and cost shares	312,897	-	312,897
Professional services	43,919	431,219	475,138
Total deductions	<u>356,816</u>	<u>431,219</u>	<u>788,035</u>
Change in net position	12,597	1,000,569	1,013,166
Net Position			
Beginning of year	<u>109,684</u>	<u>1,713,294</u>	<u>1,822,978</u>
End of year	<u>\$ 122,281</u>	<u>\$ 2,713,863</u>	<u>\$ 2,836,144</u>

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

This summary of significant accounting policies of Papio-Missouri River Natural Resources District (the "District") is presented to assist in understanding the District's government-wide and fund financial statements. These financial statements and notes are representations of the District's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization and Principal Activity

The District is one of twenty-three natural resource districts organized under the laws of the State of Nebraska to aid in the conservation, protection, development, and management of the natural resources of the State. Furthermore, the District participates in jointly funded governmental improvement projects. These projects are cost-sharing arrangements, as the District does not necessarily retain an ongoing financial interest in or responsibility for the projects.

Reporting Entity

The District follows the standards promulgated by Governmental Accounting Standards Board ("GASB"), that define the financial reporting entity as the one consisting of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements include the transactions of the District's primary government and two fiduciary funds. The primary government has a separately elected governing body, is legally separate, and is fiscally independent of other governments. The District has no component units and is not a component unit of any other governmental entity.

Financial Statement Presentation

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles ("GAAP") applicable to governmental organizations in the United States. Such principles are prescribed by Governmental Accounting Standards Board ("GASB"), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. In accordance with these principles, the financial statements include government-wide financial statements and fund financial statements.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and statement of activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which are normally supported by taxes and grants from other governments, are reported separately from business-type activities, which rely to a significant extent on fees and charges to support its operations.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column (individual funds are not presented). Because of the economic resource measurement focus and accrual basis of accounting, all financial and capital resources of the District, including long-term assets as well as long-term debt, are reported. Liabilities with maturities greater than one year are reported in two components: the amount due within one year and that due in more than one year.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in four categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources that are attributable to the acquisition, construction and improvement of those assets and related debt are also included in this component of net position.

Restricted:

- Expendable includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Nonexpendable consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purposes of producing present and future income, which may either be expended or added to principal.

Unrestricted amounts are those that do not meet the definition of the three preceding categories. These amounts often are designated, to indicate that management does not consider them to be available for general operations and often have constraints on resources that are imposed by management but can be removed or modified.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. These revenues are subject to externally imposed restrictions to these program uses. Program revenues include charges for services, which report fees and other charges to users of the District's services, operating grants and contributions which finance annual operating activities including restricted investment income, and capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. District resources are allocated to and accounted for in an individual fund based upon the purposes for which they are spent and the means by which the spending activities are controlled. The various funds are grouped into generic fund types in the fund financial statements of this report as follows:

Governmental Fund

The governmental (general) fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

Proprietary funds are used to account for the operation of the District's activities that are financed and operated in a manner similar to those found in private business enterprises. Generally, the intent of the governing body is that the cost and expense of providing goods or services to others on a continuing basis be financed or recovered primarily through sales or other forms of user charges. All proprietary funds are accounted for on an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their Statement of Net Position.

Major Funds

The District reports the Washington County Rural Water System and the Elkhorn River Stabilization as major proprietary funds presented individually in the financial statements. The Washington County Rural Water System fund accounts for fees charged for rural water services provided to residents in the respective counties. The Elkhorn River Stabilization fund accounts for grants and a special assessment levy collected for the operation and maintenance of the Elkhorn Riverbed Stabilization project. The remaining non-major funds are presented as a combined total in accordance with the criteria set forth by GASB.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee capacity. The District is the administering agent of the Papillion Creek Watershed Partnership and the Southern Sarpy Watershed Partnership (the "Partnerships"). The Partnerships are comprised of local governments that are wholly or partially in the Papillion Creek Watershed and Southern Sarpy Watershed that have combined resources to fund engineering studies.

Governmental fund equity is reported as fund balance. For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Nonspendable - This fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Board of Directors to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- c. Committed - This fund balance classification includes amounts that can only be used for the specific purposes imposed by formal action (resolution) of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Directors, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

- d. Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the Board of Directors or the General Manager delegated that authority by the Board of Directors.
- e. Unassigned - This fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from property taxes are recognized in the period levied, regardless of when the cash is collected. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures, such as principal and interest on general long-term debt, and claims and judgments, are recognized under the modified accrual basis of accounting when the related liability is due.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting (Continued)

The proprietary and fiduciary fund financial statements are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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 needed.

Cash and Cash Equivalents

For financial reporting purposes, the District classifies all highly-liquid investments with original maturities of three months or less as cash equivalents.

Investments

Investments are recorded at fair value which approximates cost. The District's investment policy allows investment in U.S. government obligations and short-term interest bearing investments consisting of certificates of deposit and other income producing securities. It is also the District's policy to report interest earned but not received in a separate account from the principal.

Taxes Receivable

Delinquent taxes are considered fully-collectible so no allowance for uncollectible taxes is considered necessary. Tax amounts not received within sixty days are considered deferred revenue in the governmental fund financial statements.

Inventories

The proprietary funds' inventories, consisting primarily of maintenance supplies, are stated at cost. Cost is determined using the first-in, first-out method.

Capital Assets

Capital assets are recorded at cost. Expenditures for major additions and improvements over \$5,000 are capitalized and minor replacements, maintenance, and repairs are charged to expense accounts as incurred. Interest costs incurred on funds used to construct property, plant, and equipment are not capitalized and are not included in the historical cost of the asset.

**Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation of the individual asset are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for significant capital asset categories are as follows:

	<u>Years</u>
Capital improvements and infrastructure	7-100
Buildings and improvements	20-30
Vehicles and equipment	3-10
Water distribution systems	25-50

In the governmental fund financial statements, structural improvements (reservoirs, drainage systems, or any other projects) constructed by the District for any of its purposes are recorded as expenditures at the time of construction. In addition, major acquisitions of land that may have a future saleable value associated with project costs are reported as capital improvements and are recorded as a current period governmental fund expenditure.

In the government-wide financial statements, structural improvements, land acquisitions, equipment purchases, public domain costs, infrastructure costs (such as dams, levees, reservoirs and drainage systems), and similar assets are included as capital assets. The District records proposed infrastructure at the historical cost of the land until the actual infrastructure construction costs are incurred and capitalized.

Compensated Absences

The District's employees are granted annual leave and sick pay in varying amounts based on length of service and actual hours worked. Annual leave and unused sick pay may be carried over at year-end up to 53 days and 180 days, respectively. After one year of service, employees are entitled to all accrued vacation leave and 25% of accrued sick leave, upon termination.

Property Taxes

Property taxes are levied by the counties on December 31 and are delinquent if not paid by March or April 1 and August or September 1 following the levy date. The seven counties located within the District collect the taxes levied by the District. The portion of the property taxes levied by the District is remitted from the counties as the taxes are collected, less a one percent commission. For fiscal year 2020-21, the taxes levied totaled \$27,566,060 at a tax levy rate of \$0.03649 per \$100 of valuation on a total valuation of \$75,544,549,868.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The placement of a lien against property with delinquent taxes in the various counties is at the discretion of the respective county attorneys. However, the vast majority of delinquent property taxes are purchased through transactions called tax certificate sales. In the event the property owner does not pay the property taxes to the County Treasurer within three years, the holder of the tax certificate has the right to take ownership of the property.

Use of Estimates

Preparing the District's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure 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.

Allocation of Indirect Expenses/Interfund Activity

The District is responsible for paying all employee wages and vehicle and fuel expenses of the rural water district proprietary funds. The portion of these expenses directly attributable to the proprietary funds, plus a 10% surcharge to cover administrative costs, is billed to and reimbursed by each rural water district. General administration services include overall District management, centralized budgetary formulation and oversight, accounting, payroll, investing and cash management, personnel services, and other general administration services. Services provided are treated as revenues and expenses in the respective funds. The actual amount of indirect cost reimbursement received by the District at June 30, 2021, was \$363,459. These reimbursements are included as an offset in the general administration expenses in the Statement of Activities.

Cost Sharing Reimbursements

The District participates in multiple cost sharing agreements with various other governmental entities, such as the City of Omaha or other area natural resource districts, on a regular basis. These agreements provide funding for recreational trails, water drainage systems, and other improvements that benefit the general public. The District's share of the cost is stated in each of the cost sharing agreements, most often as a maximum amount to be paid. The District normally does not retain an interest in the projects, with the city or other governmental entities providing the routine maintenance, as necessary.

Economic Dependency

The District receives the majority of its revenues from property tax rates subject to legislative change and from various grants funded by federal, state, and local governments.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The District has one item that qualifies for reporting in this category and is reported in the government-wide statement of net position. A deferred charge on a bond refunding results from a difference in the carrying value of refunded debt from its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bonds.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that period. The District has three items that qualify for reporting in this category: Unavailable revenue from leases that will be received in future years. They are reported as deferred flows on the governmental funds balance sheet and will be recognized in future years. Unavailable revenue received after the availability period. This includes property taxes plus other local taxes and fees received after 60 days. They are reported as deferred inflows on the governmental funds balance sheet and will be recognized next year.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted each fiscal year for the General and Proprietary Funds on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America ("GAAP") as required by statute. The District follows these procedures in establishing the budgetary data reflected in the required supplementary information in accordance with the statutory requirements of the Nebraska Budget Act:

On or before August 1, District management prepares and transmits a budget for each District fund showing the projected requirements, outstanding warrants, operating reserve, cash on hand at the close of the preceding fiscal year, projected revenue collected from sources other than property tax and amount to be raised by property taxation. At least one public hearing must be held by the District's Board of Directors.

On or before September 20, the budget is adopted by the Board of Directors and the amounts provided therein are appropriated. Once approved by the Board of Directors, the legally adopted budget can be modified only with the approval of the Board. No supplemental appropriations or modifications were made from the original budget.

All appropriations lapse at the end of the budget year.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The District Board is authorized to transfer budgeted amounts between departments within any fund through resolution. The Board must approve certain accounts that exceed 110% of their budgeted amount if District personnel provide reasonable justification for doing so before the expenditures occur.

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget (Budgetary Basis) – Governmental Fund presents comparisons of legally adopted budgets to actual data prepared in accordance with the accounting basis indicated above.

For the year ended June 30, 2021, the District met all the budgetary requirements with the State of Nebraska.

NOTE 3 – DEPOSITS AND INVESTMENTS

Statutes authorize the District to invest excess cash in deposits at banks designated as depositories of the District, certificates of deposit, time deposits and in any securities in which the State investment officer is authorized to invest and as provided in the investment guidelines of the Nebraska Investment Council.

Deposits and investments consisted of the following at June 30, 2021:

	<u>Total</u>	<u>General Funds</u>	<u>Proprietary Funds</u>
Checking accounts and petty cash	\$ 20,287,933	\$ 19,178,489	\$ 1,109,444
Cash on hand at County Treasurers	691,096	691,096	-
Certificates of deposit	1,094,990	50,000	1,044,990
Investments	<u>5,799,850</u>	<u>5,799,850</u>	<u>-</u>
Total	<u>\$ 27,873,869</u>	<u>\$ 25,719,435</u>	<u>\$ 2,154,434</u>

The carrying amount of the District's deposits, including Fiduciary funds, was \$24,425,386 and the bank balances were \$24,544,226 at June 30, 2021. Certificates of deposit have been included in the bank and book balances for cash. At June 30, 2021, the entire bank balance was covered by the Federal Deposit Insurance Corporation ("FDIC") or collateralized.

Investments are stated at cost, which at June 30, 2021 approximates fair value. The District's investments consisted of \$5,799,850 deposited in the Nebraska Public Agency Investment Trust (NPAIT).

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

NPAIT is a public entity investment pool operated under the direction of a Board of Trustees and specifically designed for Nebraska Public Agencies. Accordingly, its portfolio at all times consists solely of instruments in which Public Agencies are permitted to invest funds under Nebraska law. All net income of the trust is determined as of the close of business on each banking day and is credited thereafter pro rata to each participant's account. Net income which has accrued to each participant is converted as of the close of business of each calendar month into additional units which thereafter are held in each participant's trust account. Since net income of the funds is allocated among participant's each time net income is determined, the net asset value remains at \$1.00 per unit. Securities held by NPAIT are not held in the District's name.

The District records all interest revenue related to investment activities in the respective funds.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.

Assets and liabilities are classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the District's investments, as of June 30, 2021 are categorized as level 2 investments.

The District mitigates the following types of deposit and investment risks through compliance with the State Statutes and through compliance with its investment policies. However, the District has not adopted a policy to manage interest rate risk. The three types of deposit and investment risks are the following:

- Custodial Credit Risk – for deposits and investments, custodial credit risk is the risk that in the event of the failure of a bank or other counterparty, the District will not be able to recover the value of its deposits or investments or collateral securities in the possession of a third-party.
- Credit Risk – for deposits and investments, credit risk is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.
- Interest Rate Risk – for deposits and investments, interest rate risk is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

**Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements**

NOTE 4 – RESERVED/DESIGNATED FUNDS

The Board of Directors, by resolution, has established a sinking fund and reserved cash accounts for various purposes. All of the accounts are fully funded at their required levels at June 30, 2021. The following is a summary of the reservations placed on cash and investments for the year ended June 30, 2021:

General Sinking Funds:

Unrestricted, but Reserved Certificate of Deposit	\$ 50,000
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Unrestricted, but Reserved Cash Accounts:

Reserved for Wetland Mitigation and the development of future wetlands.	5,481
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The Board of Directors, by resolution has reserved funds to be spent on costs incurred for Watershed Plan Projects.	5,403,538
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The Board of Directors, by resolution and in accordance with the Interlocal Cooperation Act Agreement, has reserved funds to reimburse parties to this agreement that incurred costs as a result of the removal of ice jams.	141,603
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The Board of Directors, by resolution has reserved funds to be spent on costs incurred proactively controlling noxious weeds along the Lower Platte River.	156,307
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The Board of Directors, by resolution has reserved funds to be spent on costs incurred for flood protection from high flows on the Missouri River.	<u>7,264,783</u>
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Total general fund reserves	<u><u>\$ 13,021,712</u></u>
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The District's General Fund does not have any restricted cash accounts as of June 30, 2021.

Proprietary Sinking Funds:

In compliance with loan covenants for the notes described in Note 9, the Proprietary funds have restricted \$179,344. Thurston County has restricted a certificate of deposit in the amount of \$43,549 and Washington County Rural Water has a restricted certificate of deposit in the amount of \$135,795.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 5 – DUE FROM FUNDING AGENCIES

Revenue from governmental grants and contracts are recognized as earned when all applicable eligibility requirements are met. Funds received from the various agencies less than or greater than the expenditures of the program are recorded as assets or liabilities, respectively. At June 30, 2021, \$6,531,260 was due from other governmental agencies, including the federal government.

The District has entered into several construction agreements that involve reimbursement from the federal government for a portion of the District's expenses associated with those construction projects. At June 30, 2021, the District had receivables due from the federal government in the amount of \$2,388,562.

NOTE 6 – INTERNAL BALANCES/INTERFUND PAYABLES AND RECEIVABLES

Outstanding balances between funds reported as "due to/due from other funds" include outstanding charges by one fund to another for services, goods, or other miscellaneous receivables/payables between funds. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

Due to	Due from	Amount
General Fund	Thurston County Rural Water	\$ 3,205
General Fund	Washington County Rural Water	30,813
General Fund	Dakota County Rural Water	34,762
General Fund	Elkhorn River Stabilization	733,037
General Fund	Elk/Pigeon Creek Drainage	121,442
General Fund	Western Sarpy Drainage	3,930
Total		<u>\$ 927,189</u>

NOTE 7 – INTERFUND TRANSACTIONS

During the year ended June 30, 2021, the General fund transferred \$100,523 and \$14,304 to the Dakota Rural Water and Elk/Pigeon Creek Drainage Funds respectively to cover capital project costs.

NOTE 8 - CAPITAL ASSETS

The following is a summary of the capital assets of the governmental funds. In the government-wide financial statements, these amounts are included in the Statement of Net Position. These amounts are not reported in the governmental fund financial statements.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2020	Additions	Transfers/ Deletions	Balance June 30, 2021
Not depreciated				
Land	\$ 60,776,220	\$ 7,687,187	\$ -	\$ 68,463,407
Construction in progress	51,295,496	23,268,372	(25,324,303)	49,239,565
	<u>112,071,716</u>	<u>30,955,559</u>	<u>(25,324,303)</u>	<u>117,702,972</u>
Depreciated				
Capital improvements and infrastructure	204,775,760	525,855	25,324,303	230,625,918
Buildings and improvements	7,668,701	250,933	(318,491)	7,601,143
Vehicles and equipment	5,799,642	411,926	(234,767)	5,976,801
Intangible assets	77,528	-	-	77,528
	<u>218,321,631</u>	<u>1,188,714</u>	<u>24,771,045</u>	<u>244,281,390</u>
Less accumulated depreciation and amortization	(89,504,811)	(4,768,007)	314,518	(93,958,300)
	<u>128,816,820</u>	<u>(3,579,293)</u>	<u>25,085,563</u>	<u>150,323,090</u>
	<u><u>\$ 240,888,536</u></u>	<u><u>\$ 27,376,266</u></u>	<u><u>\$ (238,740)</u></u>	<u><u>\$ 268,026,062</u></u>

The governmental funds allocated depreciation and amortization expense in the government-wide financial statements to the primary government functions as follows:

General administration	\$ 426,172
Flood prevention	3,659,671
Water quality	6,398
Recreation	675,766
Total depreciation and amortization expense	<u><u>\$ 4,768,007</u></u>

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 8 - CAPITAL ASSETS (CONTINUED)

The following is a summary of the capital assets of the Proprietary Funds:

	Balance June 30, 2020	Additions	Transfers/ Deletions	Balance June 30, 2021
Not depreciated				
Land	\$ 214,215	\$ -	\$ -	\$ 214,215
Construction in progress	83,829	323,514	-	407,343
	<u>298,044</u>	<u>323,514</u>	<u>-</u>	<u>621,558</u>
Depreciated				
Capital improvements and infrastructure	12,036,387	-	-	12,036,387
Vehicles and equipment	169,505	35,601	(15,703)	189,403
Intangible assets	18,719	11,260	(6,817)	23,162
	<u>12,224,611</u>	<u>46,861</u>	<u>(22,520)</u>	<u>12,248,952</u>
Less accumulated depreciation and amortization	(2,752,053)	(169,889)	19,988	(2,901,954)
	<u>9,472,558</u>	<u>(123,028)</u>	<u>(2,532)</u>	<u>9,346,998</u>
	<u>\$ 9,770,602</u>	<u>\$ 200,486</u>	<u>\$ (2,532)</u>	<u>\$ 9,968,556</u>

NOTE 9 – LONG-TERM LIABILITIES

General Fund Long-Term Debt

The following is a summary of the long-term debt for the year ended June 30, 2021. In the government-wide financial statements, this amount is included in the Statement of Net Position. This amount is not reported in the governmental fund statements.

Fund	Series	Due Date	Principal Payable	Interest Rates	Principal Balance
General	2015	December 2030	Semi-Annually	1.10% to 4.00%	\$ 475,000
General	2017	December 2033	Semi-Annually	3.00% to 5.00%	2,015,000
General	2019	December 2031	Semi-Annually	2.10% to 2.80%	32,845,000
General	2020	December 2033	Semi-Annually	0.34% to 1.77%	21,365,000
General	Note payable	September 7, 2021	Annually	0.00%	336,667
General	Note payable	December 31, 2021	Annually	0.00%	498,333
General	Note payable	October 1, 2022	Annually	0.00%	917,225
General	Capital lease	May 1, 2022	Annually	3.00%	140,783
General	Capital lease	October 1, 2024	Annually	3.49%	200,506
General	Equipment lease	December 2022	Monthly	4.00%	3,278
General	Equipment lease	January 2023	Monthly	4.00%	20,771
General	Equipment lease	May 2023	Monthly	4.00%	2,976
					<u>\$ 58,820,539</u>

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities	Beginning Balance	Additions	Reductions	Refundings	Ending Balance	Due Within One Year
Flood Protection and Water Quality Enhancement Refunding Bonds - 2015	\$ 1,090,000	\$ -	\$ (615,000)	\$ -	\$ 475,000	\$ 475,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2017	16,250,000	-	(1,855,000)	(12,380,000)	2,015,000	2,015,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2018	7,675,000	-	-	(7,675,000)	-	-
Flood Protection and Water Quality Enhancement Refunding Bonds - 2019	33,235,000	-	(390,000)	-	32,845,000	545,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2020	-	21,685,000	(320,000)	-	21,365,000	235,000
Note payable - Private Company	673,333	-	(336,666)	-	336,667	336,667
Note payable - Private Company	996,667	-	(498,334)	-	498,333	498,333
Note payable - Private Company	-	1,375,837	(458,612)	-	917,225	458,612
Capital lease	37,526	-	(37,526)	-	-	-
Capital lease	52,227	-	(52,227)	-	-	-
Capital lease	88,065	-	(88,065)	-	-	-
Capital lease	246,479	-	(45,973)	-	200,506	47,577
Capital lease	-	140,783	-	-	140,783	140,783
Equipment lease	5,360	-	(2,082)	-	3,278	2,164
Equipment lease	33,228	-	(12,457)	-	20,771	12,965
Equipment lease	4,440	-	(1,464)	-	2,976	1,524
Total	<u>\$ 60,387,325</u>	<u>\$ 23,201,620</u>	<u>\$ (4,713,406)</u>	<u>\$ (20,055,000)</u>	<u>\$ 58,820,539</u>	<u>\$ 4,768,625</u>

On October 1, 2020, the District issued \$21,685,000 in refunding bonds with an average interest rate of approximately 1.55 percent for a partial advance refunding of \$12,380,000 of the outstanding bond from the 2017 series and \$7,675,000 of the outstanding bond from the 2018 series with an average interest rate of 3.12 percent. As a result of this refunding, the District decreased its total debt service payment over the next 14 years by approximately \$1,644,297, and obtained an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately \$1,474,842. These bonds were issued at par value and had bond issue costs of \$278,991. The District received \$2,028 and deposited \$21,403,981 of net proceeds into an escrow account to pay the principal and interest on the refunded bond on the allowed call dates.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Proprietary Funds Long-term Debt:

<u>Fund</u>	<u>Series</u>	<u>Due Date</u>	<u>Principal Payable</u>	<u>Interest Rates</u>	<u>Principal Balance</u>
Washington Rural Water	2016	June 2032	Annually	1.20% to 3.30%	\$ 1,240,000
Washington Rural Water	2016	December 2036	Semi-Annually	2.00%	288,835
Washington Rural Water	2018	December 2038	Semi-Annually	2.00%	268,492
Washington Rural Water	Equipment lease	November 2025	Monthly	3.00%	11,349
Thurston Rural Water	1982	December 2022	Annually	5.00%	19,994
Thurston Rural Water	1993	February 2033	Annually	5.63%	135,644
Dakota Rural Water	Equipment lease	April 2022	Monthly	4.00%	940
Dakota Rural Water	Equipment lease	November 2025	Quarterly	3.00%	2,413
					<u>\$ 1,967,667</u>

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

The annual principal and interest requirement to maturity for long-term debt as of June 30, 2021 follows:

Year(s) ending June 30	General Funds		Proprietary Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 4,768,626	\$ 1,147,025	\$ 161,092	\$ 54,804	\$ 4,929,718	\$ 1,201,829
2023	3,943,222	1,073,875	146,293	48,644	4,089,515	1,122,519
2024	3,620,956	1,020,755	147,471	45,156	3,768,427	1,065,911
2025	3,782,735	944,638	148,692	41,415	3,931,427	986,053
2026	3,925,000	869,216	153,159	37,583	4,078,159	906,799
2027-2031	22,450,000	2,995,367	813,241	120,454	23,263,241	3,115,821
2032-2036	16,330,000	454,650	342,132	20,232	16,672,132	474,882
2037-2041	-	-	55,587	1,433	55,587	1,433
	<u>\$ 58,820,539</u>	<u>\$ 8,505,526</u>	<u>\$ 1,967,667</u>	<u>\$ 369,721</u>	<u>\$ 60,788,206</u>	<u>\$ 8,875,247</u>

Compensated Absences

The estimated current portion of the liability for vested vacation benefits and sick leave is \$283,695 and \$59,350 at June 30, 2021, respectively. These amounts are recorded as expenditures and liabilities in the General Fund in both the government-wide and fund financial statements. The long-term portion is \$140,584 and \$339,329, respectively, at June 30, 2021. These amounts are recorded as non-current liabilities in the government-wide Statement of Net Position and are not recorded in the governmental fund financial statements. The amount of unvested sick leave benefits payable amounts to \$1,196,038 at June 30, 2021, and is not reported as an expenditure or liability in any of the District's June 30, 2021 financial statements.

The change in compensated absences for the year ended June 30, 2021 was as follows:

Governmental-type Activity:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 809,364</u>	<u>\$381,719</u>	<u>\$(368,125)</u>	<u>\$ 822,958</u>	<u>\$ 343,045</u>

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

For governmental funds, the fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The District has identified fund balances on the Balance Sheet-Governmental Fund as of June 30, 2021 as follows:

Nonspendable

Prepaid expenses	\$ 319,195
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Committed

Wetland mitigation	\$ 5,481
Watershed fees	5,403,538
Ice jam	141,603
Lower Platte weed	156,307
Missouri River levee	<u>7,264,783</u>
Total committed	12,971,712

Assigned

Uninsured liability	50,000
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Unassigned	<u>25,550,459</u>
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Total fund balance	<u><u>\$ 38,891,366</u></u>
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NOTE 11 – EMPLOYEES' RETIREMENT PLAN

All of the District's eligible employees participate in the Nebraska Association of Resources Districts Employees' Governmental Retirement Plan, a statewide multiple-employer retirement system covering all eligible employees of Natural Resources Districts within the State of Nebraska. The plan is a qualified defined contribution plan under applicable IRS and DOL regulations.

All employees who are employed for a minimum of six months, are regularly scheduled to work at least thirty-seven and one-half hours per week, and are age nineteen or older are eligible to participate in the retirement plan. The District requires all full-time employees to participate. Participants become fully vested after five years, which is applicable only to the employer's contribution, at a rate of 20% at the end of each year.

Plan participants are required to contribute 5.5% of their compensation each pay period, and the District is required to contribute 6.0% of the employee's compensation for each pay period. The District's contributions for the year ended June 30, 2021 were \$211,462, which were the required contributions. Plan forfeitures, if any, are allocated to the other active participants in the plan.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District has committed future funds to several ongoing and new projects and cost share agreements. The total commitments undersigned contracts at year-end were approximately \$22,551,349. Since the future expenditures will be included in the District's future budgets and are part of the District's function, these commitments have not been recorded in the District's financial statements.

The District engages in land development projects and occasionally invokes eminent domain to acquire the required land to undertake the project. The value of the land acquired by the District when eminent domain is invoked is determined by either a board of appraisers in the affected county, or through the judiciary. The amount of payments that may be required for land, if any, is unknown at June 30, 2021.

The District participates in various federal and state assisted grant and contract programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any revision or disallowance resulting from a federal or state audit may become a liability of the District. The District's management believes such revisions or disallowances, if any, will not be material to the accompanying financial statements.

Certain conditions may exist as of the date of the financial statements which may result in a loss to the District, but which will only be resolved when one or more future events occur or fail to occur. The District's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the District or unasserted claims that may result in such proceedings, the District's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. At June 30, 2021, a reasonable estimate could not be determined for any potential loss contingencies.

NOTE 13 – FIDUCIARY FUNDS

Papillion Creek Watershed Partnership

The Papillion Creek Watershed Partnership ("PCWP") was created in 2001 through an inter-local agreement to proactively deal with the demands on the Papillion Creek drainage area and to develop an implementation plan that addresses solutions to water quantity and quality problems. The Papillion Creek Watershed consists of the land area that conveys water to the Missouri River. The PCWP is comprised of nine local governments that are wholly or partially in the Papillion Creek Watershed. These local governments fund engineering studies, but do not do any actual construction projects. The District is the administering agent.

Papio-Missouri River Natural Resources District
Notes To Basic Financial Statements

NOTE 13 – FIDUCIARY FUNDS (CONTINUED)

Southern Sarpy Watershed Partnership

The Southern Sarpy Watershed Partnership ("SSWP") was created in 2016 through an inter-local agreement to address issues related to surface water quality and storm water quantity in the Watershed by establishing and implementing regionally common goals and standards for the development of the Watershed. The Southern Sarpy Watershed consists of the land area that conveys water to the Platte River. The SSWP is comprised of six local governments that are wholly or partially in the Southern Sarpy Watershed. These local governments fund engineering studies, but do not do any actual construction projects. The District is the administering agent.

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. These risks are transferred to independent insurance carriers and no self-insurance program is maintained by the District. District management believes adequate coverage exists for potential exposures as of June 30, 2021. The District did not pay any settlement amounts, which exceeded its insurance coverage for the years ending June 30, 2021.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2021, a prior period adjustment was required to adjust beginning fund balance for the General Fund to correct a prior year error. The General Fund beginning fund balance was decreased \$949,482 to correct an over accrual of receivables related to an interlocal agreement due to a misinterpretation of the terms of that agreement.

NOTE 16 – SUBSEQUENT EVENT

Management has evaluated subsequent events through November 29, 2021, the date which these financial statements were available to be issued. On October 12, 2021, the District issued \$28,190,000 of general obligation bonds with an interest rate of 3.00% - 4.00% for financing capital projects.

Papio-Missouri River Natural Resources District
Schedule of Revenues, Expenditures, and Change in Fund Balance
Actual and Budget (Budgetary Basis) - Governmental Fund
For the Year Ended June 30, 2021

	Actual	Original Budget	Final Budget	Variance Favorable (Unfavorable)
Revenues				
General administration	\$ 26,101,902	\$ 54,620,884	\$ 54,620,884	\$ (28,518,982)
Watershed fund	6,136,328	6,490,000	6,490,000	(353,672)
Flood control	5,674,291	9,011,800	9,011,800	(3,337,509)
Erosion control	516,176	2,275,038	2,275,038	(1,758,862)
Forestry and wildlife	4,448	128,009	128,009	(123,561)
Water quality	486,107	803,930	803,930	(317,823)
Recreation	115,712	946,317	946,317	(830,605)
Total revenues	<u>39,034,964</u>	<u>74,275,978</u>	<u>74,275,978</u>	<u>(35,241,014)</u>
Expenditures				
Current				
General administration	10,531,943	38,330,979	38,330,979	27,799,036
Information and Education	117,972	227,500	227,500	109,528
Watershed fund	13,738,786	16,120,500	16,120,500	2,381,714
Flood control	15,253,160	27,626,084	27,626,084	12,372,924
Erosion control	1,655,316	6,486,921	6,486,921	4,831,605
Recreation	2,285,849	4,877,440	4,877,440	2,591,591
Forestry and wildlife	149,202	2,770,500	2,770,500	2,621,298
Water quality	1,321,778	1,890,420	1,890,420	568,642
Total expenditures	<u>45,054,006</u>	<u>98,330,344</u>	<u>98,330,344</u>	<u>53,276,338</u>
Excess of revenues over (under) expenditures	(6,019,042)	(24,054,366)	(24,054,366)	18,035,324
Other Financing Sources (Uses)				
Bonds issued	21,685,000	-	-	21,685,000
Note payable issued	1,375,837	-	-	1,375,837
Lease proceeds	140,783	-	-	140,783
Payment of refunded debt	(21,403,981)	-	-	(21,403,981)
Transfers out	(114,827)	-	-	(114,827)
Total other financing sources (uses)	<u>1,682,812</u>	<u>-</u>	<u>-</u>	<u>1,682,812</u>
Net change in fund balances	(4,336,230)	<u>(24,054,366)</u>	<u>(24,054,366)</u>	<u>19,718,136</u>
Adjustments Required Under Accounting Principles Generally Accepted in the United States of America				
To adjust revenues for accruals	6,790,782			
To adjust expenditures for accruals and prepaids	<u>(4,391,255)</u>			
Excess of Revenues over Expenditures				
Modified Accrual Basis Increase in Fund Balance	\$ (1,936,703)			
Beginning of year	41,777,551			
Prior period adjustment (See Note 15)	<u>(949,482)</u>			
Beginning of year, restated	<u>40,828,069</u>			
End of year	<u>\$ 38,891,366</u>			

Papio-Missouri River Natural Resources District
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2021

NOTE 1 – BASIS OF ACCOUNTING

The accompanying budgetary comparison schedule is presented on the modified cash basis of accounting accepted or approved by the State of Nebraska. Under this basis of accounting, encumbered cash is considered an expenditure and is reported as a disbursement in the year the cash is encumbered.

NOTE 2 – BUDGET LAW

The District is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Any revisions to the adopted budget of total expenditures to any fund require a public hearing.

Papio-Missouri River Natural Resources District
Schedule of Functional Revenues and Expenditures
Governmental Fund
For the Year Ended June 30, 2021

Revenues

Federal grants	\$ 4,591,555
Interest income	61,803
Local agency grants	7,919,975
Miscellaneous income	56,284
Property tax	27,764,826
Rental income	176,726
State grants	5,395,366
Issuance of notes payable	1,375,837
Issuance of leases payable	140,783
Issuance of refunding bonds	21,685,000
Total revenues	<u>69,168,155</u>

Expenditures

Board of directors	41,904
Contract work	4,392,094
Cost-sharing and conservation assistance	2,979,519
Debt principal payments	4,697,894
Employee benefits	1,060,568
Fees	292,292
Indirect personnel reimbursement	(378,460)
Information and education	38,201
Insurance	293,080
Interest expense	1,160,533
Machinery and equipment	246,226
Miscellaneous	2,078
Payroll taxes	285,245
Personnel	3,681,358
Printing and publications	26,309
Professional services	3,147,376
Project construction and land	25,167,146
Project legal costs	260,661
Project operation and maintenance	482,784
Repairs and maintenance	431,224
Special projects	291,088
Supplies and postage	215,843
Telephone, utilities, and rent	199,719
Travel	14,313
Transfer to other fund	114,827
Vehicle expense	278,064
Payment to refund bonds	21,403,981
Debt issuance costs	278,991
Total expenditures	<u>71,104,858</u>

Revenues and other sources over
Expenditures and other uses

(1,936,703)

Beginning of year	41,777,551
Prior period adjustment (See Note 15)	(949,482)
Beginning of year, restated	<u>40,828,069</u>
End of year	<u><u>\$ 38,891,366</u></u>

Papio-Missouri River Natural Resources District
Schedule of Revenues, Expenses, and Changes
in Fund Net Position - Actual and Budget - Proprietary Funds
Year Ended June 30, 2021

	Washington Rural County			Elkhorn River Stabilization			Non-Major proprietary funds			Total		
	Budget			Budget			Budget			Budget		
	Actual	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual	Original	Final
Sales and cost of sales												
Sales	\$ 914,270	\$ 815,000	\$ 815,000	\$ -	\$ -	\$ -	\$ 531,509	\$ 500,000	\$ 500,000	\$ 1,445,779	\$ 1,315,000	\$ 1,315,000
Customer charges and hookup fees	99,381	90,000	90,000	-	-	-	41,199	22,425	22,425	140,580	112,425	112,425
Miscellaneous	241	250	250	-	-	-	705	200	200	946	450	450
Gross profit	1,013,892	905,250	905,250	-	-	-	573,413	522,625	522,625	1,587,305	1,427,875	1,427,875
Operating expenses												
Repairs and maintenance	13,147	7,000	7,000	-	-	-	6,542	2,000	2,000	19,689	9,000	9,000
Supplies and postage	19,421	16,100	16,100	-	-	-	16,597	12,350	12,350	36,018	28,450	28,450
Professional services	9,940	13,500	13,500	-	-	-	5,868	13,250	13,250	15,808	26,750	26,750
Personnel	163,594	228,000	228,000	629	5,000	5,000	232,988	229,000	229,000	397,211	462,000	462,000
Telephone, utilities and rent	16,219	23,400	23,400	-	-	-	14,748	15,800	15,800	30,967	39,200	39,200
Miscellaneous	5,119	2,700	2,700	-	-	-	825	1,900	1,900	5,944	4,600	4,600
Water purchase	223,144	260,000	260,000	-	-	-	131,996	126,000	126,000	355,140	386,000	386,000
Contract costs	94,345	117,000	117,000	-	-	-	23,497	3,372,650	3,372,650	117,842	3,489,650	3,489,650
Project construction and land	-	150	150	-	-	-	1,508	1,500	1,500	1,508	1,650	1,650
Project operation and maintenance	30,063	1,500	1,500	-	-	-	33,836	7,500	7,500	63,899	9,000	9,000
Depreciation and amortization	95,679	-	-	19,667	-	-	60,376	-	-	175,722	-	-
Vehicle expense	8,783	-	-	-	-	-	24,966	47,513	47,513	33,749	47,513	47,513
Bond expenditures	-	123,465	123,465	-	-	-	-	29,690	29,690	-	153,155	153,155
Other	922	-	-	-	-	-	1,008	800	800	1,930	800	800
Total operating expenses	680,376	792,815	792,815	20,296	5,000	5,000	554,755	3,859,953	3,859,953	1,255,427	4,657,768	4,657,768
Operating income (loss)	333,516	112,435	112,435	(20,296)	(5,000)	(5,000)	18,658	(3,337,328)	(3,337,328)	331,878	(3,229,893)	(3,229,893)
Nonoperating revenues (expenses)												
Investment income	6,152	3,400	3,400	5	200	200	5,705	4,423	4,423	11,862	8,023	8,023
Assessment revenue	-	-	-	20,092	20,000	20,000	70,875	59,000	59,000	90,967	79,000	79,000
Federal grants	-	-	-	732,408	-	-	85,754	-	-	818,162	-	-
Interest expense	(47,113)	(50,965)	(50,965)	-	-	-	(9,898)	(12,640)	(12,640)	(57,011)	(63,605)	(63,605)
Total nonoperating revenues (expenses)	(40,961)	(47,565)	(47,565)	752,505	20,200	20,200	152,436	50,783	50,783	863,980	23,418	23,418
Income (loss) before transfers	292,555	64,870	64,870	732,209	15,200	15,200	171,094	(3,286,545)	(3,286,545)	1,195,858	(3,206,475)	(3,206,475)
Loan proceeds	-	-	-	-	-	-	-	3,321,650	3,321,650	-	3,321,650	3,321,650
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	500	-	-	500	-	-
Transfers in	-	-	-	-	-	-	114,827	-	-	114,827	-	-
Transfers out	-	-	-	-	(5,000)	(5,000)	-	(60,531)	(60,531)	-	(65,531)	(65,531)
Change in net position	292,555	64,870	64,870	732,209	10,200	10,200	286,421	(25,426)	(25,426)	1,311,185	49,644	49,644
Beginning of year	5,126,564			250,080			3,425,891			8,802,535		
End of year	<u>\$ 5,419,119</u>			<u>\$ 982,289</u>			<u>\$ 3,712,312</u>			<u>\$ 10,113,720</u>		

Papio-Missouri River Natural Resources District
Combining Statement of Net Position - Non-Major Proprietary Funds
June 30, 2021

	Elk/Pigeon Creek Drainage	Western Sarpy Drainage	Elkhorn Breakout	Dakota Rural Water	Thurston Rural Water	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 71,864	\$ 52,937	\$ 6,665	\$ 188,417	\$ 138,886	\$ 458,769
Certificates of deposit	-	-	-	386,581	-	386,581
Accounts receivable	-	-	-	31,896	10,337	42,233
Interest receivable	-	-	-	345	161	506
Due from other governments	85,754	-	95	-	-	85,849
Inventories	-	-	-	19,361	2,454	21,815
Total current assets	<u>157,618</u>	<u>52,937</u>	<u>6,760</u>	<u>626,600</u>	<u>151,838</u>	<u>995,753</u>
Noncurrent assets						
Restricted certificates of deposit	-	-	-	-	43,549	43,549
Capital assets						
Land	211,215	-	-	1,000	1,000	213,215
Infrastructure	220,551	-	-	1,837,321	1,458,135	3,516,007
Equipment	-	-	-	99,729	-	99,729
Intangibles	-	-	-	11,260	-	11,260
Construction in progress	114,363	-	-	292,980	-	407,343
Total capital assets	<u>546,129</u>	<u>-</u>	<u>-</u>	<u>2,242,290</u>	<u>1,459,135</u>	<u>4,247,554</u>
Less accumulated depreciation	<u>(35,288)</u>	<u>-</u>	<u>-</u>	<u>(801,101)</u>	<u>(390,533)</u>	<u>(1,226,922)</u>
Capital assets, net of Accumulated depreciation	<u>510,841</u>	<u>-</u>	<u>-</u>	<u>1,441,189</u>	<u>1,068,602</u>	<u>3,020,632</u>
Total noncurrent assets	<u>510,841</u>	<u>-</u>	<u>-</u>	<u>1,441,189</u>	<u>1,112,151</u>	<u>3,064,181</u>
Total assets	<u>668,459</u>	<u>52,937</u>	<u>6,760</u>	<u>2,067,789</u>	<u>1,263,989</u>	<u>4,059,934</u>
Liabilities						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 14,302	\$ 306	\$ 14,608
Accrued interest payable	-	-	-	-	7,655	7,655
Due to other funds	121,442	3,930	-	34,762	3,205	163,339
Due to other governments	-	-	-	2,360	669	3,029
Current portion of long-term debt	-	-	-	1,449	28,328	29,777
Total current liabilities	<u>121,442</u>	<u>3,930</u>	<u>-</u>	<u>52,873</u>	<u>40,163</u>	<u>218,408</u>
Long-term liabilities						
Capital lease payable	-	-	-	1,904	-	1,904
Bonds payable, net	-	-	-	-	127,310	127,310
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,904</u>	<u>127,310</u>	<u>129,214</u>
Total liabilities	<u>121,442</u>	<u>3,930</u>	<u>-</u>	<u>54,777</u>	<u>167,473</u>	<u>347,622</u>
Net Position						
Net investment in capital assets	410,782	-	-	1,437,837	912,964	2,761,583
Restricted	-	-	-	-	43,549	43,549
Unrestricted	<u>136,235</u>	<u>49,007</u>	<u>6,760</u>	<u>575,175</u>	<u>140,003</u>	<u>907,180</u>
Total net position	<u>547,017</u>	<u>49,007</u>	<u>6,760</u>	<u>2,013,012</u>	<u>1,096,516</u>	<u>3,712,312</u>
Total liabilities and net position	<u>\$ 668,459</u>	<u>\$ 52,937</u>	<u>\$ 6,760</u>	<u>\$ 2,067,789</u>	<u>\$ 1,263,989</u>	<u>\$ 4,059,934</u>

Papio-Missouri River Natural Resources District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2021

	Elk/Pigeon Creek Drainage			Western Sarpy Drainage			Elkhorn Breakout		
	Budget			Budget			Budget		
	Actual	Original	Final	Actual	Original	Final	Actual	Original	Final
Operating revenues									
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer charges and hookup fees	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-	-
Operating expenses									
Repairs and maintenance	-	-	-	-	-	-	-	-	-
Supplies and postage	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	455	5,500	5,500	-	-	-
Personnel	21,383	5,000	5,000	3,930	10,000	10,000	-	-	-
Telephone, utilities and rent	-	500	500	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Water purchase	-	-	-	-	-	-	-	-	-
Contract costs	1,205	1,000	1,000	-	5,000	5,000	-	-	-
Project construction and land	-	-	-	-	-	-	-	-	-
Project operation and maintenance	-	-	-	-	3,000	3,000	-	-	-
Depreciation and amortization	8,822	-	-	-	-	-	-	-	-
Vehicle expense	-	-	-	10,013	10,013	10,013	-	-	-
Bond expenditures	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating expenses	31,410	6,500	6,500	14,398	33,513	33,513	-	-	-
Operating income (loss)	(31,410)	(6,500)	(6,500)	(14,398)	(33,513)	(33,513)	-	-	-
Nonoperating revenues (expenses)									
Investment income	70	15	15	69	100	100	10	8	8
Assessment revenue	48,555	45,000	45,000	22,320	14,000	14,000	-	-	-
Federal grants	85,754	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	134,379	45,015	45,015	22,389	14,100	14,100	10	8	8
Income (loss) before transfers	102,969	38,515	38,515	7,991	(19,413)	(19,413)	10	8	8
Loan proceeds	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	14,304	-	-	-	-	-	-	-	-
Transfers out	-	(60,531)	(60,531)	-	-	-	-	-	-
Change in net position	117,273	(22,016)	(22,016)	7,991	(19,413)	(19,413)	10	8	8
Beginning of year	429,744			41,016			6,750		
End of year	<u>\$ 547,017</u>			<u>\$ 49,007</u>			<u>\$ 6,760</u>		

Papio-Missouri River Natural Resources District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds (Continued)
Year Ended June 30, 2021

Dakota Rural Water			Thurston Rural Water			Total		
Actual	Budget		Actual	Budget		Actual	Budget	
	Original	Final		Original	Final		Original	Final
\$ 375,738	\$ 350,000	\$ 350,000	\$ 155,771	\$ 150,000	\$ 150,000	\$ 531,509	\$ 500,000	\$ 500,000
31,792	19,500	19,500	9,407	2,925	2,925	41,199	22,425	22,425
305	100	100	400	100	100	705	200	200
<u>407,835</u>	<u>369,600</u>	<u>369,600</u>	<u>165,578</u>	<u>153,025</u>	<u>153,025</u>	<u>573,413</u>	<u>522,625</u>	<u>522,625</u>
5,146	1,500	1,500	1,396	500	500	6,542	2,000	2,000
12,274	10,500	10,500	4,323	1,850	1,850	16,597	12,350	12,350
4,651	6,000	6,000	762	1,750	1,750	5,868	13,250	13,250
182,302	180,000	180,000	25,373	34,000	34,000	232,988	229,000	229,000
5,464	5,900	5,900	9,284	9,400	9,400	14,748	15,800	15,800
470	1,000	1,000	355	900	900	825	1,900	1,900
87,717	80,000	80,000	44,279	46,000	46,000	131,996	126,000	126,000
22,292	3,351,650	3,351,650	-	15,000	15,000	23,497	3,372,650	3,372,650
1,508	1,500	1,500	-	-	-	1,508	1,500	1,500
28,058	4,000	4,000	5,778	500	500	33,836	7,500	7,500
35,708	-	-	15,846	-	-	60,376	-	-
12,683	37,500	37,500	2,270	-	-	24,966	47,513	47,513
-	-	-	-	29,690	29,690	-	29,690	29,690
1,008	600	600	-	200	200	1,008	800	800
<u>399,281</u>	<u>3,680,150</u>	<u>3,680,150</u>	<u>109,666</u>	<u>139,790</u>	<u>139,790</u>	<u>554,755</u>	<u>3,859,953</u>	<u>3,859,953</u>
8,554	(3,310,550)	(3,310,550)	55,912	13,235	13,235	18,658	(3,337,328)	(3,337,328)
4,580	3,800	3,800	976	500	500	5,705	4,423	4,423
-	-	-	-	-	-	70,875	59,000	59,000
-	-	-	-	-	-	85,754	-	-
(112)	-	-	(9,786)	(12,640)	(12,640)	(9,898)	(12,640)	(12,640)
<u>4,468</u>	<u>3,800</u>	<u>3,800</u>	<u>(8,810)</u>	<u>(12,140)</u>	<u>(12,140)</u>	<u>152,436</u>	<u>50,783</u>	<u>50,783</u>
13,022	(3,306,750)	(3,306,750)	47,102	1,095	1,095	171,094	(3,286,545)	(3,286,545)
-	3,321,650	3,321,650	-	-	-	-	3,321,650	3,321,650
500	-	-	-	-	-	500	-	-
100,523	-	-	-	-	-	114,827	-	-
-	-	-	-	-	-	-	(60,531)	(60,531)
114,045	14,900	14,900	47,102	1,095	1,095	286,421	(25,426)	(25,426)
<u>1,898,967</u>			<u>1,049,414</u>			<u>3,425,891</u>		
<u>\$ 2,013,012</u>			<u>\$ 1,096,516</u>			<u>\$ 3,712,312</u>		

Papio-Missouri River Natural Resources District
Schedule of Certificates of Deposit
Governmental Fund
June 30, 2021

	<u>Cost</u>	<u>Interest Rate</u>
General Fund		
Certificate of deposit		
Great Western Bank	<u>\$ 50,000</u>	0.15%
General fund- unrestricted, but assigned investments	<u><u>\$ 50,000</u></u>	

Papio-Missouri River Natural Resources District
Schedule of Certificates of Deposit
Proprietary Funds
June 30, 2021

	<u>Cost</u>	<u>Interest Rate</u>
General Fund		
Certificate of deposit		
Dakota County		
Access Bank	\$ 110,441	0.45%
Access Bank	110,140	0.45%
Bank First	66,000	0.49%
Siouxland National Bank	100,000	0.15%
	<u>386,581</u>	
Washington County		
American National Bank	200,000	0.10%
United Republic Bank	107,260	0.50%
United Republic Bank	106,805	0.45%
Premier Bank	135,795	1.75%
Premier Bank	65,000	1.75%
	<u>614,860</u>	
Thurston County		
Premier Bank	43,549	1.75%
	<u>43,549</u>	
	<u>\$ 1,044,990</u>	

Total

**Papio-Missouri River Natural Resources District
Schedule Of Insurance Policies And Bonds June 30, 2021**

REAL AND PERSONAL PROPERTY

Real & Personal property; total limit \$19,966,695; deductible/\$5,000; Equipment Floater/\$250,000 on Miscellaneous Equipment with \$10,000 max on any one item; Outdoor Property \$2,065,663; Scheduled Equipment \$3,147,297 with deductible/\$5,000; Flood coverage/\$1,000,000 with deductible/\$5,000; Earthquake and earth movement limit/\$1,000,000 with deductible/\$5,000.

GENERAL LIABILITY

Medical payments/\$10,000; Personal injury and advertising injury/\$1,000,000; Wrongful acts/\$1,000,000 with deductible/\$10,000; Employee benefits liability/\$1,000,000; Professional liability/\$1,000,000; Employment-related practices injury/\$1,000,000 with deductible/\$10,000; Damage to premises rented to you/\$1,000,000; bodily injury and property damage \$1,000,000 per occurrence, \$3,000,000 general aggregate; Drone physical damage/\$25,000 and drone general liability/\$1,000,000 plus excess of \$1,000,000.

COMMERCIAL AUTOMOBILE

Each accident/\$1,000,000; Medical payments/\$5,000; Uninsured and underinsured motorists/\$1,000,000; Collision deductible/\$500.

AIRCRAFT

Single limit, including passengers/\$10,000,000.

WORKERS' COMPENSATION

Bodily injury by accident/\$500,000; Bodily injury by disease/\$500,000.

CRIME COVERAGE

Employee theft including faithful performance/\$250,000 with deductible/\$500; Forgery or alteration/\$250,000, with deductible/\$500; Inside the premises – theft of money and securities/\$250,000, with deductible/\$500; Inside the premises – robbery/safe burglary/\$100,000, with deductible/\$500; Outside the premises/\$250,000, with deductible/\$500; Computer and funds transfer fraud/\$250,000, with deductible/\$500; Money orders/\$250,000, with deductible/\$500; Fraudulent impersonation/\$250,000, with deductible/\$500.

BONDS

Public employees/\$100,000, with the exception of one \$15,000 Notary Bond.

COMMERCIAL EXCESS COVERAGE

Combined bodily injury and property damage/\$10,000,000.

PUBLIC OFFICIAL

Wrongful acts / \$1,000,000 each; \$3,000,000 aggregate; \$10,000 deductible.

Papio-Missouri River Natural Resources District
Schedule of Taxes Receivable
Governmental Fund
June 30, 2021

County

Douglas	\$ 5,295,282
Sarpy	3,331,747
Washington	539,228
Dakota	448,543
Burt	65,457
Thurston	61,708
Dodge	<u>683</u>
	9,742,648
Net taxes collected within 60 days after year end	<u>9,578,413</u>
Unavailable revenue	<u><u>\$ 164,235</u></u>

Papio-Missouri River Natural Resources District
Schedule of Cash Held by County Treasurers
Governmental Fund
June 30, 2021

County

Douglas	\$ 513,380
Sarpy	143,422
Washington	16,834
Dakota	11,784
Burt	3,225
Thurston	980
Dodge	<u>1,471</u>
	<u><u>\$ 691,096</u></u>

Papio-Missouri River Natural Resources District
Information Required by Section 2-3223, N.R.S - 1975
For the Year Ended June 30, 2021

Gross income from all sources	\$ 49,908,683
Amount expended for	
Maintenance	2,777,083
Improvement and other such programs	<u>32,055,862</u>
Total maintenance and improvements	34,832,945
Amount of depreciation on property during previous year	4,923,856
Number of employees as of June 30, 2021	<u>55</u>
Gross salaries	3,740,508
Less amount reimbursed by projects	<u>(363,459)</u>
Net salaries paid to employees	<u><u>\$ 3,377,049</u></u>

**Papio-Missouri River Natural Resources District
Schedule Of Expenditures Of Federal Awards
For The Year Ended June 30, 2021**

Program	Pass-Through Grantor's Number	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Passed through the Nebraska Emergency Management Agency			
Disaster Grants - Public Assistance	PA-07-NE-4420-114223	97.036	\$ 1,545
Disaster Grants - Public Assistance	PA-07-NE-4420-97148	97.036	333,167
Disaster Grants - Public Assistance	PA-07-NE-4420-126821	97.036	50,406
Disaster Grants - Public Assistance	PA-07-NE-4420-129431	97.036	53,150
Disaster Grants - Public Assistance	PA-07-NE-4420-97138	97.036	905,919
Disaster Grants - Public Assistance	PA-07-NE-4420-97171	97.036	218,742
Disaster Grants - Public Assistance	PA-07-NE-4420-114226	97.036	40,290
Disaster Grants - Public Assistance	PA-07-NE-4420-97127	97.036	257,376
Disaster Grants - Public Assistance	PA-07-NE-4420-96958	97.036	321,714
Disaster Grants - Public Assistance	PA-07-NE-4420-97147	97.036	846
Disaster Grants - Public Assistance	PA-07-NE-4420-102547	97.036	1,117
Disaster Grants - Public Assistance	PA-07-NE-4420-97131	97.036	9,750
			<u>2,194,023</u>
Passed through the Nebraska Emergency Management Agency			
Hazard Mitigation Grant Program	PDM-2018-NE	97.039	102,223
Hazard Mitigation Grant Program	DR-4420-NE-0009	97.039	173
Hazard Mitigation Grant Program	DR-4420-NE-0008	97.039	1,179
Hazard Mitigation Grant Program	DR-4420-NE-0007	97.039	677
			<u>104,252</u>
Total U.S. Department of Homeland Security			\$ 2,298,275
U.S. Department of Agriculture -			
Watershed Protection and Flood Prevention		10.904	121,503
Emergency Watershed Protection Program		10.923	85,754
Regional Conservation Partnership Program		10.932	<u>55,460</u>
Total U.S. Department of Agriculture			262,718
U.S. Environmental Protection Agency			
Passed through the Nebraska Department of Environment & Energy			
Nonpoint Source Implementation Grants	2020-101999823	66.460	<u>52,953</u>
Total U.S. Environmental Protection Agency			52,953
Total Expenditures of Federal Awards			<u><u>\$ 2,613,946</u></u>

Papio-Missouri River Natural Resources District
Notes To The Schedule Of Expenditures Of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified 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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where in certain types of expenditures may or may not be allowable or may be limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate, as allowed by under the Uniform Guidance.

NOTE 4 – MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE 5 – FEDERAL LOANS OUTSTANDING

The District has outstanding loans through the Nebraska Department of Health and Human Services and Department of Environment and Energy's State Revolving Fund Loan Program. Undertaken to finance necessary improvements and upgrades to the District's rural water systems. This program is partially funded through the United States Environmental Protection Agency; however, the Federal government does not impose continuing compliance requirements other than repayment of the loans. The balance of loans outstanding at June 30, 2021 consist of:

CFDA Number	Program/Cluster Name	Outstanding Balance at June 30, 2021
66.468	Capitalization Grants for Safe Drinking Water State Revolving Fund	\$557,327

NOTE 6 – PRIOR YEAR EXPENDITURES

During fiscal year 2021, FEMA approved Disaster Assistance awards of \$179,882 and \$1,614,642 related to flood damages, for which expenditures were made during the fiscal years 2019 and 2020 respectively.

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

To the Board of Directors
Papio-Missouri River Natural Resources District
Omaha, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District (the “District”), as of and for the year ending June 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 basic 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 a material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

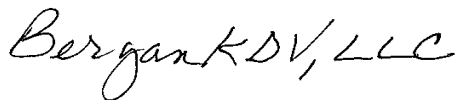
As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the basic 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*.

District's Response to the Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Omaha, Nebraska
November 29, 2021

**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance
in Accordance with the Uniform Guidance**

To the Board of Directors
Papio-Missouri River Natural Resources District
Omaha, Nebraska

Report on Compliance for Each Major Federal Program

We have audited the compliance of Papio-Missouri River Natural Resources District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Papio-Missouri River Natural Resources District complied, in all material respects, with the types of 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, 2021.

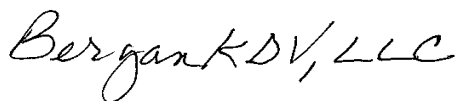
Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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.



Omaha, Nebraska
November 29, 2021

**Papio-Missouri River Natural Resources District
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to basic financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

CFDA No.:	97.036
Name of Federal Program or Cluster:	Disaster Grants – Public Assistance
Auditee qualified as low risk auditee?	No

**Papio-Missouri River Natural Resources District
Schedule of Findings and Questioned Costs in
Accordance with the Uniform Guidance**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONABLE COSTS

There were no questioned costs.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

Board of Directors
Papio-Missouri River Natural Resources District
Omaha, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District (the "District") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements are related to tax receivable, the useful lives of depreciable assets and allowances on accounts receivable. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements relate to risks associated with deposits and investments; capital assets; due from funding agencies; and long-term liabilities.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were identified.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As reported on the financial statements and disclosed in Note 15 the District recorded a prior period adjustment to reduce the Net Position of the Governmental Activities and the Fund Balance for the General Fund in the amount of \$949,482. This adjustment was to correct the recording of a receivable from another governmental entity on a cost sharing project. While we believe the firm has adequately designed its processes and controls for this area there was a failure to correctly adjust the balance due on June 30, 2020. The District subsequently identified this error and was not a matter we identified in our audit. Accordingly, we recommend the district monitor its key processes and controls for recording cost sharing activities on an on-going basis to ensure they are working effectively.

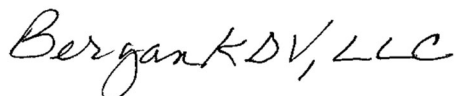
Proper internal accounting controls require an appropriate segregation of duties so that no one individual has access to both the accounting records and cash items or handles a transition from inception to completion. To combat these risks in this area the District has placed monitoring controls in place to review reconciliations and financial statements. We recommend that District continue to closely monitor these activities and make sure segregation of duties is achieved to the fullest extent possible.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary schedules, which are Required Supplementary Information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the other supplementary information schedules, which accompany the financial statements but are not RSI. Our procedures consisted of inquiries of management regarding 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. Our opinion states this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.



Omaha, Nebraska
November 29, 2021