

MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

From: Carey Fry, Senior Accountant

Subject: FY 2022 Audit

Date: December 2, 2022

- **It is staff's recommendation that the FEL Subcommittee recommend to the Board of Directors that the FY2022 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, 2022



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

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.

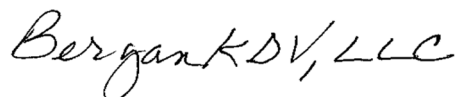
Supplementary Information

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 December 2, 2022, 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 "BergankDV, LLC". The signature is written in a cursive, flowing style.

Omaha, Nebraska
December 2, 2022

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2022**

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, 2022. 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 \$8,459,637, which is a 3.3% increase in total net position.
- Total governmental activities net position is comprised of the following:
 - 1) Net investment in capital assets of \$215,839,200. 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 \$40,673,148. 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 \$35,869,580. This is a decrease of \$10,096,955 from last year's revenues of \$45,966,535, primarily due to reduced funding for flood-related projects that are at or near completion.
- The net increase in capital assets was \$10,909,672 to a total of \$288,904,290.
- Total long-term debt, excluding compensated absences, of the District increased from \$61,007,980 to \$86,332,556 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, 2022**

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, 2022**

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, 2022**

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	
	2022	2021	2022	2021
Current and other assets	\$ 65,704,014	\$ 43,136,293	\$ 2,290,500	\$ 2,198,958
Deferred outflow of resources	1,635,363	1,782,553	-	-
Capital assets, net of accumulated depreciation	277,868,693	268,026,062	11,035,597	9,968,556
Total assets	<u>\$ 345,208,070</u>	<u>\$ 312,944,908</u>	<u>\$ 13,326,097</u>	<u>\$ 12,167,514</u>
Current liabilities	\$ 8,207,739	\$ 8,193,866	\$ 310,320	\$ 247,196
Deferred inflow of resources	544,601	709,411	-	-
Long-term liabilities	79,943,382	54,751,601	1,664,738	1,806,598
Total liabilities	<u>88,695,722</u>	<u>63,654,878</u>	<u>1,975,058</u>	<u>2,053,794</u>
Net position				
Net investment in capital assets	215,839,200	210,768,302	9,230,354	7,168,426
Restricted	-	-	179,344	179,344
Unrestricted	40,673,148	38,521,728	1,941,341	2,765,950
Total net position	<u>\$ 256,512,348</u>	<u>\$ 249,290,030</u>	<u>\$ 11,351,039</u>	<u>\$ 10,113,720</u>

The District reported positive balances in net position for both governmental and business-type activities. Net position of governmental activities increased by \$7,222,318. Net investment in capital assets increased \$5,070,898 as progress continues on capital projects and payments are made on related debt.

Net position increased \$1,237,319 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, 2022

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 70% of the District's total governmental revenues most years.

Summary of Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2022	% of Total	2021	2022	% of Total	2021
Revenues						
Program Revenues						
Charges for services	\$ 267,311	0.6%	\$ 233,010	\$ 1,619,266	60.1%	\$ 1,587,305
Operating grants and contributions	3,765,777	9.0%	12,774,549	-	-	-
Capital Grants	5,535,980	13.3%	347,967	751,635	27.9%	818,162
General Revenues						
Property taxes	29,281,945	70.3%	27,455,269	-	-	-
Watershed	2,895,239	7.0%	4,784,380	-	-	-
Assessment income	-	-	-	90,942	3.4%	90,967
Transfers	(220,360)	-0.5%	(114,827)	220,360	8.2%	114,827
Gain on sale of fixed assets	-	0.0%	-	4,500	0.2%	500
Interest income	103,765	0.2%	61,803	6,789	0.3%	11,862
Total revenues	41,629,657	100%	45,542,151	2,693,492	100%	2,623,623
Expenses						
General administration	5,851,898	17.0%	6,047,368	-	-	-
Information and education	167,638	0.5%	119,513	-	-	-
Flood prevention	22,667,683	65.9%	6,554,934	-	-	-
Erosion control	664,233	1.9%	799,496	-	-	-
Water quality	687,143	2.0%	1,310,588	-	-	-
Recreation	2,220,886	6.5%	1,351,541	-	-	-
Forestry and wildlife	177,114	0.5%	140,591	-	-	-
Interest on long-term debt	1,970,744	5.7%	1,323,384	-	-	-
Major proprietary funds	-	-	-	791,954	54.4%	747,785
Other proprietary funds	-	-	-	664,219	45.6%	564,653
Total expenses	34,407,339	100%	17,647,415	1,456,173	100%	1,312,438
Change in net position	\$ 7,222,318		\$ 27,894,736	\$ 1,237,319		\$ 1,311,185

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2022**

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 increased by \$22,321,826 to \$61,213,192.

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 fund for this fiscal year was Washington County Rural Water System. Net position of this fund increased by \$252,083. Net position of the non-major proprietary funds increased by \$985,236. The total proprietary fund net position increased by \$1,237,319.

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 \$79,729,557, compared with the prior year budget of \$98,330,344. Most of this decrease is due to the bond refunding that occurred in the prior year. Actual budgetary expenditures were \$46,327,799 and \$66,572,814, 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, 2022, was \$215,839,200 and \$9,230,354, respectively. This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment and unamortized bond issue costs. The net investment increased 2.4% for governmental and increased 28.8% for business-type activities. The District transferred approximately \$13.8 million dollars of land and improvements to the City of Papillion, which will operate and maintain Big Elk Recreation Area and Portal Recreation Area going forward. The District also transferred Zorinsky Basin #2 to the City of Omaha for operation and maintenance, approximately \$4.25 million in land and improvements. The increase for business-type activities primarily results from work related to the 2019 flood on the Elk-Pigeon Creek levee system.

**Papio-Missouri River Natural Resources District
Management's Discussion And Analysis
Year Ended June 30, 2022**

Long-term Debt

At the end of the fiscal year, the District had \$84,239,428 in bonds, notes, and leases payable. \$1,812,008 of this debt is attributable to the proprietary funds for construction of and upgrades to the rural water distribution systems. \$81,620,000 is attributable to general obligation bonds issued for construction of flood control projects, \$295,033 is attributable to capital leases for the purchase of equipment, and \$458,612 is attributable to seller-financed land purchases. \$53,775 is outstanding on lease contracts for office equipment. Also included in long-term debt is \$2,093,128 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 2022-2023 fiscal year with total requirements of \$105.1 million, a slight decrease from the 2021-22 fiscal year budget of \$109.8 million.

Factors considered in preparing the District's budget for fiscal year 2022-23 include the following:

- A total property tax assessment of \$30,185,894 on valuation of \$86.85 billion from a levy of \$.034758 per \$100 of valuation, a decrease of 0.0009 from fiscal year 2021-22. However, the overall increase in valuation led to an increase of \$1,654,803 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 2022-2023 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, and land acquisition continues for structures DS-7 and DS-12.

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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 8,824,586	\$ 1,420,527	\$ 10,245,113
Cash on deposit with County Treasurers	590,472	-	590,472
Certificates of Deposit	-	867,921	867,921
Investments	39,582,412	-	39,582,412
Property tax receivable	10,637,225	-	10,637,225
Leases receivable	540,274	-	540,274
Service receivable	-	109,646	109,646
Interest receivable	2,281	518	2,799
Due from other governments	4,842,195	95	4,842,290
Internal balances	352,457	(352,457)	-
Inventories	-	64,906	64,906
Prepaid expenses	332,112	-	332,112
Restricted certificates of deposit	-	179,344	179,344
Capital assets			
Land	69,596,954	366,391	69,963,345
Construction in progress	51,198,951	301,085	51,500,036
Capital assets being depreciated			
Capital improvements and infrastructure	241,577,297	13,195,448	254,772,745
Buildings and improvements	8,034,695	-	8,034,695
Vehicles and equipment	6,273,298	214,005	6,487,303
Intangible assets	128,777	20,138	148,915
Less accumulated depreciation	(98,941,279)	(3,061,470)	(102,002,749)
Total assets	<u>343,572,707</u>	<u>13,326,097</u>	<u>356,898,804</u>
Deferred outflows of resources			
Deferred outflows of resources related to refunded debt	<u>1,635,363</u>	<u>-</u>	<u>1,635,363</u>
Total assets and deferred outflows of resources	<u>\$ 345,208,070</u>	<u>\$ 13,326,097</u>	<u>\$ 358,534,167</u>
Liabilities			
Accounts payable	\$ 2,639,308	\$ 154,360	\$ 2,793,668
Due to other governments	556	-	556
Accrued payroll	148,112	-	148,112
Accrued interest payable	87,091	8,690	95,781
Bonds, notes, and leases payable			
Due within one year	4,999,037	147,270	5,146,307
Due in more than one year	79,521,511	1,664,738	81,186,249
Compensated absences			
Due within one year	333,635	-	333,635
Due in more than one year	421,871	-	421,871
Total liabilities	<u>88,151,121</u>	<u>1,975,058</u>	<u>90,126,179</u>
Deferred inflows of resources			
Deferred inflows related to lease income	<u>544,601</u>	<u>-</u>	<u>544,601</u>
Net position			
Net investment in capital assets	215,839,200	9,230,354	225,069,554
Restricted for			
Debt service	-	179,344	179,344
Unrestricted	40,673,148	1,941,341	42,614,489
Total net position	<u>256,512,348</u>	<u>11,351,039</u>	<u>267,863,387</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 345,208,070</u>	<u>\$ 13,326,097</u>	<u>\$ 358,534,167</u>

Papio-Missouri River Natural Resources District
Statement of Activities
Year Ended June 30, 2022

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	\$ 5,851,898	\$ 208,568	\$ 26,663	\$ -	\$ (5,616,667)	\$ -	\$ (5,616,667)
Flood prevention	22,667,683	34,400	3,162,038	50,329	(19,420,916)	-	(19,420,916)
Erosion control	664,233		-	165,589	(498,644)	-	(498,644)
Forestry and wildlife	177,114	6,509	-	-	(170,605)	-	(170,605)
Water quality	687,143	1,030	409,440	-	(276,673)	-	(276,673)
Recreation	2,220,886	16,804	167,636	5,320,062	3,283,616	-	3,283,616
Information and education	167,638	-	-	-	(167,638)	-	(167,638)
Interest on long-term debt	1,970,744	-	-	-	(1,970,744)	-	(1,970,744)
Total governmental activities	<u>34,407,339</u>	<u>267,311</u>	<u>3,765,777</u>	<u>5,535,980</u>	<u>(24,838,271)</u>	<u>-</u>	<u>(24,838,271)</u>
Business-type activities							
Washington County Rural Water	791,954	1,035,424	-	-	-	243,470	243,470
Non-major proprietary funds	664,219	583,842	-	751,635	-	671,258	671,258
Total business-type activities	<u>1,456,173</u>	<u>1,619,266</u>	<u>-</u>	<u>751,635</u>	<u>-</u>	<u>914,728</u>	<u>914,728</u>
Total governmental and business-type activities	<u>\$ 35,863,512</u>	<u>\$ 1,886,577</u>	<u>\$ 3,765,777</u>	<u>\$ 6,287,615</u>	<u>\$ (24,838,271)</u>	<u>\$ 914,728</u>	<u>\$ (23,923,543)</u>
General revenues							
Property taxes					\$ 29,281,945	\$ -	\$ 29,281,945
Watershed					2,895,239	-	2,895,239
Assessment income					-	90,942	90,942
Gain on sale of capital assets					-	4,500	4,500
Interest income					103,765	6,789	110,554
Transfers					(220,360)	220,360	-
Total general revenues					<u>32,060,589</u>	<u>322,591</u>	<u>32,383,180</u>
Change in net position					<u>7,222,318</u>	<u>1,237,319</u>	<u>8,459,637</u>
Net position - beginning, as previously stated					249,290,030	10,113,720	259,403,750
Prior period adjustment (see Note 15)					-	-	-
Net position - beginning, restated					<u>249,290,030</u>	<u>10,113,720</u>	<u>259,403,750</u>
Net position - ending					<u>\$ 256,512,348</u>	<u>\$ 11,351,039</u>	<u>\$ 267,863,387</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Balance Sheet - Governmental Funds
June 30, 2022

Assets	
Cash and investments	\$ 8,824,586
Cash on deposit with County Treasurers	590,472
Certificates of deposit	-
Investments	39,582,412
Receivables	
Taxes	10,637,225
Leases	540,274
Interest	2,281
Prepaid items	332,112
Due from other funds	352,457
Due from other governments	4,842,195
	<hr/>
Total assets	<u><u>\$ 65,704,014</u></u>
Liabilities	
Accounts payable	\$ 2,639,308
Due to other governments	556
Accrued payroll	148,112
Compensated absences	333,635
Total liabilities	<hr/> <u>3,121,611</u>
Deferred inflows of resources	
Unavailable revenue - property taxes	824,610
Deferred lease income	544,601
Total deferred inflows of resources	<hr/> <u>1,369,211</u>
Fund balances (deficits)	
Nonspendable	332,112
Restricted	20,855,692
Committed	14,820,338
Assigned	-
Unassigned	25,205,050
Total fund balances (deficits)	<hr/> <u>61,213,192</u>
 Total liabilities, deferred inflows of resources, and fund balances (deficits)	
	 <u><u>\$ 65,704,014</u></u>

**Papio-Missouri River Natural Resources District
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2022**

Total fund balances - governmental funds	\$ 61,213,192
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	376,809,972
Less accumulated depreciation	(98,941,279)
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	(82,427,420)
Premium on bonds payable	(2,093,128)
Compensated absences payable	(421,871)
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	824,610
Deferred costs on refunded debt are not financial resources	1,635,363
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(87,091)</u>
Total net position - governmental activities	<u><u>\$ 256,512,348</u></u>

**Papio-Missouri River Natural Resources District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2022**

Revenues	
General administration	\$ 28,904,605
Flood prevention	6,197,816
Erosion control	165,589
Forestry and wildlife	6,518
Water quality	410,612
Recreation	184,440
Total revenues	<u>35,869,580</u>
Expenditures	
Current	
General administration	5,491,321
Flood prevention	2,641,059
Erosion control	664,233
Forestry and wildlife	177,114
Water quality	680,724
Recreation	1,502,849
Information and education	167,638
Debt service	
Principal	4,809,457
Interest and other charges	2,087,051
Capital outlay	28,231,182
Total expenditures	<u>46,452,628</u>
Excess of revenues over (under) expenditures	<u>(10,583,048)</u>
Other financing sources (uses)	
Proceeds from sale of capital asset	2,538,914
Bonds issued	28,190,000
Bond premium	2,169,982
Financed purchase proceeds	226,338
Transfers out	(220,360)
Total other financing sources (uses)	<u>32,904,874</u>
Net change in fund balances	<u>22,321,826</u>
Fund balances	
Beginning of year	<u>38,891,366</u>
End of year	<u><u>\$ 61,213,192</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, 2022

Net change in fund balances - governmental funds \$ 22,321,826

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	33,551,244
Depreciation expense	(5,140,283)
Net book value of disposals and transfers	(18,568,330)

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

58,042

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.

Principal payments on bonds payable	3,270,000
Principal payments on notes payable	1,293,612
Principal payments on financed purchase payable	245,845

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.

(33,131)

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.

Financed purchase proceeds	(226,338)
Issuance of bonds	(28,190,000)
Effects of bond premiums, discounts and related items	(1,873,354)
Amortization of deferred cost on refunded debt	(147,190)

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	660,375
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Change in net position - governmental activities	\$ 7,222,318
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Papio-Missouri River Natural Resources District
Statement of Net Position - Proprietary Funds
June 30, 2022

	Washington Rural County	Total Non- Major	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 852,601	\$ 567,926	\$ 1,420,527
Certificates of deposit	479,989	387,932	867,921
Service receivable	68,235	41,411	109,646
Interest receivable	326	192	518
Due from other governments	-	95	95
Inventories	30,639	34,267	64,906
Total current assets	<u>1,431,790</u>	<u>1,031,823</u>	<u>2,463,613</u>
Noncurrent assets			
Restricted certificates of deposit	135,795	43,549	179,344
Capital assets			
Land	1,000	365,391	366,391
Capital improvements and infrastructure	7,537,043	5,658,405	13,195,448
Vehicles and equipment	114,276	99,729	214,005
Intangible assets	11,902	8,236	20,138
Construction in progress	-	301,085	301,085
Total capital assets	<u>7,664,221</u>	<u>6,432,846</u>	<u>14,097,067</u>
Less accumulated depreciation and amortization	<u>(1,726,199)</u>	<u>(1,335,271)</u>	<u>(3,061,470)</u>
Capital assets, net of	<u>5,938,022</u>	<u>5,097,575</u>	<u>11,035,597</u>
Accumulated depreciation	<u>6,073,817</u>	<u>5,141,124</u>	<u>11,214,941</u>
Total noncurrent assets	<u>6,073,817</u>	<u>5,141,124</u>	<u>11,214,941</u>
Total assets	<u>\$ 7,505,607</u>	<u>\$ 6,172,947</u>	<u>\$ 13,678,554</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 120,459	\$ 33,901	\$ 154,360
Accrued interest payable	1,529	7,161	8,690
Due to other funds	35,034	317,423	352,457
Due to other governments	-	-	-
Current portion of long-term debt	136,944	10,326	147,270
Total current liabilities	<u>293,966</u>	<u>368,811</u>	<u>662,777</u>
Long-term liabilities			
Financed purchase payable	6,766	5,791	12,557
Bonds payable, net	1,533,673	118,508	1,652,181
Total long-term liabilities	<u>1,540,439</u>	<u>124,299</u>	<u>1,664,738</u>
Total liabilities	<u>1,834,405</u>	<u>493,110</u>	<u>2,327,515</u>
Net position			
Net investment in capital assets	4,267,405	4,962,949	9,230,354
Restricted	135,795	43,549	179,344
Unrestricted	1,268,002	673,339	1,941,341
Total net position	<u>5,671,202</u>	<u>5,679,837</u>	<u>11,351,039</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,505,607</u>	<u>\$ 6,172,947</u>	<u>\$ 13,678,554</u>

Papio-Missouri River Natural Resources District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2022

	Washington Rural County	Total Non- Major Proprietary	Total
Sales and cost of sales			
Sales	\$ 908,673	\$ 535,226	\$ 1,443,899
Customer charges and hookup fees	126,576	47,804	174,380
Miscellaneous	175	812	987
Gross profit	<u>1,035,424</u>	<u>583,842</u>	<u>1,619,266</u>
Operating expenses			
Repairs and maintenance	14,104	16,578	30,682
Supplies and postage	19,421	14,365	33,786
Professional services	28,771	4,152	32,923
Personnel	121,553	258,103	379,656
Telephone, utilities and rent	12,964	14,693	27,657
Miscellaneous	5,912	1,830	7,742
Water purchase	302,285	154,685	456,970
Contract costs	89,858	8,908	98,766
Project construction and land	-	1,651	1,651
Project operation and maintenance	36,931	31,578	68,509
Depreciation and amortization	95,976	95,643	191,619
Vehicle expense	16,651	51,603	68,254
Other	2,466	2,121	4,587
Total operating expenses	<u>746,892</u>	<u>655,910</u>	<u>1,402,802</u>
Operating income (loss)	288,532	(72,068)	216,464
Nonoperating revenues (expenses)			
Investment income	4,113	2,676	6,789
Assessment revenue	-	90,942	90,942
Federal grants	-	751,635	751,635
Interest expense	(45,062)	(8,309)	(53,371)
Total nonoperating revenues (expenses)	<u>(40,949)</u>	<u>836,944</u>	<u>795,995</u>
Income (loss) before transfers	247,583	764,876	1,012,459
Gain (loss) on disposal of capital assets	4,500	-	4,500
Transfers in	<u>-</u>	<u>220,360</u>	<u>220,360</u>
Change in net position	252,083	985,236	1,237,319
Beginning of year	<u>5,419,119</u>	<u>4,694,601</u>	<u>10,113,720</u>
End of year	<u>\$ 5,671,202</u>	<u>\$ 5,679,837</u>	<u>\$ 11,351,039</u>

Papio-Missouri River Natural Resources District
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2022

	Washington Rural County	Non-Major Proprietary Funds	Total
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 1,016,445	\$ 1,402,826	\$ 2,419,271
Payments to suppliers	(459,997)	(298,352)	(758,349)
Payments to employees	(121,553)	(258,103)	(379,656)
Net cash flows - operating activities	<u>434,895</u>	<u>846,371</u>	<u>1,281,266</u>
Cash Flows - Noncapital Financing Activities			
Transfer to other funds	-	220,360	220,360
Transfer from other funds	-	(578,953)	(578,953)
Interfund balances	4,221	-	4,221
Net cash flows - noncapital financing activities	<u>4,221</u>	<u>(358,593)</u>	<u>(354,372)</u>
Cash Flows - Capital and Related Financing Activities			
Principal paid on debt	(143,195)	(27,027)	(170,222)
Interest paid on debt	(45,157)	(8,803)	(53,960)
Assessments	-	90,942	90,942
Federal grants	-	751,635	751,635
Debt proceeds	11,902	2,661	14,563
Proceeds from disposal of capital assets	4,500	2,660	7,160
Acquisition of capital assets	(48,105)	(1,213,215)	(1,261,320)
Net cash flows - capital and related financing activities	<u>(220,055)</u>	<u>(401,147)</u>	<u>(621,202)</u>
Cash Flows - Investing Activities			
Net maturity (purchase) of investments	(924)	(1,351)	(2,275)
Interest and dividends received	4,676	2,990	7,666
Net cash flows - investing activities	<u>3,752</u>	<u>1,639</u>	<u>5,391</u>
Net change in cash and cash equivalents	222,813	88,270	311,083
Cash and cash equivalents Beginning of year	<u>629,788</u>	<u>479,656</u>	<u>1,109,444</u>
End of year	<u><u>\$ 852,601</u></u>	<u><u>\$ 567,926</u></u>	<u><u>\$ 1,420,527</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 288,532	\$ (72,068)	\$ 216,464
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation expense	95,976	95,643	191,619
Accounts receivable	(18,979)	822	(18,157)
Due from other governments	-	818,162	818,162
Inventory	8,118	(12,452)	(4,334)
Accounts and contracts payable	65,048	19,293	84,341
Due to other governmental units	(3,800)	(3,029)	(6,829)
Total adjustments	<u>146,363</u>	<u>918,439</u>	<u>1,064,802</u>
Net cash flows - operating activities	<u><u>\$ 434,895</u></u>	<u><u>\$ 846,371</u></u>	<u><u>\$ 1,281,266</u></u>

Papio-Missouri River Natural Resources District
Statement of Fiduciary Net Position
June 30, 2022

	Papillion Creek Watershed Partnership	Southern Sarpy Watershed Partnership	Total
Assets			
Cash and investments	\$ 342,051	\$ 2,879,472	\$ 3,221,523
Due from other governments	750	-	750
Total assets	<u>\$ 342,801</u>	<u>\$ 2,879,472</u>	<u>\$ 3,222,273</u>
Liabilities			
Accounts payable	\$ -	\$ 33,274	\$ 33,274
Deferred revenue	184,000	-	184,000
Total liabilities	<u>\$ 184,000</u>	<u>\$ 33,274</u>	<u>\$ 217,274</u>
Net Position			
Held in trust	<u>\$ 158,801</u>	<u>\$ 2,846,198</u>	<u>\$ 3,004,999</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

	Papillion Creek Watershed Partnership	Southern Sarpy Watershed Partnership	Total
Additions			
Partnership dues	\$ 369,000	\$ 200,000	\$ 569,000
Watershed fees	-	298,810	298,810
Interest	498	4,584	5,082
Total additions	<u>369,498</u>	<u>503,394</u>	<u>872,892</u>
Deductions			
Contributions and cost shares	310,397	-	310,397
Professional services	20,081	371,059	391,140
Miscellaneous expenses	2,500	-	-
Total deductions	<u>332,978</u>	<u>371,059</u>	<u>701,537</u>
Change in net position	36,520	132,335	171,355
Net Position			
Beginning of year	<u>122,281</u>	<u>2,713,863</u>	<u>2,836,144</u>
End of year	<u>\$ 158,801</u>	<u>\$ 2,846,198</u>	<u>\$ 3,007,499</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 as a major proprietary fund 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 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 2021-22, the taxes levied totaled \$28,531,091 at a tax levy rate of \$0.035669 per \$100 of valuation on a total valuation of \$79,989,158,381.

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, 2022, was \$348,518. 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, 2022, 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, 2022:

	Total	General Funds	Proprietary Funds
Checking accounts and petty cash	\$ 10,391,443	\$ 8,973,769	\$ 1,417,674
Cash on hand at County Treasurers	590,472	590,472	-
Certificates of deposit	1,047,265	-	1,047,265
Investments	39,572,073	39,572,073	-
Total	<u>\$ 51,601,253</u>	<u>\$ 49,136,314</u>	<u>\$ 2,464,939</u>

The carrying amount of the District's deposits, including Fiduciary funds, was \$14,513,902 and the bank balances were \$14,660,230 at June 30, 2022. Certificates of deposit have been included in the bank and book balances for cash. At June 30, 2022, the entire bank balance was covered by the Federal Deposit Insurance Corporation ("FDIC") or collateralized.

Investments are stated at cost, which at June 30, 2022 approximates fair value. The District's investments consisted of \$39,572,073 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, 2022 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, 2022. The following is a summary of the reservations placed on cash and investments for the year ended June 30, 2022:

General Sinking Funds:

Restricted	\$ 20,855,692
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Unrestricted, but Committed Cash Accounts:

Committed to Wetland Mitigation and the development of future wetlands.	5,490
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The Board of Directors, by resolution has committed funds to be spent on costs incurred for Watershed Plan Projects.	12,154,209
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The Board of Directors, by resolution and in accordance with the Interlocal Cooperation Act Agreement, has committed funds to reimburse parties to this agreement that incurred costs as a result of the removal of ice jams.	143,263
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The Board of Directors, by resolution has committed funds to be spent on costs incurred proactively controlling noxious weeds along the Lower Platte River.	159,355
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The Board of Directors, by resolution has committed funds to be spent on costs incurred for flood protection from high flows on the Missouri River.	<u>2,358,021</u>
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Total general fund restrictions and commitments	<u><u>\$ 35,676,030</u></u>
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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, 2022, \$4,842,290 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, 2022, the District had receivables due from the federal government in the amount of \$1,173,705.

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, 2022 consisted of the following individual fund receivables and payables:

Due to	Due from	Amount
General Fund	Thurston County Rural Water	\$ 2,891
General Fund	Washington County Rural Water	35,034
General Fund	Dakota County Rural Water	30,087
General Fund	Elkhorn River Stabilization	240
General Fund	Elk/Pigeon Creek Drainage	251,536
General Fund	Western Sarpy Drainage	32,669
Total		<u>\$ 352,457</u>

NOTE 7 – INTERFUND TRANSACTIONS

During the year ended June 30, 2022, the General fund transferred \$8,105 and \$212,255 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, 2021	Additions	Transfers/ Deletions	Balance June 30, 2022
Not depreciated				
Land	\$ 68,463,407	\$ 13,337,804	\$ (12,204,257)	\$ 69,596,954
Construction in progress	49,239,565	19,206,112	(17,246,726)	51,198,951
	<u>117,702,972</u>	<u>32,543,916</u>	<u>(29,450,983)</u>	<u>120,795,905</u>
Depreciated				
Capital improvements and infrastructure	230,625,918	70,556	10,880,823	241,577,297
Buildings and improvements	7,601,143	433,552	-	8,034,695
Vehicles and equipment	5,976,800	451,973	(155,475)	6,273,298
Intangible assets	77,528	51,249	-	128,777
	<u>244,281,389</u>	<u>1,007,330</u>	<u>10,725,348</u>	<u>256,014,067</u>
Less accumulated depreciation and amortization	<u>(93,958,301)</u>	<u>(5,140,283)</u>	<u>157,305</u>	<u>(98,941,279)</u>
	<u>150,323,088</u>	<u>(4,132,953)</u>	<u>10,882,653</u>	<u>157,072,788</u>
	<u>\$ 268,026,060</u>	<u>\$ 28,410,963</u>	<u>\$ (18,568,330)</u>	<u>\$ 277,868,693</u>

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

General administration	\$ 418,619
Flood prevention	3,997,208
Water quality	6,419
Recreation	718,037
Total depreciation and amortization expense	<u>\$ 5,140,283</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, 2021	Additions	Transfers/ Deletions	Balance June 30, 2022
Not depreciated				
Land	\$ 214,215	\$ 152,176	\$ -	\$ 366,391
Construction in progress	407,343	1,052,803	(1,159,061)	301,085
	<u>621,558</u>	<u>1,204,979</u>	<u>(1,159,061)</u>	<u>667,476</u>
Depreciated				
Capital improvements and infrastructure	12,036,387	-	1,159,061	13,195,448
Vehicles and equipment	189,403	48,105	(23,503)	214,005
Intangible assets	23,162	8,236	(11,260)	20,138
	<u>12,248,952</u>	<u>56,341</u>	<u>1,124,298</u>	<u>13,429,591</u>
Less accumulated depreciation and amortization	(2,901,954)	(191,619)	32,103	(3,061,470)
	<u>9,346,998</u>	<u>(135,278)</u>	<u>1,156,401</u>	<u>10,368,121</u>
	<u>\$ 9,968,556</u>	<u>\$ 1,069,701</u>	<u>\$ (2,660)</u>	<u>\$ 11,035,597</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, 2022. 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	2019	December 2031	Semi-Annually	2.10% to 2.80%	\$ 32,300,000
General	2020	December 2033	Semi-Annually	0.34% to 1.77%	21,130,000
General	2021	December 2041	Semi-Annually	3.00% to 4.00%	28,190,000
General	Note payable	October 1, 2022	Annually	0.00%	458,612
General	Capital lease	October 1, 2024	Annually	3.49%	152,929
General	Capital lease	February 1, 2026	Annually	2.99%	142,104
General	Equipment lease	December 2022	Monthly	4.00%	1,115
General	Equipment lease	January 2023	Monthly	4.00%	7,806
General	Equipment lease	May 2023	Monthly	4.00%	1,452
General	Equipment lease	December 2024	Monthly	4.00%	43,402
					<u>\$ 82,427,420</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	\$ 475,000	\$ -	\$ (475,000)	\$ -	\$ -	\$ -
Flood Protection and Water Quality Enhancement Refunding Bonds - 2017	2,015,000	-	(2,015,000)	-	-	-
Flood Protection and Water Quality Enhancement Refunding Bonds - 2019	32,845,000	-	(545,000)	-	32,300,000	1,045,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2020	21,365,000	-	(235,000)	-	21,130,000	2,380,000
Limited Tax General Obligation Bonds, Series 2021	-	28,190,000	-	-	28,190,000	1,005,000
Bond Premium	219,774	2,169,982	(296,628)	-	2,093,128	-
Note payable - Private Company	336,667	-	(336,667)	-	-	-
Note payable - Private Company	498,333	-	(498,333)	-	-	-
Note payable - Private Company	917,225	-	(458,613)	-	458,612	458,612
Capital lease	200,506	-	(47,577)	-	152,929	49,238
Capital lease	140,783	-	(140,783)	-	-	-
Capital lease	-	175,089	(32,985)	-	142,104	33,972
Equipment lease	3,278	-	(2,163)	-	1,115	1,115
Equipment lease	20,771	-	(12,965)	-	7,806	7,806
Equipment lease	2,976	-	(1,524)	-	1,452	1,452
Equipment lease	-	51,249	(7,847)	-	43,402	16,842
Total	<u>\$ 59,040,313</u>	<u>\$ 30,586,320</u>	<u>\$ (5,106,085)</u>	<u>\$ -</u>	<u>\$ 84,520,548</u>	<u>\$ 4,999,037</u>

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
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%	\$ 1,140,000
Washington Rural Water	2016	December 2036	Semi-Annually	2.00%	272,767
Washington Rural Water	2018	December 2038	Semi-Annually	2.00%	255,525
Washington Rural Water	Equipment lease	November 2025	Monthly	3.00%	9,091
Thurston Rural Water	1993	February 2033	Annually	5.63%	127,310
Dakota Rural Water	Equipment lease	November 2025	Quarterly	3.00%	1,904
Dakota Rural Water	Equipment lease	July 2027	Monthly	3.00%	5,411
					<u>\$ 1,812,008</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, 2022 follows:

Year(s) ending June 30	General Funds		Proprietary Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,999,037	\$ 1,959,554	\$ 147,270	\$ 48,816	\$ 5,146,307	\$ 2,008,370
2024	4,718,473	1,863,732	148,478	45,298	4,866,951	1,909,030
2025	4,912,799	1,743,330	149,728	41,527	5,062,527	1,784,857
2026	5,092,111	1,622,426	155,093	37,654	5,247,204	1,660,080
2027	5,275,000	1,499,231	154,156	33,491	5,429,156	1,532,722
2028-2032	29,985,000	5,398,095	840,140	95,298	30,825,140	5,493,393
2033-2037	18,700,000	2,086,516	190,553	12,821	18,890,553	2,099,337
2038-2042	8,745,000	671,625	26,590	531	8,771,590	672,156
	<u>\$ 82,427,420</u>	<u>\$ 16,844,509</u>	<u>\$ 1,812,008</u>	<u>\$ 315,436</u>	<u>\$ 84,239,428</u>	<u>\$ 17,159,945</u>

Compensated Absences

The estimated current portion of the liability for vested vacation benefits and sick leave is \$275,963 and \$57,672 at June 30, 2022, 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 \$121,345 and \$300,526, respectively, at June 30, 2022. 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 \$1,074,593 at June 30, 2022, and is not reported as an expenditure or liability in any of the District's June 30, 2022 financial statements.

The change in compensated absences for the year ended June 30, 2022 was as follows:

Governmental-type Activity:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 822,958</u>	<u>\$318,981</u>	<u>\$(386,433)</u>	<u>\$ 755,506</u>	<u>\$ 333,635</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, 2022 as follows:

Nonspendable		
Prepaid expenses	\$	332,112
Restricted		
Bond proceeds - NPAIT	\$	20,845,345
Premium on NPAIT investments		<u>10,347</u>
Total restricted		20,855,692
Committed		
Wetland mitigation		5,490
Watershed fees		12,154,209
Ice jam		143,263
Lower Platte weed		159,355
Missouri River levee		<u>2,358,021</u>
Total committed		14,820,338
Unassigned		<u>25,205,050</u>
Total fund balance	\$	<u><u>61,213,192</u></u>

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.

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

NOTE 11 – EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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, 2022 were \$212,100, which were the required contributions. Plan forfeitures, if any, are allocated to the other active participants in the plan.

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 \$23,678,698. 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, 2022.

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, 2022, a reasonable estimate could not be determined for any potential loss contingencies.

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

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.

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, 2022. The District did not pay any settlement amounts, which exceeded its insurance coverage for the years ending June 30, 2022.

NOTE 16 – SUBSEQUENT EVENT

Management has evaluated subsequent events through December 2, 2022, the date which these financial statements were available to be issued.

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, 2022

	Actual	Original Budget	Final Budget	Variance Favorable (Unfavorable)
Revenues				
General administration	\$ 25,637,002	\$ 28,648,479	\$ 28,648,479	\$ (3,011,477)
Watershed fund	7,476,912	37,865,165	37,865,165	(30,388,253)
Flood control	1,655,603	4,329,657	4,329,657	(2,674,054)
Erosion control	1,023,265	1,857,507	1,857,507	(834,242)
Forestry and wildlife	6,518	1,803,010	1,803,010	(1,796,492)
Water quality	458,862	538,700	538,700	(79,838)
Recreation	492,159	1,091,317	1,091,317	(599,158)
Total revenues	<u>36,750,321</u>	<u>76,133,835</u>	<u>76,133,835</u>	<u>(39,383,514)</u>
Expenditures				
Current				
General administration	10,731,210	11,936,923	11,936,923	1,205,713
Information and Education	160,823	227,500	227,500	66,677
Watershed fund	15,733,211	29,889,002	29,889,002	14,155,791
Flood control	10,480,649	18,500,665	18,500,665	8,020,016
Erosion control	3,198,584	6,084,339	6,084,339	2,885,755
Recreation	2,554,709	5,807,113	5,807,113	3,252,404
Forestry and wildlife	2,508,646	6,008,000	6,008,000	3,499,354
Water quality	739,607	1,276,015	1,276,015	536,408
Total expenditures	<u>46,107,439</u>	<u>79,729,557</u>	<u>79,729,557</u>	<u>33,622,118</u>
Excess of revenues over (under) expenditures	(9,357,118)	(3,595,722)	(3,595,722)	(5,761,396)
Other financing sources (uses)				
Proceeds from sale of capital asset	2,538,914	-	-	2,538,914
Bonds issued	28,190,000	-	-	28,190,000
Bond premium	2,169,982	-	-	2,169,982
Lease proceeds	226,338	-	-	226,338
Transfers out	(220,360)	-	-	(220,360)
Total other financing sources (uses)	<u>32,904,874</u>	<u>-</u>	<u>-</u>	<u>32,904,874</u>
Net change in fund balances	23,547,756	<u>(3,595,722)</u>	<u>(3,595,722)</u>	<u>27,143,478</u>
Adjustments Required Under Accounting Principles				
Generally Accepted in the United States of America				
To adjust revenues for accruals	4,264,230			
To adjust expenditures for accruals and prepaids	<u>(5,490,130)</u>			
Excess of revenues over expenditures				
Modified accrual basis increase in fund balance	22,321,856			
Beginning of year	<u>38,891,336</u>			
End of year	<u>\$ 61,213,192</u>			

Papio-Missouri River Natural Resources District
Notes To Budgetary Comparison Schedule
For The Year Ended June 30, 2022

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, 2022

Revenues	
Federal grants	\$ 559,183
Interest income	103,765
Local agency grants	3,383,635
Miscellaneous income	90,696
Property tax	28,621,570
Rental income	176,615
State grants	2,866,815
Sale of assets	2,538,914
Issuance of leases payable	226,338
Issuance of refunding bonds	30,359,982
Total revenues	<u>68,927,513</u>
Expenditures	
Board of directors	57,511
Contract work	893,771
Cost-sharing and conservation assistance	2,458,731
Debt principal payments	4,809,457
Employee benefits	1,118,607
Fees	303,195
Indirect personnel reimbursement	(433,520)
Information and education	53,873
Insurance	320,228
Interest expense	1,727,418
Machinery and equipment	161,742
Miscellaneous	151,830
Payroll taxes	270,894
Personnel	3,621,278
Printing and publications	34,392
Professional services	3,571,179
Project construction and land	24,580,071
Project legal costs	213,115
Project operation and maintenance	413,236
Repairs and maintenance	383,897
Special projects	261,091
Supplies and postage	273,972
Telephone, utilities, and rent	230,271
Travel	30,628
Transfer to other fund	220,360
Vehicle expense	518,827
Debt issuance costs	359,633
Total expenditures	<u>46,605,687</u>
Revenues and other sources over	
Expenditures and other uses	<u>22,321,826</u>
Beginning of year	<u>38,891,366</u>
End of year	<u>\$ 61,213,192</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, 2022

	Washington Rural County			Non-Major proprietary funds			Total		
	Budget			Budget			Budget		
	Actual	Original	Final	Actual	Original	Final	Actual	Original	Final
Sales and cost of sales									
Sales	\$ 908,673	\$ 815,000	\$ 815,000	\$ 535,226	\$ 510,000	\$ 510,000	\$ 1,443,899	\$ 1,350,226	\$ 1,350,226
Customer charges and hookup fees	126,576	90,000	90,000	47,804	34,425	34,425	174,380	124,425	124,425
Miscellaneous	175	250	250	812	350	350	987	600	600
Gross profit	<u>1,035,424</u>	<u>905,250</u>	<u>905,250</u>	<u>583,842</u>	<u>544,775</u>	<u>544,775</u>	<u>1,619,266</u>	<u>1,475,251</u>	<u>1,475,251</u>
Operating expenses									
Repairs and maintenance	14,104	16,000	16,000	16,578	2,000	2,000	30,682	18,000	18,000
Supplies and postage	19,421	19,200	19,200	14,365	13,850	13,850	33,786	33,050	33,050
Professional services	28,771	28,500	28,500	4,152	13,250	13,250	32,923	41,750	41,750
Personnel	121,553	228,000	228,000	258,103	234,000	234,000	379,656	462,000	462,000
Telephone, utilities and rent	12,964	23,400	23,400	14,693	15,800	15,800	27,657	39,200	39,200
Miscellaneous	5,912	2,700	2,700	1,830	1,900	1,900	7,742	4,600	4,600
Water purchase	302,285	275,000	275,000	154,685	141,000	141,000	456,970	416,000	416,000
Contract costs	89,858	142,000	142,000	8,908	3,269,208	3,269,208	98,766	3,411,208	3,411,208
Project construction and land	-	150	150	1,651	1,500	1,500	1,651	1,650	1,650
Project operation and maintenance	36,931	10,000	10,000	31,578	20,000	20,000	68,509	30,000	30,000
Depreciation and amortization	95,976	-	-	95,643	-	-	191,619	-	-
Vehicle expense	16,651	35,000	35,000	51,603	51,300	51,300	68,254	86,300	86,300
Bond expenditures	-	129,035	129,035	-	27,675	27,675	-	156,710	156,710
Other	2,466	-	-	2,121	800	800	4,587	800	800
Total operating expenses	<u>746,892</u>	<u>908,985</u>	<u>908,985</u>	<u>655,910</u>	<u>3,792,283</u>	<u>3,792,283</u>	<u>1,402,802</u>	<u>4,701,268</u>	<u>4,701,268</u>
Operating income (loss)	288,532	(3,735)	(3,735)	(72,068)	(3,247,508)	(3,247,508)	216,464	(3,226,017)	(3,226,017)
Nonoperating revenues (expenses)									
Investment income	4,113	3,400	3,400	2,676	1,818	1,818	6,789	5,218	5,218
Assessment revenue	-	-	-	90,942	80,000	80,000	90,942	80,000	80,000
Federal grants	-	-	-	751,635	-	-	751,635	-	-
Interest expense	(45,062)	(48,310)	(48,310)	(8,309)	(14,618)	(14,618)	(53,371)	(62,928)	(62,928)
Total nonoperating revenues (expenses)	<u>(40,949)</u>	<u>(44,910)</u>	<u>(44,910)</u>	<u>836,944</u>	<u>67,200</u>	<u>67,200</u>	<u>795,995</u>	<u>22,290</u>	<u>22,290</u>
Income (loss) before transfers	247,583	(48,645)	(48,645)	764,876	(3,180,308)	(3,180,308)	1,012,459	(3,203,727)	(3,203,727)
Loan proceeds	-	-	-	-	3,321,650	3,321,650	-	3,321,650	3,321,650
Gain (loss) on disposal of capital assets	4,500	4,500	4,500	-	-	-	4,500	4,500	4,500
Transfers in	-	-	-	220,360	50,000	50,000	220,360	50,000	50,000
Transfers out	-	-	-	-	(88,000)	(88,000)	-	(88,000)	(88,000)
Change in net position	252,083	(44,145)	(44,145)	985,236	103,342	103,342	1,237,319	84,423	84,423
Beginning of year	<u>5,419,119</u>			<u>4,694,601</u>			<u>10,113,720</u>		
End of year	<u>\$ 5,671,202</u>			<u>\$ 5,679,837</u>			<u>\$ 11,351,039</u>		

Papio-Missouri River Natural Resources District
Combining Statement of Net Position - Non-Major Proprietary Funds
June 30, 2022

	Elk/Pigeon Creek Drainage	Elkhorn River Stabilization	Western Sarpy Drainage	Elkhorn Breakout	Dakota Rural Water	Thurston Rural Water	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 101,980	\$ 40,208	\$ 29,934	\$ 6,676	\$ 221,248	\$ 167,880	\$ 567,926
Certificates of deposit	-	-	-	-	387,932	-	387,932
Accounts receivable	-	-	-	-	32,822	8,589	41,411
Interest receivable	-	-	-	-	155	37	192
Due from other governments	-	-	-	95	-	-	95
Inventories	-	-	-	-	32,513	1,754	34,267
Total current assets	<u>101,980</u>	<u>40,208</u>	<u>29,934</u>	<u>6,771</u>	<u>674,670</u>	<u>178,260</u>	<u>1,031,823</u>
Noncurrent assets							
Restricted certificates of deposit	-	-	-	-	-	43,549	43,549
Capital assets							
Land	363,391	-	-	-	1,000	1,000	365,391
Infrastructure	1,379,612	983,337	-	-	1,837,321	1,458,135	5,658,405
Equipment	-	-	-	-	99,729	-	99,729
Intangibles	-	-	-	-	8,236	-	8,236
Construction in progress	-	-	-	-	301,085	-	301,085
Total capital assets	<u>1,743,003</u>	<u>983,337</u>	<u>-</u>	<u>-</u>	<u>2,247,371</u>	<u>1,459,135</u>	<u>6,432,846</u>
Less accumulated depreciation	<u>(57,633)</u>	<u>(40,972)</u>	<u>-</u>	<u>-</u>	<u>(830,288)</u>	<u>(406,378)</u>	<u>(1,335,271)</u>
Capital assets, net of							
Accumulated depreciation	<u>1,685,370</u>	<u>942,365</u>	<u>-</u>	<u>-</u>	<u>1,417,083</u>	<u>1,052,757</u>	<u>5,097,575</u>
Total noncurrent assets	<u>1,685,370</u>	<u>942,365</u>	<u>-</u>	<u>-</u>	<u>1,417,083</u>	<u>1,096,306</u>	<u>5,141,124</u>
Total assets	<u>1,787,350</u>	<u>\$ 982,573</u>	<u>29,934</u>	<u>6,771</u>	<u>2,091,753</u>	<u>1,274,566</u>	<u>6,172,947</u>
Liabilities							
Current liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 26,494	\$ 7,407	\$ 33,901
Accrued interest payable	-	-	-	-	-	7,161	7,161
Due to other funds	251,536	240	32,669	-	30,087	2,891	317,423
Due to other governments	-	-	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	1,524	8,802	10,326
Total current liabilities	<u>251,536</u>	<u>240</u>	<u>32,669</u>	<u>-</u>	<u>58,105</u>	<u>26,261</u>	<u>368,811</u>
Long-term liabilities							
Financed purchase payable	-	-	-	-	5,791	-	5,791
Bonds payable, net	-	-	-	-	-	118,508	118,508
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,791</u>	<u>118,508</u>	<u>124,299</u>
Total liabilities	<u>251,536</u>	<u>240</u>	<u>32,669</u>	<u>-</u>	<u>63,896</u>	<u>144,769</u>	<u>493,110</u>
Net position							
Net investment in capital assets	1,685,370	942,365	-	-	1,409,767	925,447	4,962,949
Restricted	-	-	-	-	-	43,549	43,549
Unrestricted	<u>(149,556)</u>	<u>39,968</u>	<u>(2,735)</u>	<u>6,771</u>	<u>618,090</u>	<u>160,801</u>	<u>673,339</u>
Total net position	<u>1,535,814</u>	<u>982,333</u>	<u>(2,735)</u>	<u>6,771</u>	<u>2,027,857</u>	<u>1,129,797</u>	<u>5,679,837</u>
Total liabilities and net position	<u>\$ 1,787,350</u>	<u>\$ 982,573</u>	<u>\$ 29,934</u>	<u>\$ 6,771</u>	<u>\$ 2,091,753</u>	<u>\$ 1,274,566</u>	<u>\$ 6,172,947</u>

Papio-Missouri River Natural Resources District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2022

	Elk/Pigeon Creek Drainage			Elkhorn River Stabilization			Western Sarpy Drainage			Elkhorn Breakout		
	Budget			Budget			Budget			Budget		
	Actual	Original	Final	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	-	-	-	-	-	-	-	5,500	5,500	-	-	-
Personnel	4,249	5,000	5,000	240	5,000	5,000	32,669	10,000	10,000	-	-	-
Telephone, utilities and rent	-	500	500	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Water purchase	-	-	-	-	-	-	-	-	-	-	-	-
Contract costs	-	1,000	1,000	-	-	-	-	5,000	5,000	-	-	-
Project construction and land	-	-	-	-	-	-	-	-	-	-	-	-
Project operation and maintenance	-	-	-	-	-	-	-	3,000	3,000	-	-	-
Depreciation and amortization	22,344	-	-	19,666	-	-	-	-	-	-	-	-
Vehicle expense	-	-	-	-	-	-	38,800	38,800	38,800	-	-	-
Bond expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	26,593	6,500	6,500	19,906	5,000	5,000	71,469	62,300	62,300	-	-	-
Operating income (loss)	(26,593)	(6,500)	(6,500)	(19,906)	(5,000)	(5,000)	(71,469)	(62,300)	(62,300)	-	-	-
Nonoperating revenues (expenses)												
Investment income	123	55	55	39	3	3	73	50	50	11	10	10
Assessment revenue	51,377	45,000	45,000	19,911	20,000	20,000	19,654	15,000	15,000	-	-	-
Federal grants	751,635	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	803,135	45,055	45,055	19,950	20,003	20,003	19,727	15,050	15,050	11	10	10
Income (loss) before transfers	776,542	38,555	38,555	44	15,003	15,003	(51,742)	(47,250)	(47,250)	11	10	10
Loan proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	212,255	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(88,000)	(88,000)	-	-	-	-	-	-	-	-	-
Change in net position	988,797	(49,445)	(49,445)	44	15,003	15,003	(51,742)	(47,250)	(47,250)	11	10	10
Beginning of year	547,017			982,289			49,007			6,760		
End of year	<u>\$ 1,535,814</u>			<u>\$ 982,333</u>			<u>\$ (2,735)</u>			<u>\$ 6,771</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, 2022

Dakota Rural Water			Thurston Rural Water			Total		
Actual	Budget		Actual	Budget		Actual	Budget	
	Original	Final		Original	Final		Original	Final
\$ 377,863	\$ 360,000	\$ 360,000	\$ 157,363	\$ 150,000	\$ 150,000	\$ 535,226	\$ 510,000	\$ 510,000
33,155	19,500	19,500	14,649	14,925	14,925	47,804	34,425	34,425
187	250	250	625	100	100	812	350	350
411,205	379,750	379,750	172,637	165,025	165,025	583,842	544,775	544,775
15,522	1,500	1,500	1,056	500	500	16,578	2,000	2,000
9,593	11,500	11,500	4,772	2,350	2,350	14,365	13,850	13,850
3,102	6,000	6,000	1,050	1,750	1,750	4,152	13,250	13,250
196,471	180,000	180,000	24,474	34,000	34,000	258,103	234,000	234,000
4,113	5,900	5,900	10,580	9,400	9,400	14,693	15,800	15,800
595	1,000	1,000	1,235	900	900	1,830	1,900	1,900
100,420	95,000	95,000	54,265	46,000	46,000	154,685	141,000	141,000
8,908	3,236,208	3,236,208	-	27,000	27,000	8,908	3,269,208	3,269,208
1,651	1,500	1,500	-	-	-	1,651	1,500	1,500
13,491	15,000	15,000	18,087	2,000	2,000	31,578	20,000	20,000
37,787	-	-	15,846	-	-	95,643	-	-
12,803	12,500	12,500	-	-	-	51,603	51,300	51,300
-	-	-	-	27,675	27,675	-	27,675	27,675
1,713	600	600	408	200	200	2,121	800	800
406,169	3,566,708	3,566,708	131,773	151,775	151,775	655,910	3,792,283	3,792,283
5,036	(3,186,958)	(3,186,958)	40,864	13,250	13,250	(72,068)	(3,247,508)	(3,247,508)
1,816	1,200	1,200	614	500	500	2,676	1,818	1,818
-	-	-	-	-	-	90,942	80,000	80,000
-	-	-	-	-	-	751,635	-	-
(112)	-	-	(8,197)	(14,618)	(14,618)	(8,309)	(14,618)	(14,618)
1,704	1,200	1,200	(7,583)	(14,118)	(14,118)	836,944	67,200	67,200
6,740	(3,185,758)	(3,185,758)	33,281	(868)	(868)	764,876	(3,180,308)	(3,180,308)
-	3,321,650	3,321,650	-	-	-	-	3,321,650	3,321,650
-	-	-	-	-	-	-	-	-
8,105	50,000	50,000	-	-	-	220,360	50,000	50,000
-	-	-	-	-	-	-	(88,000)	(88,000)
14,845	185,892	185,892	33,281	(868)	(868)	985,236	103,342	103,342
2,013,012			1,096,516			4,694,601		
<u>\$ 2,027,857</u>			<u>\$ 1,129,797</u>			<u>\$ 5,679,837</u>		

Papio-Missouri River Natural Resources District
Schedule of Certificates of Deposit
Proprietary Funds
June 30, 2022

	<u>Cost</u>	<u>Interest Rate</u>
General Fund		
Certificate of deposit		
Dakota County		
Access Bank	\$ 110,812	0.45%
Access Bank	111,120	0.45%
Bank First	66,000	0.24%
Siouxland National Bank	100,000	0.15%
	<u>387,932</u>	
Washington County		
American National Bank	200,000	0.10%
United Republic Bank	107,918	0.50%
United Republic Bank	107,071	0.35%
Premier Bank	135,795	0.40%
Premier Bank	65,000	0.40%
	<u>615,784</u>	
Thurston County		
Premier Bank	43,549	0.40%
	<u>43,549</u>	
	<u>\$ 1,047,265</u>	

Papio-Missouri River Natural Resources District
Schedule Of Insurance Policies And Bonds
June 30, 2022

REAL AND PERSONAL PROPERTY

Real & Personal property; total limit \$20,786,163; 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 \$3,625,424 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, 2022

County

Douglas	\$ 7,221,659
Sarpy	2,626,304
Washington	449,603
Dakota	213,191
Burt	80,665
Thurston	45,467
Dodge	<u>336</u>
	10,637,225
Net taxes collected within 60 days after year end	<u>9,812,615</u>
Unavailable revenue	<u><u>\$ 824,610</u></u>

Papio-Missouri River Natural Resources District
Schedule of Cash Held by County Treasurers
Governmental Fund
June 30, 2022

County

Douglas	\$ 433,031
Sarpy	127,376
Washington	13,771
Dakota	11,267
Burt	2,815
Thurston	744
Dodge	<u>1,468</u>
	<u><u>\$ 590,472</u></u>

Papio-Missouri River Natural Resources District
Information Required by Section 2-3223, N.R.S - 1975
For the Year Ended June 30, 2022

Gross income from all sources	\$ 47,553,795
Amount expended for	
Maintenance	2,948,429
Improvement and other such programs	<u>33,413,028</u>
Total maintenance and improvements	36,361,457
Amount of depreciation on property during previous year	5,302,286
Number of employees as of June 30, 2021	<u>52</u>
Gross salaries	3,771,546
Less amount reimbursed by projects	<u>(348,518)</u>
Net salaries paid to employees	<u><u>\$ 3,423,028</u></u>

Papio-Missouri River Natural Resources District
Schedule Of Expenditures Of Federal Awards
For The Year Ended June 30, 2022

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			
Hazard Mitigation Grant Program	PDM-2018-NE	97.039	\$ 4,355
Hazard Mitigation Grant Program	DR-4420-NE-0009	97.039	149,324
Hazard Mitigation Grant Program	DR-4420-NE-0008	97.039	172,004
Hazard Mitigation Grant Program	DR-4420-NE-0007	97.039	<u>5,971</u>
Total U.S. Department of Homeland Security			\$ 331,654
U.S. Department of Agriculture -			
Watershed Protection and Flood Prevention		10.904	41,803
Emergency Watershed Protection Program		10.923	751,635
Regional Conservation Partnership Program		10.932	<u>61,939</u>
Total U.S. Department of Agriculture			855,377
U.S. Environmental Protection Agency			
Passed through the Nebraska Department of Environment & Energy			
Nonpoint Source Implementation Grants	2020-101999823	66.460	123,786
Total U.S. Environmental Protection Agency			<u>123,786</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,310,816</u></u>

pagePapio-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 though 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, 2022 consist of:

CFDA Number	Program/Cluster Name	Outstanding Balance at June 30, 2022
66.468	Capitalization Grants for Safe Drinking Water State Revolving Fund	\$528,292

**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, 2022, 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, 2022.

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

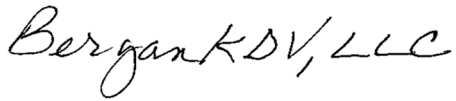
As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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
December 2, 2022

**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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Papio-Missouri River Natural Resources District's federal programs.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Papio-Missouri River Natural Resources District's compliance based on our audit.

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

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

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

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

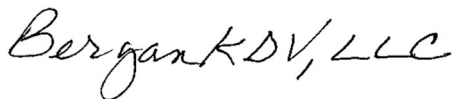
Report on Internal Control over Compliance

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

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

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

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
December 2, 2022

**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.:	10.923
Name of Federal Program or Cluster:	Emergency Watershed Protection Program
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, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance).

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 1, 2021, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our Responsibility in Relation to Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the District's compliance with those requirements.

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.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm firms have complied with relevant ethical requirements regarding independence.

Significant Risks Identified

We have considered the following significant risks when developing our audit approach:

- Management override of control: Oversight of the District results in errors or fraud that may occur through journal entries or access to underlying data.

Qualitative Aspects of the District's Significant Accounting Policies

Significant Accounting Policies

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 fiscal year ended June 30, 2022. We noted no transactions entered into by the District 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.

Significant Accounting Estimates

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.

Financial Statement Disclosures

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.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered During our Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

We identified the following uncorrected misstatement of the basic financial statements. Management has determined their effect is immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole and each opinion unit.

- Vacation and Sick Leave Payables

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Please see the attached schedule of Adjusting Journal Entries Posted for the material misstatements that we identified as a result of our audit procedures and which were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated December 2, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the District, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

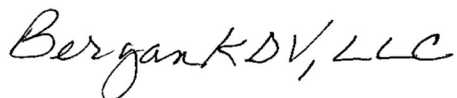
We were engaged to report on schedule of expenditures of federal awards, which accompany the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting described in Note 1 of the financial statements, the method of preparing this schedule has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other supplementary information accompanying the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

Restriction on Use

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.

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

Omaha, Nebraska
December 2, 2022