

## MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

From: Carey Fry, District Accountant

Subject: FY 2015 Audit

Date: December 4, 2015

- **It is staff's recommendation that the FEL Subcommittee recommend to the Board of Directors that the FY2015 Audit Report, prepared by HSMC Orizon, LLC, 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.**

December 3, 2015

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, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 13, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements are related to the useful lives of depreciable assets, and allowance on accounts receivable.

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 commitments and contingencies of the District.

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

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected the misstatement included on the attached schedule. No other misstatements were detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 6, 2015.

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

We applied certain limited procedures to the budgetary schedules, which are Required Supplementary Information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Board of Directors  
**Papio-Missouri River Natural Resources District**  
December 3, 2015  
Page Three

We were engaged to report on the schedule of expenditures of federal awards on pages, which accompany the financial statements but are not RSI. 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 accounting principles generally accepted in the United States of America, the method of preparing it 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 additional supplemental schedules, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

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.

  
**HSMC ORIZON LLC**

**Papio Missouri Natural Resources District**  
**Schedule of Audit Adjustments**  
**June 30, 2015**

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Government Wide Financial Statements</b>			
To capitalize bond issue costs on bond refunding and record current year amortization			
01-01-000-1500	DEBT ISSUANCE COSTS	158,951.00	
01-03-510-4500	AMORTIZATION EXPENSE	5,127.00	
01-01-000-1500	DEBT ISSUANCE COSTS - ACCUMULATED AMORTIZATION		5,127.00
01-01-000-4396	BOND ISSUANCE COSTS EXPENSE		158,951.00
<b>Total</b>		<b>164,078.00</b>	<b>164,078.00</b>

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**FINANCIAL STATEMENTS**  
**WITH**  
**SUPPLEMENTAL INFORMATION**  
**AND**  
**ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED JUNE 30, 2015**

# PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Management's Discussion and Analysis	3-9
<b>BASIC FINANCIAL STATEMENTS</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Governmental Fund Financial Statements</i>	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Change in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	15
<i>Proprietary Funds Financial Statements</i>	
Statement of Net Position	16
Statement of Revenues, Expenses, and Change in Net Position	17
Statement of Cash Flows	18
<i>Fiduciary Fund Financial Statements</i>	
Statement of Fiduciary Net Position	19
Statement of Changes in Net Position	20
Notes to Financial Statements	21-37
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Change in Fund Balance – Actual and Budget (Budgetary Basis) – Governmental Fund	38
Notes to Budgetary Comparison Schedule	39
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Functional Revenues and Expenditures	40
Schedule of Revenues, Expenses, and Change in Net Position – Actual and Budget – Proprietary Funds	41
Combining Statement of Net Position – Non-major – Proprietary Funds	42
Combining Statement of Revenues, Expenses, and Changes in Net Position – Non-major – Proprietary Funds	43-45

# PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

## TABLE OF CONTENTS, CONTINUED

	<u>Page</u>
Schedule of Certificate of Deposit – Governmental Fund	46
Schedule of Certificates of Deposit – Proprietary Funds	47
Schedule of Insurance Policies and Bonds	48
Schedule of Taxes Receivable – Governmental Fund	49
Schedule of Cash Balances Held by County Treasurers	50
Information Required by Section 2-3223, N.R.S. – 1943	51
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	
Schedule of Expenditures of Federal Awards	52
Note to Schedule of Expenditures of Federal Awards	53
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b>	54-55
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133</b>	56-57
Schedule of Findings and Questioned Costs	58-59
Prior Year Audit Findings	60



November 6, 2015

## INDEPENDENT AUDITOR'S REPORT

Board of Directors

**Papio-Missouri River Natural Resources District**

Omaha, Nebraska

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above 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 the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 3-9 and 40-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information on pages 40-51 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 52-53 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information on pages 40-51 is the responsibility of management and have 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 them.

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

In accordance with *Government Auditing Standards*, we have issued our report dated November 6, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

*HSMC Orizon LLC*

**HSMC ORIZON LLC**

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015**

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, 2015. 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 \$11,729,730, which is a 6.9% increase in total net position.
- Total governmental activities net position are comprised of the following:
  - 1) Net investment in capital assets of \$135,360,221. Property and equipment, net of accumulated depreciation, is reduced for the outstanding debt related to the purchase or construction of capital assets.
  - 2) Restricted net position – \$17,265,571. General obligation bond proceeds from special bonding authority granted by the 2009 Nebraska Legislature are restricted to providing funding for specific flood control projects and receivables from federal agencies.
  - 3) Unrestricted net position of \$20,747,740. 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 \$26,814,709. This is a decrease of \$1,452,295 from last year's revenues of \$28,267,004.
- The net increase in capital assets was \$26,285,591 to a total of \$210,490,528.
- Total long-term debt of the District decreased from \$71,354,434 to \$69,153,735 during the fiscal year. Long-term debt from business-type activities decreased by \$89,938 to \$2,007,263.

#### **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

#### **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.

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED YEAR ENDED JUNE 30, 2015**

#### **Government-wide Financial Statements, Continued**

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 four 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.

The District is comprised of the governmental fund, seven proprietary funds, and one fiduciary fund. 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.

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED YEAR ENDED JUNE 30, 2015**

#### **Fund Financial Statements, Continued**

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 fund is 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 agent of the Papillion Creek Watershed Partnership (the "Partnership"). The Partnership is comprised of local governments that have entered into an inter-local agreement to fund engineering studies addressing water quantity and quality issues in the Papillion Creek drainage area.

#### **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.

#### **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.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**YEAR ENDED JUNE 30, 2015**

**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	
	2015	2014	2015	2014
Current and other assets	\$ 44,112,161	\$ 62,673,462	\$ 2,016,498	\$ 2,230,219
Capital assets, net of accumulated depreciation	202,643,199	176,281,532	7,847,329	7,923,405
Total assets	246,755,360	238,954,994	9,863,827	10,153,624
Current liabilities	6,235,356	8,055,979	191,596	389,435
Long-term liabilities	67,146,472	69,257,233	2,007,263	2,097,201
Total liabilities	73,381,828	77,313,212	2,198,859	2,486,636
Net position:				
Net investment in capital assets	135,360,221	104,374,262	5,748,401	5,486,522
Restricted	17,265,571	35,157,487	240,557	240,386
Unrestricted	20,747,740	22,110,033	1,676,010	1,940,080
Total net position	\$173,373,532	\$161,641,782	\$ 7,664,968	\$ 7,666,988

The District reported positive balances in net position for both governmental and business-type activities. Since net position increased \$11,731,750 for governmental activities and decreased \$2,020 for business-type activities, the District's overall financial position improved during fiscal year 2015.

The table on the next page 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.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**YEAR ENDED JUNE 30, 2015**

**Summary of Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2015	% of Total	2014	2015	% of Total	2014
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 754,242	2.8%	\$ 627,547	\$ 1,110,702	91.2%	\$ 1,168,800
Operating grants and contributions	5,714,115	21.1%	6,135,986	-	-	-
Capital Grants	1,073,917	4.0%	4,432,813	-	-	-
<b>General Revenues</b>						
Property taxes	19,226,207	70.9%	18,267,761	-	-	-
Assessment income	-	-	-	90,134	7.4%	83,770
Transfers	-	-	-	-	-	-
Gain on sale of fixed assets	293,028	1.1%	137,036	-	-	-
Interest income	25,214	0.1%	48,861	16,879	1.4%	20,547
Total revenues	<u>27,086,723</u>	<u>100.0%</u>	<u>29,650,004</u>	<u>1,217,715</u>	<u>100.0%</u>	<u>1,273,117</u>
<b>Expenses</b>						
General administration	8,284,096	46.6%	8,902,569	-	-	-
Information and education	187,299	1.1%	204,621	-	-	-
Flood prevention	5,358,294	30.2%	4,529,287	-	-	-
Erosion control	1,932,831	10.9%	1,362,963	-	-	-
Water quality	396,937	2.2%	553,950	-	-	-
Recreation	1,448,611	8.6%	701,478	-	-	-
Forestry and wildlife	155,809	0.9%	1,030,865	-	-	-
Major proprietary funds	-	-	-	758,421	62.2%	898,954
Other proprietary funds	-	-	-	461,314	37.8%	478,290
Total expenses	<u>17,763,877</u>	<u>100.0%</u>	<u>17,285,733</u>	<u>1,219,735</u>	<u>100.0%</u>	<u>1,377,244</u>
Change in net position	<u>\$ 9,322,846</u>		<u>\$ 12,364,271</u>	<u>\$ (2,020)</u>		<u>\$ (104,127)</u>

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED YEAR ENDED JUNE 30, 2015**

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

##### **Governmental Fund**

The General Fund is the District's primary operating fund. It is used to account for all financial resources except those required to be reported in a separate fund. The fund balance of the General Fund decreased by \$16,431,790 to \$39,194,789, this decrease is primarily due to spending of water quality enhancement bonds issued in the prior year.

##### **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 decreased \$125,374. Net position of the non-major proprietary funds increased by \$123,354. Total proprietary fund net position decreased by \$2,020.

#### **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 was \$79,351,399, compared with the prior year budget of \$88,818,802. Actual expenditures were \$46,965,860 and \$45,602,466, 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, 2015, was \$135,360,221 and \$5,748,401, respectively. The net investment increased 29.7% for governmental and 4.8% for business-type activities. This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment and unamortized bond issue costs.

##### **Long-term Debt**

At the end of the fiscal year, the District had \$69,535,730 in bonds, notes, and leases outstanding. \$2,098,928 of this debt is attributable to the proprietary funds for construction of the rural water distribution systems. \$66,995,000 is attributable to general obligation bonds issued for construction of flood control projects, \$406,233 to construction financing for the Washington County Service Center and \$35,569 to capital leases of equipment.



**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**  
**YEAR ENDED JUNE 30, 2015**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District adopted a budget for the 2015-16 fiscal year of \$71.85 million, a decrease from the 2014-15 fiscal year budget of \$83.45 million.

Factors considered in preparing the District's budget for fiscal year 2015-16 include the following:

- A total property tax assessment of \$21,975,704 on valuation of \$57.78 million from a levy of \$0.038034 per \$100 of valuation. This is an increase in the levy of \$0.005281 which amounts to an increase in property tax of \$5.28 on property valued at \$100,000. The increase in levy combined with an increase in valuation the total property tax assessment increased \$3.9 million.
- Projects related to flood prevention, erosion control, and recreational trails are anticipated to continue as significant projects are in progress or will be started in the near future but less activity than the prior year. These projects are being financed by several methods, including federal and/or state funding, cost sharing agreements with other local governments, property taxes and general obligation bond proceeds that was granted by the Nebraska Legislature to provide funding of flood control projects.

**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 District Accountant at 8901 South 154<sup>th</sup> Street, Omaha, NE 68138.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2015**

**ASSETS AND DEFERRED OUTFLOW OF RESOURCES**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 12,980,973	\$ 664,450	\$ 13,645,423
Cash on deposit with County Treasurers	344,376	-	344,376
Certificates of deposit	50,000	1,074,038	1,124,038
Taxes receivable	7,693,800	-	7,693,800
Service receivables	19,437	95,586	115,023
Interest receivable	20	752	772
Prepaid expenses	293,375	-	293,375
Intergovernmental receivables	5,686,722	-	5,686,722
Intrafund balances	107,861	(107,861)	-
Inventories	-	48,976	48,976
Total current assets	<u>27,176,564</u>	<u>1,775,941</u>	<u>28,952,505</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred costs on refunded debt	153,824	-	153,824
<b>NONCURRENT ASSETS:</b>			
Restricted cash and cash equivalents	16,781,773	197,700	16,979,473
Restricted certificates of deposit	-	42,857	42,857
Capital assets:			
Land	81,196,776	214,215	81,410,991
Construction in progress	18,738,545	44,801	18,783,346
Capital improvements and infrastructure	162,886,848	9,567,799	172,454,647
Buildings and improvements	6,915,764	-	6,915,764
Vehicles and equipment	4,446,142	122,080	4,568,222
Accumulated depreciation	<u>(71,540,876)</u>	<u>(2,101,566)</u>	<u>(73,642,442)</u>
Total capital assets	<u>202,643,199</u>	<u>7,847,329</u>	<u>210,490,528</u>
Total noncurrent assets	<u>219,424,972</u>	<u>8,087,886</u>	<u>227,512,858</u>
	<u>\$ 246,755,360</u>	<u>\$ 9,863,827</u>	<u>\$ 256,619,187</u>

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 3,542,695	\$ 83,356	\$ 3,626,051
Accrued salaries and payroll withholdings	183,049	-	183,049
Accrued expenses	115,044	16,575	131,619
Current portion of long-term debt	2,236,802	91,665	2,328,467
Current portion of accrued compensated absences	<u>157,766</u>	<u>-</u>	<u>157,766</u>
Total current liabilities	<u>6,235,356</u>	<u>191,596</u>	<u>6,426,952</u>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt, less current portion	65,200,000	2,007,263	67,207,263
Premium on bonds payable	1,445,965	-	1,445,965
Accrued compensated absences, less current portion	<u>500,507</u>	<u>-</u>	<u>500,507</u>
Total long-term liabilities	<u>67,146,472</u>	<u>2,007,263</u>	<u>69,153,735</u>
Total liabilities	<u>73,381,828</u>	<u>2,198,859</u>	<u>75,580,687</u>
<b>NET POSITION:</b>			
Net investment in capital assets	135,360,221	5,748,401	141,108,622
Restricted	17,265,571	240,557	17,506,128
Unrestricted	<u>20,747,740</u>	<u>1,676,010</u>	<u>22,423,750</u>
Total net position	<u>173,373,532</u>	<u>7,664,968</u>	<u>181,038,500</u>
	<u>\$ 246,755,360</u>	<u>\$ 9,863,827</u>	<u>\$ 256,619,187</u>

See Accompanying Notes to the Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General administration	\$ 8,284,096	\$ 693,997	\$ 55,034	\$ -	\$ (7,535,065)	\$ -	\$ (7,535,065)
Information and education	187,299	-	-	-	(187,299)	-	(187,299)
Flood prevention	5,358,294	53,180	1,701,620	838,571	(2,764,923)	-	(2,764,923)
Erosion control	1,932,831	-	3,139,553	235,346	1,442,068	-	1,442,068
Water quality	396,937	1,190	103,781	-	(291,966)	-	(291,966)
Recreation	1,448,611	5,875	714,127	-	(728,609)	-	(728,609)
Forestry and wildlife	155,809	-	-	-	(155,809)	-	(155,809)
	<u>17,763,877</u>	<u>754,242</u>	<u>5,714,115</u>	<u>1,073,917</u>	<u>(10,221,603)</u>	<u>-</u>	<u>(10,221,603)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Washington County Rural Water	758,421	619,931	-	-	-	(138,490)	(138,490)
Non-major proprietary funds	<u>461,314</u>	<u>490,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,457</u>	<u>29,457</u>
	<u>1,219,735</u>	<u>1,110,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,033)</u>	<u>(109,033)</u>
	<u>\$ 18,983,612</u>	<u>\$ 1,864,944</u>	<u>\$ 5,714,115</u>	<u>\$ 1,073,917</u>	<u>(10,221,603)</u>	<u>(109,033)</u>	<u>(10,330,636)</u>
<b>GENERAL REVENUES:</b>							
Property taxes					19,226,207	-	19,226,207
Assessment income					-	90,134	90,134
Gain on sale of fixed assets					293,028	-	293,028
Interest income					<u>25,214</u>	<u>16,879</u>	<u>42,093</u>
					<u>19,544,449</u>	<u>107,013</u>	<u>19,651,462</u>
<b>CHANGE IN NET POSITION</b>					<u>9,322,846</u>	<u>(2,020)</u>	<u>9,320,826</u>
<b>NET POSITION - BEGINNING OF YEAR, as previously reported</b>					161,641,782	7,666,988	169,308,770
<b>PRIOR PERIOD ADJUSTMENT</b>					<u>2,408,904</u>	<u>-</u>	<u>2,408,904</u>
<b>NET POSITION - BEGINNING OF YEAR, as restated</b>					<u>164,050,686</u>	<u>7,666,988</u>	<u>171,717,674</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 173,373,532</u>	<u>\$ 7,664,968</u>	<u>\$ 181,038,500</u>

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2015**

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 12,980,973
Cash on deposit with County Treasurers	344,376
Certificates of deposit	50,000
Receivables:	
Taxes	7,693,800
Services	19,437
Interest	20
Prepaid expenses	293,375
Due from:	
Funding agencies - federal programs	483,798
Other governmental entities	5,202,924
Other funds	107,862
Restricted cash and cash equivalents	<u>16,781,773</u>
	<u>\$ 43,958,338</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES:	
Accounts payable	\$ 3,542,695
Accrued salaries and payroll withholdings	183,049
Accrued expenses	<u>158,082</u>
Total liabilities	<u>3,883,826</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue - property taxes	<u>879,723</u>
FUND BALANCE:	
Nonspendable	293,375
Restricted	17,265,571
Committed	787,775
Assigned	50,000
Unassigned	<u>20,798,068</u>
Total fund balance	<u>39,194,789</u>
	<u>\$ 43,958,338</u>

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUND  
JUNE 30, 2015**

Total Fund Balance - Governmental Fund		\$ 39,194,789
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred costs on refunded debt are not financial resources		153,824
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements:		
Land and infrastructure	\$ 81,196,776	
Construction in progress	18,738,545	
Capital improvements	162,886,848	
Buildings and improvements	6,915,764	
Vehicles and equipment	4,446,142	
Accumulated depreciation	<u>(71,540,876)</u>	
Total capital assets		202,643,199
Liabilities which are not due and payable in the current period are not reported in the governmental funds:		
Accrued interest		(114,729)
Compensated absences		(500,507)
Bonds and notes payable		(67,436,802)
Premium on bonds payable		(1,445,965)
Property tax revenues, not collected within sixty days of the fiscal year end, are not financial resources and, therefore, are not reported in the governmental funds.		<u>879,723</u>
Total Net Position of Governmental Activities		<u>\$ 173,373,532</u>

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**REVENUES:**

General administration	\$ 19,336,534
Flood prevention	3,933,051
Erosion control	3,374,899
Forestry and wildlife	4
Water quality	104,971
Recreation	65,250
Total revenues	<u>26,814,709</u>

**EXPENDITURES:**

Flood prevention	24,579,768
General administration	10,348,917
Erosion control	6,284,340
Recreation	1,293,429
Forestry and wildlife	155,809
Water quality	396,937
Information and education	187,299
Total expenditures	<u>43,246,499</u>

DEFICIENCY OF REVENUES OVER EXPENDITURES (16,431,790)

**OTHER FINANCING SOURCES AND USES:**

Issuance of refunding bonds	11,055,000
Refunding bond premium, less issuance costs	186,635
Payment to refund bonds	<u>(11,241,635)</u>
Total other financing sources and uses	<u>-</u>

DEFICIENCY OF REVENUES AND OTHER SOURCES OVER  
EXPENDITURES AND OTHER USES (16,431,790)

FUND BALANCE - BEGINNING OF YEAR 55,626,579

FUND BALANCE - END OF YEAR \$ 39,194,789

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balance - Total Government Fund \$ (16,431,790)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays and capital asset expenditures:		
Land, improvements and construction in progress additions	\$ 27,357,970	
Vehicles, machinery, equipment, and furniture	<u>268,739</u>	
Total		27,626,709
Depreciation expense		(3,525,826)
Net book value of disposals		(148,120)

Principal payments on bonds use current financial resources of governmental funds.

However, these payments reduce long-term liabilities in the statement of net position.

Principal payments on bonds and leases	\$ 2,294,975
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The issuance of long term debt provides current financial resources to governmental funds

However, these payments increase long-term liabilities in the statement of net position.

Effects of bond premiums, discounts and related items	\$ (135,246)
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Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:

Increase in long-term compensated absences	(21,973)
Increase in accrued interest payable	(20,574)

Full accrual accounting records tax revenues when earned. Modified accrual records tax revenues that are measurable and available.

Difference in property tax revenue accrual	<u>(315,309)</u>
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Change in Net Position of Governmental Activities	<u>\$ 9,322,846</u>
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See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

ASSETS	Total (Memorandum Only)	Washington County Rural Water	Non-major Proprietary Funds
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 664,450	\$ 171,955	\$ 492,495
Certificates of deposit	1,074,038	704,433	369,605
Service receivables	95,586	48,219	47,367
Interest receivable	752	329	423
Inventories	48,976	16,437	32,539
Total current assets	<u>1,883,802</u>	<u>941,373</u>	<u>942,429</u>
<b>NON-CURRENT ASSETS:</b>			
Reserved cash and cash equivalents	197,700	197,700	-
Restricted certificates of deposit	42,857	-	42,857
Capital assets :			
Land	214,215	1,000	213,215
Construction in progress	44,801	-	44,801
Capital improvements and infrastructure	9,567,799	6,837,807	2,729,992
Vehicles and equipment	122,080	64,621	57,459
Accumulated depreciation	(2,101,566)	(1,153,687)	(947,879)
Total capital assets	<u>7,847,329</u>	<u>5,749,741</u>	<u>2,097,588</u>
Total non-current assets	<u>8,087,886</u>	<u>5,947,441</u>	<u>2,140,445</u>
	<u>\$ 9,971,688</u>	<u>\$ 6,888,814</u>	<u>\$ 3,082,874</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 83,356	\$ 48,564	\$ 34,792
Accrued expenses	16,575	4,373	12,202
Due to other funds	107,861	26,738	81,123
Current portion of long-term debt	91,665	66,759	24,906
Total current liabilities	<u>299,457</u>	<u>146,434</u>	<u>153,023</u>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt, less current portion	<u>2,007,263</u>	<u>1,706,570</u>	<u>300,693</u>
Total liabilities	<u>2,306,720</u>	<u>1,853,004</u>	<u>453,716</u>
<b>NET POSITION:</b>			
Net investment in capital assets	5,748,401	3,976,412	1,771,989
Restricted	240,557	197,700	42,857
Unrestricted	1,676,010	861,698	814,312
Total net position	<u>7,664,968</u>	<u>5,035,810</u>	<u>2,629,158</u>
	<u>\$ 9,971,688</u>	<u>\$ 6,888,814</u>	<u>\$ 3,082,874</u>

See Accompanying Notes to Basic Financial Statements.



**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Total (Memorandum Only)</u>	<u>Washington County Rural Water</u>	<u>Non-Major Proprietary Funds</u>
<b>OPERATING REVENUES:</b>			
Water sales	\$ 950,237	\$ 530,479	\$ 419,758
Customer charges and hookup fees	113,370	87,900	25,470
Miscellaneous	<u>47,095</u>	<u>1,552</u>	<u>45,543</u>
Total operating revenues	<u>1,110,702</u>	<u>619,931</u>	<u>490,771</u>
<b>OPERATING EXPENSES:</b>			
Repairs and maintenance	12,589	9,165	3,424
Supplies and postage	13,210	5,955	7,255
Professional services	66,400	56,748	9,652
Personnel	401,523	208,630	192,893
Telephone, utilities and rent	23,955	12,079	11,876
Miscellaneous	2,544	1,996	548
Water purchase	246,827	162,747	84,080
Contract costs	211,711	139,169	72,542
Project construction and land	1,171	56	1,115
Depreciation and amortization	120,877	78,581	42,296
Vehicle expense	7,029	-	7,029
Indirect cost	<u>144</u>	<u>-</u>	<u>144</u>
Total operating expenses	<u>1,107,980</u>	<u>675,126</u>	<u>432,854</u>
<b>OPERATING INCOME (LOSS)</b>	2,722	(55,195)	57,917
<b>NON-OPERATING INCOME (EXPENSE):</b>			
Assessment revenue	90,134	-	90,134
Interest income	16,879	13,116	3,763
Interest expense	<u>(111,755)</u>	<u>(83,295)</u>	<u>(28,460)</u>
Total non-operating income (expense)	<u>(4,742)</u>	<u>(70,179)</u>	<u>65,437</u>
<b>CHANGE IN NET ASSETS</b>	(2,020)	(125,374)	123,354
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>7,666,988</u>	<u>5,161,184</u>	<u>2,505,804</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,664,968</u>	<u>\$ 5,035,810</u>	<u>\$ 2,629,158</u>

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Total (Memorandum Only)	Washington Rural Water	Non-Major Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,141,628	\$ 656,163	\$ 485,465
Cash paid to employees	(401,523)	(208,630)	(192,893)
Cash paid to suppliers	<u>(542,615)</u>	<u>(379,119)</u>	<u>(163,496)</u>
Net cash provided by operating activities	<u>197,490</u>	<u>68,414</u>	<u>129,076</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments (purchased) proceeds	(4,293)	(1,564)	(2,729)
Payments from installment receivable	337,148	337,148	
Interest received	<u>17,853</u>	<u>14,085</u>	<u>3,768</u>
Net cash provided by investing activities	<u>350,708</u>	<u>349,669</u>	<u>1,039</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on long-term debt	(337,955)	(314,181)	(23,774)
Interest paid	(111,755)	(83,295)	(28,460)
Interfund financing	(74,030)	(11,961)	(62,069)
Assessments received	<u>90,134</u>	<u>-</u>	<u>90,134</u>
Net cash used in capital and related financing activities	<u>(478,407)</u>	<u>(409,437)</u>	<u>(68,970)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	69,791	8,646	61,145
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>792,359</u>	<u>361,009</u>	<u>431,350</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 862,150</u>	<u>\$ 369,655</u>	<u>\$ 492,495</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS</b>			
Operating income (loss)	\$ 2,722	\$ (55,195)	\$ 57,917
Depreciation and amortization	120,877	78,582	42,295
Changes in assets and liabilities:			
(Increase) decrease in receivables	30,925	36,232	(5,307)
(Increase) decrease in inventories	(7,212)	(8,842)	1,630
Increase (decrease) in accounts payable	40,616	18,011	22,605
Increase (decrease) in accrued expenses	<u>9,562</u>	<u>(374)</u>	<u>9,936</u>
Net cash provided by operating activities	<u>\$ 197,490</u>	<u>\$ 68,414</u>	<u>\$ 129,076</u>

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2015**

**ASSETS**

**ASSETS:**

Cash and cash equivalents	\$ 627,375
Dues receivable	<u>20,000</u>
Total assets	<u>\$ 647,375</u>

**LIABILITIES AND NET POSITION**

**LIABILITIES:**

Accounts payable	\$ 276,017
Deferred revenue	<u>187,500</u>
Total liabilities	463,517

**NET POSITION:**

Held in trust for other organizations	<u>183,858</u>
	<u>\$ 647,375</u>

See Accompanying Notes to Basic Financial Statements.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**ADDITIONS:**

Partnership dues	\$ 369,000
Interest	<u>265</u>
Total additions	<u>369,265</u>

**DEDUCTIONS:**

Reimbursement to Omaha	310,397
Professional services	15,279
Miscellaneous expenses	<u>71</u>
Total deductions	<u>325,747</u>

CHANGE IN NET POSITION	43,518
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NET POSITION - BEGINNING OF YEAR	<u>140,340</u>
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NET POSITION - END OF YEAR	<u>\$ 183,858</u>
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See Accompanying Notes to the Basic Financial Statements.

# **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

### **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 one fiduciary fund. 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 Government 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 FINANCIAL STATEMENTS, CONTINUED

#### 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 include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Nonexpendable consist 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 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.

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.

# **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

#### 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.

The District reports the Washington County Rural Water System as a major proprietary fund presented individually in the financial statements. This 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.

#### Fiduciary Fund

The fiduciary fund is used to account for assets held in a trustee capacity. The District is the administering agent of the Papillion Creek Watershed Partnership (the "Partnership"). The Partnership is comprised of local governments that are wholly or partially in the Papillion Creek 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.

## PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- 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.
- 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.



## PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

##### Measuring Focus/Basis of Accounting, Continued

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.

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.

## PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

##### 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 capitalized and recorded as part of the asset to which it relates and are amortized over the asset's useful life.

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 2014-15, the taxes levied totaled \$18,031,222 at a tax levy rate of \$0.032753 per \$100 of valuation on a total valuation of \$55,052,013,961.

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

#### **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 15% 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, 2015, was \$336,080. 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.

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report 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 the 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.

# **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

#### Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to future period and will not be recognized as an inflow of resources (revenue) until that period. The District has one item that qualifies for reporting in this category: 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.

### **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.

The District Board is authorized to transfer budgeted amounts between departments within any fund through resolution. The Board may allow certain accounts to 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, 2015, The District met all the budgetary requirements with the State of Nebraska. However, expenditures exceeded appropriations in the Washington Rural Water Fund and the Thurston County Rural Water Fund.

## PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 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, 2015:

	<u>Total</u>	<u>General Fund</u>	<u>Proprietary Funds</u>
Checking accounts and petty cash	\$ 30,624,896	\$ 29,762,746	\$ 862,150
Cash on hand at County Treasurers	344,376	344,376	-
Certificates of deposit	<u>1,166,895</u>	<u>50,000</u>	<u>1,116,895</u>
Total	<u>\$ 32,136,167</u>	<u>\$ 30,157,122</u>	<u>\$ 1,979,045</u>

The carrying amount of the District's deposits, including fiduciary funds, was \$32,419,035 and the bank balances were \$32,556,371 at June 30, 2015. Certificates of deposit have been included in the bank and book balances for cash. At June 30, 2015, the entire balance was covered by federal depository insurance coverage, the full faith and credit of the United States government or pledged securities held by the bank in the District's name.

Investments are stated at fair value, which at June 30, 2015 approximates cost. For fiscal year 2015, the District invested only in U.S. Treasury Bills, other federal obligations, or certificates of deposits within federally insured banks and money market funds investing in these securities. The District records all interest revenue related to investment activities in the respective funds.

The District mitigates the following types of deposit and investment risks through compliance with the State Statutes referred to above 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 FINANCIAL STATEMENTS, CONTINUED**

### **4. RESERVED/RESTRICTED FUNDS**

The Board of Directors, by resolution, has established a sinking fund and reserved/restricted cash accounts for various purposes. All of the accounts are fully funded at their required levels at June 30, 2015. The following is a summary of the reservations placed on cash and investments for the year ended June 30, 2015:

#### General Sinking Funds:

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

Reserved for Wetland Mitigation and the development of future wetlands.	5,444
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The Board of Directors, by resolution has reserved funds to be spent on costs incurred for Watershed Plan Projects (WPRB-5, WPRB-6, WPRB-7, DS-15A, and Zorinsky Basin 2).	664,853
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The Board of Directors, by resolution and in accordance with the Interlocal Cooperation Act Agreement, has reserved funds to reimburse parties to this agreement that incurred costs as a result of the removal of ice jams.	117,478
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#### Restricted Cash Accounts:

The Board of Directors, by resolution, has established a bond escrow which shall be restricted for use on the specific projects including WPRB-5 and Dam Site 15-A.	<u>16,781,773</u>
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Total general fund reserves	<u>\$ 17,619,548</u>
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#### Proprietary Sinking Funds:

In compliance with loan covenants for the notes described in Note 8, the Proprietary Funds have restricted \$240,557. Thurston County has restricted a certificate of deposit in the amount of \$42,857 and Washington County Rural Water #2 has restricted cash in the amount of \$197,700.

### **5. 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, 2015, consisted of the following individual fund receivables and payables:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General Fund	Thurston County Rural Water	\$ 3,532
General Fund	Washington Co. Rural Water	26,738
General Fund	Dakota County Rural Water	14,112
General Fund	Elkhorn River Stabilization	2,175
General Fund	Elk/Pigeon Creek Drainage	54,372
General Fund	Western Sarpy Drainage	6,932
		<u>\$ 107,861</u>

# **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

### **6. 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, 2015, \$5,202,924 was due from other governmental agencies.

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, 2015, the District had receivables due from the federal government in the amount of \$483,798.

### **7. 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.

	Balance June 30, 2014 <u>As restated</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	Balance June 30, 2015
Not depreciated				
Land	\$ 67,207,729	\$ 14,102,807	\$ (113,760)	\$ 81,196,776
Construction in progress	<u>50,188,060</u>	<u>12,642,098</u>	<u>(44,091,613)</u>	<u>18,738,545</u>
	<u>117,395,789</u>	<u>26,744,905</u>	<u>(44,205,373)</u>	<u>99,935,321</u>
Depreciated				
Capital improvements and infrastructure	118,301,560	44,585,288	-	162,886,848
Buildings and improvements	6,796,376	119,388	-	6,915,764
Vehicles and equipment	<u>4,357,176</u>	<u>268,737</u>	<u>(179,771)</u>	<u>4,446,142</u>
	129,455,112	44,973,413	(179,771)	174,248,754
Less accumulated depreciation	<u>(68,160,467)</u>	<u>(3,525,826)</u>	<u>145,417</u>	<u>(71,540,876)</u>
	<u>61,294,645</u>	<u>41,447,587</u>	<u>(34,354)</u>	<u>102,707,878</u>
	<u>\$ 178,690,434</u>	<u>\$ 68,192,492</u>	<u>\$ (44,239,727)</u>	<u>\$ 202,643,199</u>

# **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

### **7. CAPITAL ASSETS, CONTINUED**

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

General administration	\$ 328,192
Flood control	2,499,439
Recreation	<u>698,195</u>
Total depreciation expense	<u>\$ 3,525,826</u>

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Not depreciated				
Land	\$ 214,215	\$ -	\$ -	\$ 214,215
Construction in Progress	<u>-</u>	<u>44,801</u>	<u>-</u>	<u>44,801</u>
	<u>214,215</u>	<u>44,801</u>	<u>-</u>	<u>259,016</u>
Depreciated				
Capital improvements and infrastructure	9,567,799	-	-	9,567,799
Vehicles and equipment	<u>122,080</u>	<u>-</u>	<u>-</u>	<u>122,080</u>
	9,689,879	-	-	9,689,879
Less accumulated depreciation	<u>(1,980,689)</u>	<u>(120,877)</u>	<u>-</u>	<u>(2,101,566)</u>
	<u>7,709,190</u>	<u>(120,877)</u>	<u>-</u>	<u>7,588,313</u>
	<u>\$ 7,923,405</u>	<u>\$ (76,076)</u>	<u>\$ -</u>	<u>\$ 7,847,329</u>



# PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 8. LONG-TERM LIABILITIES

#### General Fund Long-Term Debt:

The following is a summary of the long-term debt for the year ended June 30, 2015. 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.

<u>Fund</u>	<u>Due Date</u>	<u>Principal Payable</u>	<u>Interest Rates</u>	<u>Principal Balance</u>		
General	December 2032	Annually	2.00% to 4.00%	\$ 14,610,000		
General	December 2033	Semi-Annual	2.50% to 5.00%	41,330,000		
General	June 2031	Semi-Annual	.045% to 4.8%	11,055,000		
General	March 2016	Semi-Annual	3.69%	406,233		
General	August 2016	Annually	3.20%	35,569		
				<u>\$ 67,436,802</u>		

  

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Flood Protection and Water Quality Enhancement Bonds - 2010	\$ 11,775,000	\$ -	\$ (11,775,000)	\$ -	\$ -
Flood Protection and Water Quality Enhancement Bonds - 2013	15,200,000	-	(590,000)	14,610,000	600,000
Flood Protection and Water Quality Enhancement Bonds - 2013	41,850,000	-	(520,000)	41,330,000	580,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2015	-	11,055,000	-	11,055,000	615,000
Note Payable American National Bank	803,113	-	(396,880)	406,233	406,233
CAT Financial	64,613	-	(29,044)	35,569	35,569
Wise Truck	<u>39,051</u>	<u>-</u>	<u>(39,051)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 69,731,777</u>	<u>\$11,055,000</u>	<u>\$ (13,349,975)</u>	<u>\$ 67,436,802</u>	<u>\$2,236,802</u>

# PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### 8. LONG-TERM LIABILITIES, CONTINUED

#### Proprietary Funds Long-term Debt:

<u>Fund</u>	<u>Series</u>	<u>Due Date</u>	<u>Principal Payable</u>	<u>Payment Ranges</u>	<u>Interest Rates</u>	<u>Principal Balance</u>
Washington Rural Water	2011A	June 2032	Annual	\$45,000 to \$295,000	2.80%-5.00%	\$ 1,245,000
Washington Rural Water	2013	June 2017	Monthly	\$19,000 to \$506,000	4.12%	528,329
Thurston Rural Water	1982	December 2022	Annual	Based on water fees	5.00%	148,492
Thurston Rural Water	1993	February 2033	Annual	Based on water fees	5.63%	177,107
Total long-term debt						<u>\$ 2,098,928</u>

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable:					
Water Project Refunding Revenue Bonds-2011A	\$ 1,540,000	\$ -	\$ (295,000)	\$ 1,245,000	\$ 45,000
Water Project Refunding Revenue Bonds-2014	547,510	-	(19,181)	528,329	21,767
Notes Payable					
Capmark Finance	166,601	-	(18,109)	148,492	18,897
Rural Economic and Community Development	182,772	-	(5,665)	177,107	6,001
Business-type Activities Long-term Liabilities	<u>\$ 2,436,883</u>	<u>\$ -</u>	<u>\$ (337,955)</u>	<u>\$ 2,098,928</u>	<u>\$ 91,665</u>

The annual principal and interest requirements to maturity for long-term debt as of June 30, 2015 follows:

<u>Year(s) ending June 30,</u>	<u>General Fund</u>		<u>Proprietary Funds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,236,802	\$ 2,600,475	\$ 91,665	\$ 92,428	\$ 2,328,467	\$ 2,692,903
2017	1,915,000	2,544,004	577,743	88,900	2,492,743	2,632,904
2018	2,045,000	2,489,639	77,529	65,559	2,122,529	2,555,198
2019	2,195,000	2,426,611	78,947	62,741	2,273,947	2,489,352
2020	2,340,000	2,354,309	80,439	62,817	2,420,439	2,417,126
2021-2025	14,515,000	10,243,428	373,214	245,104	14,888,214	10,488,532
2026-2030	20,555,000	6,509,853	413,033	165,327	20,968,033	6,675,180
2031-2035	<u>21,635,000</u>	<u>1,852,241</u>	<u>406,358</u>	<u>37,135</u>	<u>22,041,358</u>	<u>1,889,376</u>
	<u>\$ 67,436,802</u>	<u>\$ 31,020,560</u>	<u>\$ 2,098,928</u>	<u>\$ 820,011</u>	<u>\$ 69,535,730</u>	<u>\$ 31,840,571</u>

On June 16, 2015, the District issued Water Quality Enhancement Refunding Bonds in the amount of \$11,055,000 with an average interest rate of 3.25% for the purpose of refunding bonds issued in 2010. This refunding resulted in a cash flow savings of approximately \$497,255 and an economic gain of \$407,539. These bonds were issued at a premium of \$351,259 and bond issue costs of \$158,951, resulting in net proceeds of \$11,247,308.

# **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

### **9. 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, 2014 as follows:

Nonspendable		
Prepaid expenses		\$ 293,375
Restricted		
Bond escrow	\$ 16,781,773	
Federal programs	<u>483,798</u>	
Total restricted		17,265,571
Committed		
Wetland mitigation	5,444	
Watershed fees	664,853	
Ice jam	<u>117,478</u>	
Total committed		787,775
Assigned		
Uninsured liability		50,000
Unassigned		<u>20,798,068</u>
Total fund balance		<u>\$ 39,194,789</u>

### **10. ACCUMULATED UNPAID ANNUAL LEAVE AND SICK PAY**

The estimated current portion of the liability for vested vacation benefits and sick leave is \$128,867 and \$28,899 at June 30, 2015, 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 \$210,716 and \$289,791, respectively, at June 30, 2015. 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 \$956,071 at June 30, 2015, and is not reported as an expenditure or liability in any of the District's June 30, 2015 financial statements.

The change in compensated absences for the year ended June 30, 2015 was as follows:

Governmental-type <u>Activity:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	<u>\$ 636,645</u>	<u>\$ 21,628</u>	<u>\$ -</u>	<u>\$ 658,273</u>	<u>\$ 157,766</u>

## PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### 11. OPERATING LEASE

The District entered into a leasing agreement for copy machines in September 2011, and a leasing agreement for a desktop copier in December 2011. The District pays \$620 per month plus applicable taxes for the 60-month copier lease, and \$42 per month plus applicable taxes for the desktop copier lease, as well as a charge per copy that is paid quarterly. During fiscal year 2015, the District's operating lease expense was \$7,692. Following is a schedule of the future minimum lease payments.

<u>Year ending June 30,:</u>	<u>Amount</u>
2016	\$7,440
2017	1,860

#### 12. 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 State retirement plan. The District requires all full-time employees to participate. Participants become fully vested after five years, which is applicable only to the employer's contribution, at a rate of 20% at the end of each year.

Plan participants are required to contribute 5.5% of their compensation each pay period, and the District is required to contribute 6.0% of the employee's compensation for each pay period. The District's contributions for the year ended June 30, 2015 were \$180,630, which were the required contributions. Plan forfeitures, if any, are allocated to the other active participants in the plan.

#### 13. COMMITMENTS AND CONTINGENCIES

The District has committed future funds to several ongoing and new projects and cost share agreements. The total commitments under signed contracts at year-end were approximately \$26,700,000. 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, 2015.

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.

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

#### **13. COMMITMENTS AND CONTINGENCIES, CONTINUED**

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, 2015, a reasonable estimate could not be determined for any potential loss contingencies.

#### **14. FIDUCIARY FUND: 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 9 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.

#### **15. 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, 2015. The District did not pay any settlement amounts, which exceeded its insurance coverage for the year ending June 30, 2015, 2014 or 2013.

#### **16. PRIOR PERIOD ADJUSTMENT**

The District has made a prior period adjustment on its government wide financial statements for \$2,408,904 to capitalize costs incurred in prior years for the Missouri River Levee project. On prior year financial statements this amount was recorded as an expense on the Statement of Activities. This adjustment had no impact on the fund financial statements.

**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, 2015**

	Actual	Budget		Variance Favorable (Unfavorable)
		Original	Final	
REVENUES:				
General administration	\$ 19,160,547	\$ 18,576,547	\$ 18,576,547	\$ 584,000
Watershed	3,552,668	4,268,000	4,268,000	(715,332)
Information and education	8,395	7,000	7,000	1,395
Flood control	5,558,155	8,965,991	8,965,991	(3,407,836)
Erosion control	3,440,255	3,953,474	3,953,474	(513,219)
Water quality	104,972	192,984	192,984	(88,012)
Recreation	5,875	231,000	231,000	(225,125)
Forestry and wildlife	4	807,005	807,005	(807,001)
Total revenues	<u>31,830,871</u>	<u>37,002,001</u>	<u>37,002,001</u>	<u>(5,171,130)</u>
EXPENDITURES:				
General administration	9,985,178	11,160,369	11,160,369	1,175,191
Watershed	20,037,963	38,545,121	38,545,121	18,507,158
Information and education	195,249	272,200	272,200	76,951
Flood control	8,562,402	13,848,875	13,848,875	5,286,473
Erosion control	6,282,590	\$7,360,264	7,360,264	1,077,674
Water quality	403,952	633,019	633,019	229,067
Recreation	1,342,716	6,202,051	6,202,051	4,859,335
Forestry and wildlife	155,810	1,329,500	1,329,500	1,173,690
Total expenditures	<u>46,965,860</u>	<u>79,351,399</u>	<u>79,351,399</u>	<u>32,385,539</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS) AND OTHER SOURCES	<u>\$ (15,134,989)</u>	<u>\$ (42,349,398)</u>	<u>\$ (42,349,398)</u>	<u>\$ 27,214,409</u>
ADJUSTMENTS REQUIRED UNDER ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:				
To adjust revenues for accruals	(3,213,859)			
To adjust expenditures for accruals and prepaids	<u>1,917,058</u>			
MODIFIED ACCRUAL BASIS INCREASE IN FUND BALANCE	<u>\$ (16,431,790)</u>			

See Accompanying Notes to Budgetary Comparison Schedule.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**NOTES TO BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015**

**REVENUES:**

Federal grants	\$ 1,735,333
Interest income	25,214
Local agency grants	2,015,852
Miscellaneous income	911,018
Property tax	18,202,999
Rental income	216,681
State grants	<u>3,707,612</u>
Total revenues	<u>26,814,709</u>

**EXPENDITURES:**

Board of directors	57,587
Contract work	1,298,398
Cost-sharing and conservation assistance	3,286,882
Debt principal payments	2,039,126
Employee benefits	832,533
Fees	184,165
Indirect cost reimbursement	(336,080)
Information and education	84,296
Insurance	272,626
Interest expense	2,941,865
Machinery and equipment	295,348
Miscellaneous	2,492
Payroll taxes	239,443
Personnel	3,191,345
Printing and publications	50,032
Professional services	2,937,670
Project construction and land	23,951,673
Project legal costs	370,734
Project operation and maintenance	270,365
Repairs and maintenance	358,311
Special projects	188,487
Supplies and postage	169,852
Telephone, utilities, and rent	173,822
Travel	56,294
Uncollectible grants	29,311
Vehicle expense	<u>299,922</u>
Total expenditures	<u>43,246,499</u>

REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>\$ (16,431,790)</u>
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**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**ACTUAL AND BUDGET**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Total (Memorandum Only)			Washington Rural Water			Non-Major Proprietary Funds		
	Actual	Budget		Actual	Budget		Actual	Budget	
		Original	Final		Original	Final		Original	Final
<b>OPERATING REVENUES:</b>									
Water sales	\$ 950,237	\$ 960,000	\$ 960,000	\$ 530,479	\$ 530,000	\$ 530,000	\$ 419,758	\$ 430,000	\$ 430,000
Customer charges and hookup fees	113,370	63,300	63,300	87,900	47,500	47,500	25,470	15,800	15,800
Miscellaneous	47,095	1,050	1,050	1,552	550	550	45,543	500	500
Total operating revenues	1,110,702	1,024,350	1,024,350	619,931	578,050	578,050	490,771	446,300	446,300
<b>OPERATING EXPENSES:</b>									
Repairs and maintenance	12,589	8,450	8,450	9,165	3,250	3,250	3,424	5,200	5,200
Supplies and postage	13,210	8,675	8,675	5,955	2,300	2,300	7,255	6,375	6,375
Professional services	66,400	64,300	64,300	56,748	28,500	28,500	9,652	35,800	35,800
Personnel	401,523	465,700	465,700	208,630	202,700	202,700	192,893	263,000	263,000
Telephone, utilities and rent	23,955	22,650	21,700	12,079	10,150	9,200	11,876	12,500	12,500
Miscellaneous	2,544	7,250	7,250	1,996	4,700	4,700	548	2,550	2,550
Water purchase	246,927	314,750	314,750	162,747	208,750	208,750	84,080	106,000	106,000
Contract costs	211,711	121,500	121,500	139,169	35,000	35,000	72,542	86,500	86,500
Project construction and land	1,171	2,200	2,150	56	200	150	1,115	2,000	2,000
Project operation and maintenance	-	6,500	6,500	-	-	-	-	6,500	6,500
Depreciation and amortization	120,877	-	-	78,581	-	-	42,296	-	-
Vehicle expense	7,029	8,500	8,500	-	-	-	7,029	8,500	8,500
Bond expenditures	-	-	-	-	-	-	-	-	-
Other	144	1,500	1,500	-	600	600	144	900	900
Total operating expense	1,107,980	1,031,975	1,030,975	675,126	496,150	495,150	432,854	535,825	535,825
<b>OPERATING INCOME (LOSS)</b>	<b>2,722</b>	<b>(7,625)</b>	<b>(6,625)</b>	<b>(55,195)</b>	<b>81,900</b>	<b>82,900</b>	<b>57,917</b>	<b>(89,525)</b>	<b>(89,525)</b>
<b>NON-OPERATING INCOME (EXPENSE):</b>									
Assessment revenue	90,134	80,000	80,000	-	-	-	90,134	80,000	80,000
Interest income	16,879	4,715	4,715	13,116	3,029	3,029	3,763	1,686	1,686
Interest expense	(111,755)	(113,773)	(113,773)	(83,295)	(102,273)	(102,273)	(28,460)	(11,500)	(11,500)
Total non-operating income (expense)	(4,742)	(29,058)	(29,058)	(70,179)	(99,244)	(99,244)	65,437	70,186	70,186
<b>CHANGE IN NET POSITION</b>	<b>(2,020)</b>	<b>(36,683)</b>	<b>(35,683)</b>	<b>(125,374)</b>	<b>(17,344)</b>	<b>(16,344)</b>	<b>123,354</b>	<b>(19,339)</b>	<b>(19,339)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>7,666,988</b>			<b>5,161,184</b>			<b>2,505,804</b>		
<b>NET POSITION - END OF YEAR</b>	<b>\$ 7,664,968</b>			<b>\$ 5,035,810</b>			<b>\$ 2,629,158</b>		

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

COMBINING STATEMENT OF NET POSITION  
NON-MAJOR - PROPRIETARY FUNDS

JUNE 30, 2015

ASSETS	Total	Elkhorn River Stabilization	Elk/Pigeon Creek Drainage	Western Sarpy Drainage	Elkhorn Breakout	Dakota Rural Water	Thurston County Rural Water
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	\$ 492,495	\$ 158,305	\$ 499	\$ 129,540	\$ 6,620	\$ 169,701	\$ 27,830
Certificates of deposit	369,605	-	-	-	-	369,605	-
Service receivables	47,367	-	-	-	95	30,875	16,397
Interest receivable	423	-	-	-	-	387	36
Due from other funds	-	-	-	-	-	-	-
Inventories	32,539	-	-	-	-	29,343	3,196
Total current assets	942,429	158,305	499	129,540	6,715	599,911	47,459
<b>NON-CURRENT ASSETS:</b>							
Reserved cash and cash equivalents	42,857	-	-	-	-	-	42,857
Restricted certificates of deposit	-	-	-	-	-	-	-
Installment receivable, less current portion	-	-	-	-	-	-	-
Capital assets							
Land	213,215	-	211,215	-	-	1,000	1,000
Construction in progress	44,801	-	0	-	-	-	44,801
Capital improvements and infrastructure	2,729,992	-	-	-	-	1,771,117	958,875
Vehicles and equipment	57,459	-	-	-	-	57,459	-
Accumulated depreciation	(947,879)	-	-	-	-	(643,687)	(304,192)
Total capital assets	2,097,588	-	211,215	-	-	1,185,889	700,484
Total non-current assets	2,140,445	-	211,215	-	-	1,185,889	743,341
	\$ 3,082,874	\$ 158,305	\$ 211,714	\$ 129,540	\$ 6,715	\$ 1,785,800	\$ 790,800
<b>LIABILITIES AND NET POSITION</b>							
<b>CURRENT LIABILITIES:</b>							
Accounts payable	\$ 34,792	\$ -	\$ -	\$ -	\$ -	\$ 26,961	\$ 7,831
Accrued expenses	12,202	-	-	-	-	1,472	10,730
Due to other funds	81,123	2,175	54,372	6,932	-	14,112	3,532
Current portion of long-term debt	24,906	-	-	-	-	-	24,906
Total current liabilities	153,023	2,175	54,372	6,932	-	42,545	46,999
<b>NON-CURRENT LIABILITIES:</b>							
Long-term debt, less current portion	300,693	-	-	-	-	-	300,693
Total liabilities	453,716	2,175	54,372	6,932	-	42,545	347,692
<b>NET POSITION:</b>							
Invested in capital assets, net of related debt	1,771,989	-	211,215	-	-	1,185,889	374,885
Restricted	42,857	-	-	-	-	-	42,857
Unrestricted	814,312	156,130	(53,873)	122,608	6,715	557,366	25,366
Total net position	2,629,158	156,130	157,342	122,608	6,715	1,743,255	443,108
	\$ 3,082,874	\$ 158,305	\$ 211,714	\$ 129,540	\$ 6,715	\$ 1,785,800	\$ 790,800

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
NON-MAJOR - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	Total			Elkhorn River Stabilization			Elk/Pigeon Creek Drainage		
	Actual	Original	Budget Final	Actual	Original	Budget Final	Actual	Original	Budget Final
<b>OPERATING REVENUES:</b>									
Water sales	\$ 419,758	\$ 430,000	\$ 430,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer charges and hookup fees	25,470	15,800	15,800	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-
Miscellaneous	45,543	500	500	-	-	-	-	-	-
Total operating revenues	<u>490,771</u>	<u>446,300</u>	<u>446,300</u>	-	-	-	-	-	-
<b>OPERATING EXPENSES:</b>									
Repairs and maintenance	3,424	5,200	5,200	-	-	-	-	-	-
Supplies and postage	7,255	6,375	6,375	-	-	-	-	-	-
Professional services	9,652	35,800	35,800	534	5,000	5,000	-	-	-
Personnel	192,893	263,000	263,000	-	7,000	7,000	-	5,000	5,000
Insurance	-	-	-	-	-	-	-	-	-
Telephone, utilities and rent	11,876	12,500	12,500	-	-	-	-	-	-
Miscellaneous	548	2,550	2,550	-	-	-	-	-	-
Water purchase	84,080	106,000	106,000	-	-	-	-	-	-
Contract costs	72,542	86,500	86,500	-	-	-	-	-	-
Project construction and land	1,115	2,000	2,000	-	-	-	-	-	-
Project operation and maintenance	-	6,500	6,500	-	5,000	5,000	-	500	500
Depreciation and amortization	42,296	-	-	-	-	-	-	-	-
Vehicle expense	7,029	8,500	8,500	-	-	-	-	-	-
Bond expenditures	-	-	-	-	-	-	-	-	-
Other	144	900	900	-	-	-	-	-	-
Total operating expenses	<u>432,854</u>	<u>535,825</u>	<u>535,825</u>	<u>534</u>	<u>17,000</u>	<u>17,000</u>	-	<u>5,500</u>	<u>5,500</u>
<b>OPERATING INCOME (LOSS)</b>	<u>57,917</u>	<u>(89,525)</u>	<u>(89,525)</u>	<u>(534)</u>	<u>(17,000)</u>	<u>(17,000)</u>	-	<u>(5,500)</u>	<u>(5,500)</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>									
Assessment revenue	90,134	80,000	80,000	21,164	20,000	20,000	49,351	45,000	45,000
Gain on sale of fixed asset	-	-	-	-	-	-	-	-	-
Interest income	3,763	1,686	1,686	106	120	120	17	-	-
Interest expense	(28,460)	(11,500)	(11,500)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Total non-operating income	<u>65,437</u>	<u>70,186</u>	<u>70,186</u>	<u>21,270</u>	<u>20,120</u>	<u>20,120</u>	<u>49,368</u>	<u>45,000</u>	<u>45,000</u>
<b>CHANGE IN NET POSITION</b>	<u>123,354</u>	<u>\$ (19,339)</u>	<u>\$ (19,339)</u>	<u>\$ 20,736</u>	<u>\$ 3,120</u>	<u>\$ 3,120</u>	<u>49,368</u>	<u>\$ 39,500</u>	<u>\$ 39,500</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>\$ 2,505,804</u>			<u>\$ 135,394</u>			<u>\$ 107,974</u>		
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,629,158</u>			<u>\$ 156,130</u>			<u>\$ 157,342</u>		

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**NON-MAJOR - PROPRIETARY FUNDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Western Sarpy Drainage			Elkhorn Breakout			Dakota Rural Water		
	Actual	Original	Budget Final	Actual	Original	Budget Final	Actual	Original	Budget Final
<b>OPERATING REVENUES:</b>									
Water sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,688	\$ 305,000	\$ 305,000
Customer charges and hookup fees	-	-	-	-	-	-	23,208	14,300	14,300
Miscellaneous	-	-	-	-	-	-	403	500	500
<b>Total operating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>320,299</b>	<b>319,800</b>	<b>319,800</b>
<b>OPERATING EXPENSES:</b>									
Repairs and maintenance	-	-	-	-	-	-	3,094	4,500	4,500
Supplies and postage	-	-	-	-	-	-	6,410	5,700	5,700
Professional services	2,508	5,000	5,000	-	-	-	5,370	15,000	15,000
Personnel	1,424	30,000	30,000	-	-	-	156,852	186,000	186,000
Insurance	-	-	-	-	-	-	-	-	-
Telephone, utilities and rent	-	-	-	-	-	-	4,609	5,300	5,300
Miscellaneous	-	-	-	-	-	-	431	2,000	2,000
Water purchase	-	-	-	-	-	-	59,015	76,000	76,000
Contract costs	-	6,000	6,000	-	-	-	60,609	70,000	70,000
Project construction and land	-	1,000	1,000	-	-	-	1,115	1,000	1,000
Project operation and maintenance	-	1,000	1,000	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	32,640	-	-
Vehicle expense	-	-	-	-	-	-	7,029	8,500	8,500
Bond expenditures	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	144	650	650
<b>Total operating expenses</b>	<b>3,932</b>	<b>43,000</b>	<b>43,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,318</b>	<b>374,650</b>	<b>374,650</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,932)</b>	<b>(43,000)</b>	<b>(43,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,019)</b>	<b>(54,850)</b>	<b>(54,850)</b>
<b>NON-OPERATING INCOME (EXPENSE):</b>									
Assessment revenue	19,619	15,000	15,000	-	-	-	-	-	-
Gain on Sale of Fixed Asset	-	-	-	-	-	-	-	-	-
Interest income	91	150	150	5	6	6	3,350	1,200	1,200
Interest expense	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
<b>Total non-operating income (expense)</b>	<b>19,710</b>	<b>15,150</b>	<b>15,150</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>3,350</b>	<b>1,200</b>	<b>1,200</b>
<b>CHANGE IN NET POSITION</b>	<b>15,778</b>	<b>\$ (27,850)</b>	<b>\$ (27,850)</b>	<b>5</b>	<b>\$ 6</b>	<b>\$ 6</b>	<b>(13,669)</b>	<b>\$ (53,650)</b>	<b>\$ (53,650)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>\$ 106,830</b>			<b>\$ 6,710</b>			<b>\$ 1,756,924</b>		
<b>NET POSITION - END OF YEAR</b>	<b>\$ 122,608</b>			<b>\$ 6,715</b>			<b>\$ 1,743,255</b>		

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN  
NET POSITION NON-MAJOR - PROPRIETARY FUNDS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015**

	Thurston County Rural Water		
	Actual	Original	Final
<b>OPERATING REVENUES:</b>			
Water sales	\$ 123,070	\$ 125,000	\$ 125,000
Customer charges and hookup fees	2,262	1,500	1,500
Miscellaneous	45,140	-	-
Total operating revenues	<u>170,472</u>	<u>126,500</u>	<u>126,500</u>
<b>OPERATING EXPENSES:</b>			
Repairs and maintenance	330	700	700
Supplies and postage	845	675	675
Professional services	1,240	10,800	10,800
Personnel	34,617	35,000	35,000
Telephone, utilities and rent	7,267	7,200	7,200
Miscellaneous	117	550	550
Water purchase	25,065	30,000	30,000
Contract costs	11,933	10,500	10,500
Depreciation and amortization	9,656	-	-
Other	-	250	250
Total operating expenses	<u>91,070</u>	<u>95,675</u>	<u>95,675</u>
<b>OPERATING INCOME (LOSS)</b>	<u>79,402</u>	<u>30,825</u>	<u>30,825</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>			
Interest income	194	210	210
Interest expense	(28,460)	(11,500)	(11,500)
Total non-operating income (expense)	<u>(28,266)</u>	<u>(11,290)</u>	<u>(11,290)</u>
<b>CHANGE IN NET POSITION</b>	51,136	\$ 19,535	\$ 19,535
<b>NET POSITION - BEGINNING OF YEAR</b>	\$ 391,972		
<b>NET POSITION - END OF YEAR</b>	\$ 443,108		

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**SCHEDULE OF CERTIFICATE OF DEPOSIT  
GOVERNMENTAL FUND  
JUNE 30, 2015**

	<u>Cost</u>	<u>Interest Rate</u>
General fund		
Certificate of deposit		
Great Western Bank	<u>\$          50,000</u>	0.20%
 General fund - unrestricted, but reserved investments	 <u>\$          50,000</u>	

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**SCHEDULE OF CERTIFICATES OF DEPOSIT  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	<u>Cost</u>	<u>Interest Rate</u>
Proprietary funds		
Certificates of deposit		
Dakota County		
Access Bank	101,882	1.00%
Access Bank	101,723	1.24%
Nebraska-Iowa State Bank	66,000	0.35%
Siouxland National Bank	<u>100,000</u>	0.50%
	<u>369,605</u>	
Washington County		
American National Bank	200,000	0.10%
Core Bank	100,000	0.40%
United Republic Bank	101,259	0.25%
United Republic Bank	101,682	0.50%
Premier Bank	<u>201,492</u>	0.40%
	<u>704,433</u>	
Thurston County		
Premier Bank	<u>42,857</u>	0.40%
	<u>42,857</u>	
 Total	 <u>\$ 1,116,895</u>	

## **PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

### **SCHEDULE OF INSURANCE POLICIES AND BONDS JUNE 30, 2015**

#### **REAL AND PERSONAL PROPERTY**

Real & Personal property; total limit \$15,288,732; deductible/\$5,000; Equipment Floater/\$184,708 on Miscellaneous Equipment with \$10,000 max on any one item; Scheduled Equipment \$1,583,190 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.

#### **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.

#### **EMPLOYEE DISHONESTY BONDS**

Public employees/\$100,000; with the exception of one \$15,000 Notary Bond. Forgery/\$250,000 with deductible/\$500; Computer fraud/\$100,000 with deductible/\$500; Theft, disappearance, and destruction/\$250,000 with deductible/\$500.

#### **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, 2015**

**COUNTY**

Douglas	\$ 4,068,453
Sarpy	2,661,098
Washington	464,164
Dakota	366,774
Burt	67,591
Thurston	65,371
Dodge	<u>349</u>
	<u>\$ 7,693,800</u>

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**  
**SCHEDULE OF CASH BALANCES HELD BY COUNTY TREASURERS**  
**JUNE 30, 2015**

GENERAL FUND

Douglas	\$	264,561
Sarpy		60,564
Washington		8,198
Dakota		5,880
Burt		2,250
Thurston		1,803
Dodge		<u>1,120</u>
	\$	<u>344,376</u>

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**INFORMATION REQUIRED BY SECTION 2-3223, N.R.S - 1943  
FOR THE YEAR ENDED JUNE 30, 2015**

Gross income from all sources	<u>\$ 28,304,438</u>
Amount expended for	
Maintenance	\$ 2,572,417
Improvements and other such programs	<u>27,289,007</u>
Total maintenance and improvements	<u>\$ 29,861,424</u>
Amount of depreciation on property during previous year	<u>\$ 3,646,703</u>
Number of employees as of June 30, 2015	<u>57</u>
Gross salaries	\$ 3,191,346
Less amount reimbursed by projects	<u>(349,872)</u>
Net salaries paid to employees	<u>\$ 2,841,474</u>

PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Program	Pass-through Grantor's Number	Federal CFDA Number	Contract Amount	Expenditures
U.S. Department of Homeland Security				
Harzard Mitigation Grant Program				
2013 Floodway Purchase Program*	DR-4013-NE-0032	97.039	\$ 2,030,480	\$ 1,318,723
2011 Floodway Purchase Program*	DR-1924-NE-0036	97.039	1,428,076	45,064
Pre-Disaster Mitigation Grant	PDM-C - 0006	97.047	112,500	34,542
Disaster Grants				
Pigeon Creek Levee Break	PA-07-NE-4183	97.036	233,477	233,477
U.S. Environmental Protection Agency				
Nonpoint Source Implementation Grants				
Pigeon Creek Special Watershed	56-1281	66.46	278,400	1,869
Sport Fish Restoration Program				
Dam Site 15A	F-195-DB-1	15.605	1,100,000	6,300
Total				\$ 1,639,975

\* Major Program

See Notes to the Schedule of Expenditures of Federal Awards.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2015**

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Papio-Missouri River Natural Resources District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

HSMC ORIZON LLC

CPAs, BUSINESS & TECHNOLOGY CONSULTANTS

16924 FRANCES STREET

OMAHA, NEBRASKA 68130



402.330.7008 / PHONE

402.330.6851 / FAX

www.hsmcorizon.com

November 6, 2015

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

Board of Directors

**Papio-Missouri River Natural Resources District**

Omaha, Nebraska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Papio-Missouri River Natural Resources District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

**HSMC ORIZON LLC**

November 6, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

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

We have audited Papio-Missouri River Natural Resources District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the 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, 2015.



## Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



HSMC ORIZON LLC

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**SECTION 1. SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: Yes \_\_\_\_\_ No X

Significant deficiency(ies) identified that are not considered to be a material weakness(es): None Reported

Noncompliance material to the financial statements noted: Yes \_\_\_\_\_ No X

**MAJOR FEDERAL AWARD PROGRAM AUDIT**

Internal control over major programs:

Material weakness(es) identified: Yes \_\_\_\_\_ No X

Significant deficiency(ies) identified that are not considered to be a material weakness(es): None Reported

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

Audit findings disclosed that are required to be reported in accordance with 510(a) OMB Circular A-133: Yes \_\_\_\_\_ No X

The major programs tested for compliance was the Hazard Mitigation Grant (CFDA No. 97.039)

Threshold used for distinguishing between Type A and B program: \$300,000

Is the Papio-Missouri River Natural Resources District considered to be a low-risk auditee: Yes X No \_\_\_\_\_

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2015**

**SECTION 2. FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported.

**SECTION 3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

**PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**FINANCIAL STATEMENT AUDIT**

No material weaknesses or findings and questioned costs were noted during the prior year.

**MAJOR FEDERAL AWARD PROGRAM AUDIT**

No material weaknesses or findings and questioned costs were noted during the prior year.