

MEMORANDUM

To: Finance, Expenditures and Legal Subcommittee

From: Carey Fry, Senior Accountant

Subject: FY 2024 Audit

Date: December 6, 2024

- **It is staff's recommendation that the FEL Subcommittee recommend to the Board of Directors that the FY2024 Audit Report, prepared by BerganKDV, be accepted and that the General Manager be directed to file an authenticated copy of the audit report with the Nebraska Auditor of Public Accounts and the Nebraska Natural Resources Commission.**

Papio-Missouri River Natural Resources District

**Basic Financial Statements with
Supplemental Information and
Accompanying Independent Auditor's Reports**

June 30, 2024

**Papio-Missouri River Natural Resources District
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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District (the "District") as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

The accompanying other supplementary information identified in the Table of Contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bryan KDV, LLC

Omaha, Nebraska
December 4, 2024

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**Papio-Missouri River Natural Resources District
Management's Discussion and Analysis
Year Ended June 30, 2024**

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, 2024. 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 \$25,315,312, which is an 8.9% increase in total net position.
- ◆ Total governmental activities net position is comprised of the following:
- ◆ Net investment in capital assets of \$239,300,726. Property and equipment, net of accumulated depreciation, is reduced for the outstanding debt related to the purchase or construction of capital assets.
- ◆ Unrestricted net position of \$58,608,854. 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 \$44,109,877. This is an increase of \$3,077,978 from last year's revenues of \$41,031,899, primarily due to increased grant revenue for watershed projects.
- ◆ The net increase in capital assets was \$20,411,292 to a total of \$322,270,095.
- ◆ Total long-term debt, excluding compensated absences, of the District decreased from \$81,176,026 to \$75,249,814 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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
Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 three rural water systems and four other waterway construction and preservation projects.

Statement of Net Position

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

Statement of Activities

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

Fund Financial Statements

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

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

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

**Papio-Missouri River Natural Resources District
Management's Discussion and Analysis
Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 three waterway reconstruction projects, comprise the District's proprietary funds.

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

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

Notes to the Financial Statements

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

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
Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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	
	2024	2023	2024	2023
Current and other assets	\$ 69,479,725	\$ 68,939,134	\$ 1,074,990	\$ 2,398,976
Deferred outflow of resources	131,848	1,491,374	-	-
Capital assets, net of accumulated depreciation	307,870,542	289,397,674	14,399,553	12,461,129
Total assets and deferred outflows	\$ 377,482,115	\$ 359,828,182	\$ 15,474,543	\$ 14,860,105
Current liabilities	\$ 9,607,385	\$ 9,351,384	\$ 475,315	\$ 1,760,921
Deferred inflow of resources	794,065	357,766	-	-
Long-term liabilities	69,171,085	75,488,671	1,387,805	1,523,854
Total liabilities and deferred inflows	79,572,535	85,197,821	1,863,120	3,284,775
Net position				
Net investment in capital assets	239,300,726	227,363,690	12,849,603	10,781,565
Restricted	-	-	-	179,344
Unrestricted	58,608,854	47,266,671	761,820	614,421
Total net position	\$ 297,909,580	\$ 274,630,361	\$ 13,611,423	\$ 11,575,330

The District reported positive balances in net position for both governmental and business-type activities. Net position of governmental activities increased by \$23,279,219. Net investment in capital assets increased \$11,937,036 as progress continues on capital projects and payments are made on related debt.

Net position increased \$2,036,093 for business-type activities due to operating income.

**Papio-Missouri River Natural Resources District
Management's Discussion and Analysis
Year Ended June 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District as a Whole (Continued)

This table summarizes the District's changes in net position from revenues and expenditures. The District is heavily reliant on property taxes to support governmental operations since taxes provide approximately 69.6% of the District's total governmental revenues most years.

Summary of Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2024	Percent % of Total	2023	2024	Percent % of Total	2023
Revenues						
Program Revenues						
Charges for services	\$ 283,073	0.6%	\$ 283,219	\$ 1,832,834	49.6%	\$ 1,763,039
Operating grants and contributions	6,857,922	15.5%	3,045,665	1,701,293	46.0%	-
Capital grants	152,460	0.3%	521,039	-	-	-
General Revenues						
Property taxes	30,699,569	69.6%	30,360,809	-	-	-
Watershed	3,710,591	8.4%	5,601,660	-	-	-
Assessment income	-	-	-	84,966	2.3%	81,625
Transfers	-	-	6,719	-	0.0%	(6,719)
Gain on sale of fixed assets	-	-	-	-	0.0%	1,500
Interest income	2,399,137	5.4%	1,521,254	77,571	2.1%	16,263
Total revenues	44,102,752	100.0%	41,340,365	3,696,664	100.0%	1,855,708
Expenses						
General administration	6,424,095	30.9%	5,803,527	-	-	-
Information and education	210,848	1.0%	167,734	-	-	-
Flood prevention	6,469,302	31.1%	12,091,269	-	-	-
Erosion control	648,896	3.1%	444,722	-	-	-
Water quality	944,361	4.5%	701,907	-	-	-
Recreation	3,492,199	16.8%	1,806,379	-	-	-
Forestry and wildlife	366,444	1.8%	181,357	-	-	-
Interest on long-term debt	2,267,388	10.9%	2,025,457	-	-	-
Major proprietary funds	-	-	-	1,474,372	88.8%	1,399,878
Other proprietary funds	-	-	-	186,199	11.2%	231,539
Total expenses	20,823,533	100.0%	23,222,352	1,660,571	100.0%	1,631,417
Change in net position	\$ 23,279,219		\$ 18,118,013	\$ 2,036,093		\$ 224,291

**Papio-Missouri River Natural Resources District
Management's Discussion and Analysis
Year Ended June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Fund

The General Fund is the District's primary operating fund. It is used to account for all financial resources except those required to be reported in a separate fund. The fund balance of the General Fund increased by \$436,026 to \$63,673,512.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The District's major proprietary funds for this fiscal year were Washington County Rural Water System and Dakota County Rural Water. Net position of these funds increased by \$191,985 and \$1,763,191, respectively. Net position of the non-major proprietary funds increased by \$80,917. The total proprietary funds net position increased by \$2,036,093.

BUDGETARY HIGHLIGHTS

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

The District adopts a budget on the cash basis of accounting in accordance with the Nebraska Budget Act. The general fund budgeted expenditures for the current year were \$80,470,462, compared with the prior year budget of \$73,957,754. Most of this increase is due to construction progress on watershed structures. Actual budgetary expenditures were \$29,629,646 and \$36,762,123, 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, 2024, was \$239,300,726 and \$12,849,603, respectively. This investment in capital assets includes land, infrastructure, buildings and improvements, machinery and equipment and unamortized bond issue costs. The net investment increased 5.3% for governmental and increased 19.2% for business-type activities. The increase for business-type activities primarily results from completion of a large main extension project in Dakota County.

Long-Term Debt

At the end of the fiscal year, the District had \$72,638,107 in bonds, notes, and leases payable. \$1,549,950 of this debt is attributable to the proprietary funds for construction of and upgrades to the rural water distribution systems. \$70,885,000 is attributable to general obligation bonds issued for construction of flood control projects, \$125,880 is attributable to capital leases for the purchase of equipment, \$68,247 is outstanding on lease contracts for office equipment, and \$9,030 is outstanding on a subscription-based IT arrangement. Also included in long-term debt is \$2,611,707 of bond premiums.

**Papio-Missouri River Natural Resources District
Management's Discussion and Analysis
Year Ended June 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District adopted a budget for the 2024-2025 fiscal year with total requirements of \$118.3 million, a slight decrease from the 2023-2024 fiscal year budget of \$119.5 million.

Factors considered in preparing the District's budget for fiscal year 2024-25 include the following:

- ◆ A total property tax assessment of \$31,497,101 on valuation of \$106.53 billion from a levy of \$0.029568 per \$100 of valuation, a decrease of 0.0018 from fiscal year 2023-24. However, the overall increase in valuation led to an increase of \$767,933 in the total property tax assessment.
- ◆ District projects are financed by several methods this year, including federal and/or state funding, cost sharing agreements with other local governments, and property taxes.
- ◆ The fiscal year 2024-2025 budget includes design, construction, and/or land acquisition costs for six of the nine remaining flood control reservoirs in the Papillion Creek Watershed Management Plan. These six are priority sites due to ongoing or planned development in the area and are estimated to cost a total of \$91.7 million, funded in part by watershed fees collected from zoning jurisdictions within the Papillion Creek Watershed Partnership. Progress will continue on the three structures (WP-1, WP-4 and WP-2) currently under design or construction, and land acquisition continues for structures DS-7, DS-12 and DS-19.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Senior Accountant at 8901 South 154th Street, Omaha, NE 68138.

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BASIC FINANCIAL STATEMENTS

Papio-Missouri River Natural Resources District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 3,642,830	\$ 1,239,645	\$ 4,882,475
Cash on deposit with county treasurers	667,682	-	667,682
Investments	42,607,636	1,470,202	44,077,838
Property tax receivable	11,745,392	-	11,745,392
Leases receivable	794,065	-	794,065
Service receivable	-	89,798	89,798
Due from other governments	7,900,982	240,657	8,141,639
Internal balances	2,121,138	(2,121,138)	-
Special assessments receivable	-	15,047	15,047
Inventories	-	140,779	140,779
Capital assets			
Land	90,727,067	366,391	91,093,458
Construction in progress	19,165,859	-	19,165,859
Capital assets being depreciated			
Capital improvements and infrastructure	292,287,688	17,225,518	309,513,206
Buildings and improvements	8,188,795	-	8,188,795
Vehicles and equipment	6,828,261	229,187	7,057,448
Intangible assets	138,960	76,411	215,371
Less accumulated depreciation	(109,466,088)	(3,497,954)	(112,964,042)
Total assets	<u>377,350,267</u>	<u>15,474,543</u>	<u>392,824,810</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to refunded debt	131,848	-	131,848
Total assets and deferred outflows of resources	<u>\$ 377,482,115</u>	<u>\$ 15,474,543</u>	<u>\$ 392,956,658</u>
Liabilities			
Accounts payable	\$ 3,994,805	\$ 305,488	\$ 4,300,293
Due to other governments	217	227	444
Accrued payroll	181,815	-	181,815
Accrued interest payable	120,478	7,455	127,933
Bonds, notes, and leases payable			
Due within one year	4,528,779	162,145	4,690,924
Due in more than one year	69,171,085	1,387,805	70,558,890
Compensated absences	781,291	-	781,291
Total liabilities	<u>78,778,470</u>	<u>1,863,120</u>	<u>80,641,590</u>
Deferred Inflows of Resources			
Deferred inflows related to lease income	794,065	-	794,065
Net Position			
Net investment in capital assets	239,300,726	12,849,603	252,150,329
Unrestricted	58,608,854	761,820	59,370,674
Total net position	<u>297,909,580</u>	<u>13,611,423</u>	<u>311,521,003</u>
Total liabilities and net position	<u>\$ 377,482,115</u>	<u>\$ 15,474,543</u>	<u>\$ 392,956,658</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General administration	\$ 6,424,095	\$ 218,225	\$ 15,271	\$ -	\$ (6,190,599)	\$ -	\$ (6,190,599)
Flood prevention	6,469,302	34,400	6,050,957	-	(383,945)	-	(383,945)
Erosion control	648,896	-	-	152,460	(496,436)	-	(496,436)
Forestry and wildlife	366,444	11,928	25,000	-	(329,516)	-	(329,516)
Water quality	944,361	2,315	399,838	-	(542,208)	-	(542,208)
Recreation	3,492,199	16,205	366,856	-	(3,109,138)	-	(3,109,138)
Information and education	210,848	-	-	-	(210,848)	-	(210,848)
Interest on long-term debt	2,267,388	-	-	-	(2,267,388)	-	(2,267,388)
Total governmental activities	20,823,533	283,073	6,857,922	152,460	(13,530,078)	-	(13,530,078)
Business-type activities							
Washington County Rural Water	1,060,886	1,160,019	29,154	-	-	128,287	128,287
Dakota Rural Water	413,486	498,110	1,672,139	-	-	1,756,763	1,756,763
Non-major proprietary funds	186,199	174,705	-	-	-	(11,494)	(11,494)
Total business-type activities	1,660,571	1,832,834	1,701,293	-	-	1,873,556	1,873,556
Total governmental and business-type activities	\$ 22,484,104	\$ 2,115,907	\$ 8,559,215	\$ 152,460	(13,530,078)	1,873,556	(11,656,522)
General revenues							
Property taxes					30,699,569	-	30,699,569
Watershed					3,710,591	-	3,710,591
Assessment income					-	84,966	84,966
Interest income					2,399,137	77,571	2,476,708
Total general revenues					36,809,297	162,537	36,971,834
Change in net position					23,279,219	2,036,093	25,315,312
Net position - beginning					274,630,361	11,575,330	286,205,691
Net position - ending					\$ 297,909,580	\$ 13,611,423	\$ 311,521,003

See notes to basic financial statements.

**Papio-Missouri River Natural Resources District
Balance Sheet - Governmental Fund
June 30, 2024**

Assets	
Cash and investments	\$ 3,642,830
Cash on deposit with County Treasurers	667,682
Investments	42,607,636
Receivables	
Taxes	11,745,392
Leases	794,065
Due from other funds	2,121,138
Due from other governments	<u>7,900,982</u>
 Total assets	 <u><u>\$ 69,479,725</u></u>
Liabilities	
Accounts payable	\$ 3,994,805
Due to other governments	217
Accrued payroll	181,815
Total liabilities	<u>4,176,837</u>
Deferred Inflows of Resources	
Unavailable revenue - property taxes	835,311
Deferred lease income	<u>794,065</u>
Total deferred inflows of resources	<u>1,629,376</u>
Fund Balances	
Restricted	4,998,200
Committed	27,451,581
Unassigned	<u>31,223,731</u>
Total fund balances	<u>63,673,512</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u><u>\$ 69,479,725</u></u>

**Papio-Missouri River Natural Resources District
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2024**

Total fund balances - governmental funds	\$ 63,673,512
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	417,336,630
Less accumulated depreciation	(109,466,088)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond and notes principal payable	(71,088,157)
Premium on bonds payable	(2,611,707)
Compensated absences payable	(781,291)
Property taxes that will be collected in future years, but are not available soon enough to pay for the current period's expenditures, are deferred in the funds.	
Difference in property tax revenue accrual	835,311
Deferred costs on refunded debt are not financial resources	131,848
Governmental funds do not report a liability for accrued interest until due and payable.	(120,478)
Total net position - governmental activities	<u>\$ 297,909,580</u>

**Papio-Missouri River Natural Resources District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024**

Revenues		
General administration	\$ 31,688,633	
Flood prevention	11,444,091	
Erosion control	152,460	
Forestry and wildlife	37,243	
Water quality	404,389	
Recreation	383,061	
Total revenues	<u>44,109,877</u>	
Expenditures		
Current		
General administration	5,906,841	
Flood prevention	2,214,789	
Erosion control	648,896	
Forestry and wildlife	366,444	
Water quality	937,455	
Recreation	1,020,709	
Information and education	210,848	
Debt service		
Principal	4,608,676	
Interest and other charges	2,425,999	
Capital outlay	25,667,625	
Total expenditures	<u>44,008,282</u>	
Excess of revenues over expenditures	<u>101,595</u>	
Other Financing Sources (Uses)		
Bonds issued	16,130,000	
Bond premium	806,112	
Payment of refunded debt	<u>(16,601,681)</u>	
Total other financing sources (uses)	<u>334,431</u>	
Net change in fund balances	<u>436,026</u>	
Fund Balances		
Beginning of year, as previously stated	63,972,050	
Error correction (See Note 14)	<u>(734,564)</u>	
Beginning of year, restated	<u>63,237,486</u>	
End of year	<u>\$ 63,673,512</u>	

**Papio-Missouri River Natural Resources District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2024**

Net change in fund balances - governmental funds \$ 436,026

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

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

Capital outlay	25,667,625
Depreciation expense	(5,587,458)
Net book value of disposals and transfers	(1,607,299)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (55,406)

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

Payments to refund bonds escrow agent	16,601,681
Principal payments on bonds payable	4,490,000
Principal payments on financed purchase payable	118,676

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

In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (4,216)

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

Issuance of bonds	(16,130,000)
Effects of bond premiums, discounts and related items	(627,078)
Amortization of deferred cost on refunded debt	(16,207)

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

Difference in property tax revenue accrual	(7,125)
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Change in net position - governmental activities \$ 23,279,219

**Papio-Missouri River Natural Resources District
Statement of Net Position - Proprietary Funds
June 30, 2024**

	Washington Rural Water	Dakota Rural Water	Total Non- Major Proprietary Funds	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 88,107	\$ 746,182	\$ 405,356	\$ 1,239,645
Investments	1,470,202	-	-	1,470,202
Special assessment receivable	-	-	15,047	15,047
Service receivable	47,832	32,908	9,058	89,798
Due from other governments	29,154	211,503	-	240,657
Inventories	36,448	102,349	1,982	140,779
Total current assets	<u>1,671,743</u>	<u>1,092,942</u>	<u>431,443</u>	<u>3,196,128</u>
Noncurrent assets				
Capital assets				
Land	1,000	1,000	364,391	366,391
Capital improvements and infrastructure	7,674,988	5,729,446	3,821,084	17,225,518
Vehicles and equipment	114,276	114,911	-	229,187
Intangible assets	47,439	22,060	6,912	76,411
Total capital assets	<u>7,837,703</u>	<u>5,867,417</u>	<u>4,192,387</u>	<u>17,897,507</u>
Less accumulated depreciation and amortization	<u>(1,946,400)</u>	<u>(911,539)</u>	<u>(640,015)</u>	<u>(3,497,954)</u>
Total noncurrent assets and net capital assets	<u>5,891,303</u>	<u>4,955,878</u>	<u>3,552,372</u>	<u>14,399,553</u>
Total assets	<u>\$ 7,563,046</u>	<u>\$ 6,048,820</u>	<u>\$ 3,983,815</u>	<u>\$ 17,595,681</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 61,842	\$ 238,418	\$ 5,228	\$ 305,488
Accrued interest payable	1,312	-	6,143	7,455
Due to other funds	31,155	1,988,627	101,356	2,121,138
Due to other governments	80	147	-	227
Current portion of long-term debt	147,828	3,537	10,780	162,145
Total current liabilities	<u>242,217</u>	<u>2,230,729</u>	<u>123,507</u>	<u>2,596,453</u>
Long-term liabilities				
Financed purchase payable	9,906	11,447	4,423	25,776
Bonds payable, net	1,262,637	-	99,392	1,362,029
Total long-term liabilities	<u>1,272,543</u>	<u>11,447</u>	<u>103,815</u>	<u>1,387,805</u>
Total liabilities	<u>1,514,760</u>	<u>2,242,176</u>	<u>227,322</u>	<u>3,984,258</u>
Net Position				
Net investment in capital assets	4,470,932	4,940,894	3,437,777	12,849,603
Unrestricted	1,577,354	(1,134,250)	318,716	761,820
Total net position	<u>6,048,286</u>	<u>3,806,644</u>	<u>3,756,493</u>	<u>13,611,423</u>
Total liabilities, and net position	<u>\$ 7,563,046</u>	<u>\$ 6,048,820</u>	<u>\$ 3,983,815</u>	<u>\$ 17,595,681</u>

See notes to basic financial statements.

**Papio-Missouri River Natural Resources District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2024**

	Washington Rural Water	Dakota Rural Water	Total Non- Major Proprietary Funds	Total
Sales and Cost of Sales				
Sales	\$ 993,960	\$ 384,404	\$ 163,194	\$ 1,541,558
Customer charges and hookup fees	165,930	112,384	11,461	289,775
Miscellaneous	29,283	1,322	50	30,655
Gross profit	<u>1,189,173</u>	<u>498,110</u>	<u>174,705</u>	<u>1,861,988</u>
Operating Expenses				
Repairs and maintenance	16,692	18,561	336	35,589
Supplies and postage	17,659	9,599	3,446	30,704
Professional services	87,028	27,083	4,703	118,814
Personnel	151,995	162,643	36,091	350,729
Telephone, utilities and rent	19,619	4,178	8,698	32,495
Miscellaneous	5,423	539	1,016	6,978
Water purchase	427,080	96,296	47,724	571,100
Contract costs	140,274	20,514	4,911	165,699
Project construction and land	-	1,896	-	1,896
Project operation and maintenance	25,000	16,732	1,761	43,493
Depreciation and amortization	111,720	42,516	67,516	221,752
Vehicle expense	16,571	11,099	3,854	31,524
Other	1,462	1,676	-	3,138
Total operating expenses	<u>1,020,523</u>	<u>413,332</u>	<u>180,056</u>	<u>1,613,911</u>
Operating income (loss)	<u>168,650</u>	<u>84,778</u>	<u>(5,351)</u>	<u>248,077</u>
Nonoperating Revenues (Expenses)				
Investment income	63,698	6,428	7,445	77,571
Assessment revenue	-	-	84,966	84,966
Federal grants	-	1,672,139	-	1,672,139
Interest expense	(40,363)	(154)	(6,143)	(46,660)
Total nonoperating revenues (expenses)	<u>23,335</u>	<u>1,678,413</u>	<u>86,268</u>	<u>1,788,016</u>
Income (loss)	191,985	1,763,191	80,917	2,036,093
Beginning of year	<u>5,856,301</u>	<u>2,043,453</u>	<u>3,675,576</u>	<u>11,575,330</u>
End of year	<u>\$ 6,048,286</u>	<u>\$ 3,806,644</u>	<u>\$ 3,756,493</u>	<u>\$ 13,611,423</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2024

	Washington Rural Water	Dakota Rural Water	Total Non- Major Proprietary Funds	Total
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,180,246	\$ 288,925	\$ 158,549	\$ 1,627,720
Payments to suppliers	(775,597)	(292,375)	(79,178)	(1,147,150)
Payments to employees	(151,995)	(162,643)	(36,091)	(350,729)
Net cash flows - operating activities	<u>252,654</u>	<u>(166,093)</u>	<u>43,280</u>	<u>129,841</u>
Cash Flows - Noncapital Financing Activities				
Interfund balances	(409)	1,953,691	(37,398)	1,915,884
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(145,657)	(1,572)	(9,295)	(156,524)
Interest paid on debt	(40,480)	(153)	(6,666)	(47,299)
Assessments	-	-	84,966	84,966
Federal grants	-	1,672,139	-	1,672,139
Acquisition of capital assets	(102,309)	(3,289,967)	(1,530)	(3,393,806)
Net cash flows - capital and related financing activities	<u>(288,446)</u>	<u>(1,619,553)</u>	<u>67,475</u>	<u>(1,840,524)</u>
Cash Flows - Investing Activities				
Net maturity (purchase) of investments	(101,548)	66,000	43,549	8,001
Interest and dividends received	64,059	6,432	7,482	77,973
Net cash flows - investing activities	<u>(37,489)</u>	<u>72,432</u>	<u>51,031</u>	<u>85,974</u>
Net change in cash and cash equivalents	(73,690)	240,477	124,388	291,175
Cash and Cash Equivalents				
Beginning of year	<u>161,797</u>	<u>505,705</u>	<u>280,968</u>	<u>948,470</u>
End of year	<u>\$ 88,107</u>	<u>\$ 746,182</u>	<u>\$ 405,356</u>	<u>\$ 1,239,645</u>
Noncash Capital and Related Financing Activities				
Total acquisition of capital assets	\$ (113,073)	\$ (2,040,192)	\$ (6,912)	\$ (2,160,177)
Intangible assets obtained in exchange for financed purchase payable	\$ 10,764	\$ 10,764	\$ 5,382	\$ 26,910
Change in capital assets acquired included in accounts payable	-	(1,260,539)	-	(1,260,539)
Cash paid for acquisition of capital assets	<u>\$ (102,309)</u>	<u>\$ (3,289,967)</u>	<u>\$ (1,530)</u>	<u>\$ (3,393,806)</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ 168,650	\$ 84,778	\$ (5,351)	\$ 248,077
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Depreciation expense	111,720	42,516	67,516	221,752
Accounts receivable	20,227	2,318	(1,109)	21,436
Special assessments receivable	-	-	(15,047)	(15,047)
Due from other governments	(29,154)	(211,503)	-	(240,657)
Inventory	1,442	(75,747)	(553)	(74,858)
Accounts and contracts payable	(20,311)	(8,602)	(2,176)	(31,089)
Due to other governmental units	80	147	-	227
Total adjustments	<u>84,004</u>	<u>(250,871)</u>	<u>48,631</u>	<u>(118,236)</u>
Net cash flows - operating activities	<u>\$ 252,654</u>	<u>\$ (166,093)</u>	<u>\$ 43,280</u>	<u>\$ 129,841</u>

See notes to basic financial statements.

Papio-Missouri River Natural Resources District
Statement of Fiduciary Net Position
June 30, 2024

	Papillion Creek Watershed Partnership	Southern Sarpy Watershed Partnership	Total
Assets			
Cash and investments	<u>\$ 375,141</u>	<u>\$ 3,366,387</u>	<u>\$ 3,741,528</u>
Liabilities			
Accounts payable	<u>\$ 294,511</u>	<u>\$ 20,014</u>	<u>\$ 314,525</u>
Net Position			
Held in trust	<u>\$ 80,630</u>	<u>\$ 3,346,373</u>	<u>\$ 3,427,003</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	Papillion Creek Watershed Partnership	Southern Sarpy Watershed Partnership	Total
Additions			
Partnership dues	\$ 369,000	\$ 200,000	\$ 569,000
Watershed fees	-	295,750	295,750
Interest	3,782	34,341	38,123
Total additions	<u>372,782</u>	<u>530,091</u>	<u>902,873</u>
Deductions			
Contributions and cost shares	310,397	-	310,397
Professional services	188,658	249,868	438,526
Miscellaneous expenses	330	-	330
Total deductions	<u>499,385</u>	<u>249,868</u>	<u>749,253</u>
Change in net position	(126,603)	280,223	153,620
Net Position			
Beginning of year	<u>207,233</u>	<u>3,066,150</u>	<u>3,273,383</u>
End of year	<u>\$ 80,630</u>	<u>\$ 3,346,373</u>	<u>\$ 3,427,003</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

C. 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 District's financial statements to be misleading or incomplete.

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

D. Basic Financial Statement Information

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 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 basic financial statements include government-wide financial statements and fund financial statements.

E. 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Government-Wide Financial Statements (Continued)

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 - This 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 - This includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- ◆ Nonexpendable - This consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purposes of producing present and future income, which may either be expended or added to principal.
- ◆ Unrestricted - These amounts are those that do not meet the definition of the three preceding categories. These amounts often are designated, to indicate that management does not consider them to be available for general operations and often have constraints on resources that are imposed by management but can be removed or modified.

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 Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Financial Statements

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

- ◆ Governmental Fund - The governmental (general) fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- ◆ Proprietary Funds - Proprietary funds are used to account for the operation of the District's activities that are financed and operated in a manner similar to those found in private business enterprises. Generally, the intent of the governing body is that the cost and expense of providing goods or services to others on a continuing basis be financed or recovered primarily through sales or other forms of user charges. All proprietary funds are accounted for on an economic resources measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their Statement of Net Position.
- ◆ Major Funds - The District reports the Washington County Rural Water System and Dakota Rural Water as major proprietary funds presented individually in the financial statements. The Washington County Rural Water System and Dakota Rural Water account 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 Funds - Fiduciary funds are used to account for assets held in a trustee capacity. The District is the administering agent of the Papillion Creek Watershed Partnership and the Southern Sarpy Watershed Partnership (the "Partnerships"). The Partnerships are comprised of local governments that are wholly or partially in the Papillion Creek Watershed and Southern Sarpy Watershed that have combined resources to fund engineering studies.

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

- ◆ 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 Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Financial Statements (Continued)

- ◆ 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.
- ◆ 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.
- ◆ 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.
- ◆ 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.

G. Measurement Focus and 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 Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Measurement Focus and 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.

H. 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.

I. 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.

J. 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.

K. Inventories

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

L. Capital Assets

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

	Years
Capital improvements and infrastructure	7 - 100
Buildings and improvements	20 - 30
Vehicles and equipment	3 - 50
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.

M. 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.

N. 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 2023-24, the taxes levied totaled \$30,729,169 at a tax levy rate of \$0.031324 per \$100 of valuation on a total valuation of \$98,100,132,505.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. Allocation of Indirect Expenses/Interfund Activity

The District is responsible for paying all employee wages and vehicle and fuel expenses of the rural water district proprietary funds. The portion of these expenses directly attributable to the proprietary funds, plus a 10% surcharge to cover administrative costs, is billed to and reimbursed by each rural water district. General administration services include overall District management, centralized budgetary formulation and oversight, accounting, payroll, investing and cash management, personnel services, and other general administration services. Services provided are treated as revenues and expenses in the respective funds. The actual amount of indirect cost reimbursement received by the District at June 30, 2024, was \$350,730. These reimbursements are included as an offset in the general administration expenses in the Statement of Activities.

Q. 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.

R. 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.

S. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. 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 30, 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 must approve certain accounts that exceed 110% of their budgeted amount if District personnel provide reasonable justification for doing so before the expenditures occur.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - 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, 2024, the District met all the budgetary requirements with the State of Nebraska.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Deposits and investments consisted of the following at June 30, 2024:

	Total	Governmental Funds	Proprietary Funds
Checking accounts and petty cash	\$ 4,882,475	\$ 3,642,830	\$ 1,239,645
Cash on hand at County Treasurers	667,682	667,682	-
Investments	44,077,838	42,607,636	1,470,202
 Total	 \$ 49,627,995	 \$ 46,918,148	 \$ 2,709,847

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The carrying amount of the District's deposits, including Fiduciary funds, was \$8,624,003 and the bank balances were \$8,800,511 at June 30, 2024. At June 30, 2024, the entire bank balance was covered by the Federal Deposit Insurance Corporation ("FDIC") or collateralized.

Investments are stated at cost, which at June 30, 2024, approximates fair value. The District's investments consisted of \$27,951,283 deposited in the Nebraska Public Agency Investment Trust (NPAIT) and \$16,126,555 deposited in the Nebraska Cooperative Liquid Assets Securities System (Nebraska CLASS).

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

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

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

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

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

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

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the District's investments, as of June 30, 2024, are categorized as level 2 investments.

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

Custodial Credit Risk: This 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: This is the risk that a bank or other counterparty defaults on its principal and/or interest payments owed to the District.

Interest Rate Risk: This is the risk that the value of deposits and investments will decrease as a result of a rise in interest rates.

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

NOTE 4 - RESERVED/DESIGNATED FUNDS

The Board of Directors, by resolution, has established a sinking fund and reserved cash accounts for various purposes. All of the accounts are fully funded at their required levels at June 30, 2024. The following is a summary of the reservations placed on cash and investments for the year ended June 30, 2024:

General Sinking Funds

Restricted	\$ 4,998,200
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Unrestricted, but Committed Cash Accounts

Committed to Wetland Mitigation and the development of future wetlands.	30,842
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The Board of Directors, by resolution has committed funds to be spent on costs incurred for Watershed Plan Projects.	26,969,688
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The Board of Directors, by resolution and in accordance with the Interlocal Cooperation Act Agreement, has committed funds to reimburse parties to this agreement that incurred costs as a result of the removal of ice jams.	148,443
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The Board of Directors, by resolution has committed funds to be spent on costs incurred proactively controlling noxious weeds along the Lower Platte River.	302,608
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Total general fund restrictions and commitments	\$ 32,449,781
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NOTE 5 - DUE FROM FUNDING AGENCIES

Revenue from governmental grants and contracts are recognized as earned when all applicable eligibility requirements are met. Funds received from the various agencies less than or greater than the expenditures of the program are recorded as assets or liabilities, respectively. At June 30, 2024, \$8,141,639 was due from other governmental agencies, including the federal government.

The District has entered into several construction agreements that involve reimbursement from the federal government for a portion of the District's expenses associated with those construction projects. At June 30, 2024, the District had receivables due from the federal government in the amount of \$3,961,437.

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

NOTE 6 - INTERNAL BALANCES/INTERFUND PAYABLES AND RECEIVABLES

Outstanding balances between funds reported as “due to/due from other funds” include outstanding charges by one fund to another for services, goods, or other miscellaneous receivables/payables between funds. Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Interfund balances at June 30, 2024, 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	\$ 3,282
General Fund	Washington County Rural Water	31,155
General Fund	Dakota County Rural Water	1,988,627
General Fund	Elkhorn River Stabilization	1,574
General Fund	Elk/Pigeon Creek Drainage	93,623
General Fund	Western Sarpy Drainage	2,877
		<u>2,877</u>
Total		<u>\$ 2,121,138</u>

NOTE 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.

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2024</u>
Not depreciated				
Land	\$ 78,139,668	\$ 12,587,399	\$ -	\$ 90,727,067
Construction in progress	50,923,000	11,907,616	(43,664,757)	19,165,859
	<u>129,062,668</u>	<u>24,495,015</u>	<u>(43,664,757)</u>	<u>109,892,926</u>
Depreciated				
Capital improvements and infrastructure	249,587,550	582,537	42,117,601	292,287,688
Buildings and improvements	8,139,752	49,043	-	8,188,795
Vehicles and equipment	6,586,498	541,030	(299,267)	6,828,261
Intangible assets	138,960	-	-	138,960
	<u>264,452,760</u>	<u>1,172,610</u>	<u>41,818,334</u>	<u>307,443,704</u>
Less accumulated depreciation and amortization	(104,117,754)	(5,587,458)	239,124	(109,466,088)
	<u>160,335,006</u>	<u>(4,414,848)</u>	<u>42,057,458</u>	<u>197,977,616</u>
Total	<u>\$ 289,397,674</u>	<u>\$ 20,080,167</u>	<u>\$ (1,607,299)</u>	<u>\$ 307,870,542</u>

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

NOTE 7 - CAPITAL ASSETS (CONTINUED)

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

General administration	\$ 459,710
Flood prevention	4,254,105
Water quality	6,906
Recreation	<u>866,737</u>
Total depreciation and amortization expense	<u><u>\$ 5,587,458</u></u>

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

	Balance June 30, 2023	Additions	Transfers/ Deletions	Balance June 30, 2024
Not depreciated				
Land	\$ 366,391	\$ -	\$ -	\$ 366,391
Construction in progress	1,865,757	2,026,368	(3,892,125)	-
	<u>2,232,148</u>	<u>2,026,368</u>	<u>(3,892,125)</u>	<u>366,391</u>
Depreciated				
Capital improvements and infrastructure	13,234,144	99,249	3,892,125	17,225,518
Vehicles and equipment	229,187	-	-	229,187
Intangible assets	41,851	34,560	-	76,411
	<u>13,505,182</u>	<u>133,809</u>	<u>3,892,125</u>	<u>17,531,116</u>
Less accumulated depreciation and amortization	(3,276,202)	(221,752)	-	(3,497,954)
	<u>10,228,980</u>	<u>(87,943)</u>	<u>3,892,125</u>	<u>14,033,162</u>
Total	<u><u>\$ 12,461,128</u></u>	<u><u>\$ 1,938,425</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,399,553</u></u>

NOTE 8 - LONG-TERM LIABILITIES

A. General Fund Long-Term Debt

The table on the following page is a summary of the long-term debt for the year ended June 30, 2024. 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.

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

NOTE 8 - LONG-TERM LIABILITIES

A. General Fund Long-Term Debt (Continued)

Fund	Series	Due Date	Principal Payable	Interest Rates	Principal Balance
General	2019	December 2031	Semi-Annually	2.09% to 2.79%	\$ 14,490,000
General	2020	December 2033	Semi-Annually	0.34% to 1.77%	16,615,000
General	2021	December 2041	Semi-Annually	2.00% to 4.00%	26,140,000
General	2023	December 2033	Semi-Annually	5.00%	13,640,000
General	Equipment lease	October 1, 2024	Annually	3.49%	52,735
General	Equipment lease	February 1, 2026	Annually	2.99%	73,145
General	Subscription	December 2024	Monthly	4.00%	9,030
General	Equipment lease	March 2028	Monthly	5.00%	10,191
General	Equipment lease	June 2028	Monthly	5.00%	58,056
Total					<u>\$ 71,088,157</u>

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Flood Protection and Water Quality Enhancement Refunding Bonds - 2019	\$ 31,255,000	\$ -	\$ (16,765,000)	\$ 14,490,000	\$ 860,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2020	18,750,000	-	(2,135,000)	16,615,000	135,000
Limited Tax General Obligation Bonds, Series 2021	27,185,000	-	(1,045,000)	26,140,000	1,085,000
Flood Protection and Water Quality Enhancement Refunding Bonds - 2023	-	16,130,000	(2,490,000)	13,640,000	2,335,000
Bond Premium	1,984,629	806,112	(179,034)	2,611,707	-
Equipment lease	103,691	-	(50,956)	52,735	52,734
Equipment lease	108,132	-	(34,987)	73,145	36,034
Subscription	26,560	-	(17,530)	9,030	9,031
Equipment lease	12,602	-	(2,411)	10,191	2,534
Equipment lease	70,848	-	(12,792)	58,056	13,446
Total	<u>\$ 79,496,462</u>	<u>\$ 16,936,112</u>	<u>\$ (22,732,710)</u>	<u>\$ 73,699,864</u>	<u>\$ 4,528,779</u>

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

NOTE 8 - LONG-TERM LIABILITIES

A. General Fund Long-Term Debt (Continued)

On August 17, 2023, the District issued \$16,130,000 of Flood Protection and Water Quality Enhancement Refunding Bonds, Series 2023 at a premium of \$806,112 and a true interest cost of 4.0%. The proceeds were used for a partial tender and refunding of taxable Series 2019 and 2020 General Obligation Refunding Bonds in the amount of \$17,945,000 and to pay for issuance costs and accrued interest of \$331,693. As a result of this refunding, the District decreased its total debt service payments of the next 10 years by approximately \$289,000 and obtained a net present value savings of approximately \$262,819.

B. Proprietary Funds Long-term Debt

Fund	Series	Due Date	Principal Payable	Interest Rates	Principal Balance
Washington Rural Water	2016	June 2032	Annually	2.0% to 3.30%	\$ 930,000
Washington Rural Water	2016	December 2036	Semi-Annually	2.00%	239,658
Washington Rural Water	2018	December 2038	Semi-Annually	2.00%	228,801
Washington Rural Water	Subscription	September 2024	Annually	5.00%	7,593
Washington Rural Water	Equipment lease	November 2025	Monthly	3.00%	3,555
Washington Rural Water	Subscription	September 2028	Annually	5.75%	10,764
Thurston Rural Water	1993	February 2033	Annually	5.63%	109,212
Thurston Rural Water	Subscription	September 2028	Annually	5.75%	5,383
Dakota Rural Water	Equipment lease	November 2025	Quarterly	3.00%	840
Dakota Rural Water	Equipment lease	July 2027	Monthly	3.00%	3,380
Dakota Rural Water	Subscription	September 2028	Annually	5.75%	10,764
Total					<u>\$ 1,549,950</u>

The annual principal and interest requirement to maturity for long-term debt as of June 30, 2024, follows:

Year Ending June 30,	General Funds		Proprietary Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 4,528,779	\$ 2,047,253	\$ 162,145	\$ 44,689	\$ 4,690,924	\$ 2,091,942
2026	4,773,909	1,866,748	159,327	40,229	4,933,236	1,906,977
2027	5,027,658	1,692,464	159,522	36,038	5,187,180	1,728,502
2028	5,272,811	1,507,533	160,059	31,312	5,432,870	1,538,845
2029	5,635,000	1,339,112	171,598	26,542	5,806,598	1,365,654
2030-2034	32,455,000	4,206,956	606,483	55,741	33,061,483	4,262,697
2035-2039	7,990,000	1,424,250	130,816	5,535	8,120,816	1,429,785
2040-2044	5,405,000	246,375	-	-	5,405,000	246,375
Total	<u>\$ 71,088,157</u>	<u>\$ 14,330,691</u>	<u>\$ 1,549,950</u>	<u>\$ 240,086</u>	<u>\$ 72,638,107</u>	<u>\$ 14,570,777</u>

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

NOTE 8 - LONG-TERM LIABILITIES

C. Compensated Absences

The liability for vested vacation benefits and sick leave is \$402,901 and \$378,390 at June 30, 2024, respectively. These amounts are recorded as non-current liabilities in the government-wide Statement of Net Position and are not recorded in the governmental fund financial statements. The amount of unvested sick leave benefits payable amounts to \$1,135,169 at June 30, 2024, and is not reported as an expenditure or liability in any of the District's June 30, 2024, financial statements.

The change in compensated absences for the year ended June 30, 2024, was as follows:

Governmental-Type Activity	Beginning Balance	Additions	Reductions	Ending Balance
Compensated Absences	\$ 725,885	\$ 836,698	\$ (781,292)	\$ 781,291

NOTE 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, 2024, as follows:

Restricted			
Bond proceeds - NPAIT			\$ 4,998,200
Committed			
Wetland mitigation		\$ 30,842	
Watershed fees		26,969,688	
Ice jam		148,443	
Lower Platte weed		302,608	
Total committed			27,451,581
Unassigned			31,223,731
Total fund balance			\$ 63,673,512

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

NOTE 10 - EMPLOYEES' RETIREMENT PLAN

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

All employees who are employed for a minimum of six months are regularly scheduled to work at least thirty-seven and one-half hours per week and are age nineteen or older are eligible to participate in the retirement plan. The District requires all full-time employees to participate.

Participants become fully vested after five years, which is applicable only to the employer's contribution, at a rate of 20% at the end of each year.

Plan participants are required to contribute 5.5% of their compensation each pay period, and the District is required to contribute 6.0% of the employee's compensation for each pay period. The District's contributions for the year ended June 30, 2024, were \$218,692, which were the required contributions. Plan forfeitures, if any, are allocated to the other active participants in the plan.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The District has committed future funds to several ongoing and new projects and cost share agreements. The total commitments undersigned contracts at year-end were approximately \$26,414,676. 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, 2024.

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

Certain conditions may exist as of the date of the financial statements which may result in a loss to the District, but which will only be resolved when one or more future events occur or fail to occur. The District's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the District or unasserted claims that may result in such proceedings, the District's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. At June 30, 2024, a reasonable estimate could not be determined for any potential loss contingencies.

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

NOTE 12 - FIDUCIARY FUNDS

A. Papillion Creek Watershed Partnership

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

B. Southern Sarpy Watershed Partnership

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

NOTE 13 - 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, 2024. The District did not pay any settlement amounts, which exceeded its insurance coverage for the years ending June 30, 2024.

NOTE 14 - ERROR CORRECTION

During fiscal year 2024, the District determined that capital assets related to construction in progress did not include incurred retainage payable. Therefore, capital assets and accounts payable were understated by \$734,564 for the fiscal year ended June 30, 2023, government-wide financial statements. In addition, accounts payable and capital outlay expenses were understated by \$734,564 for the fiscal year ended June 30, 2023, governmental fund financial statements. The effect of correcting the error and restatements of beginning net position and fund balance, as follows:

	Governmental Activities	Governmental Fund
Fund balance, June 30, 2023, as previously reported	\$ 298,383,124	\$ 63,972,050
Error correction	-	(734,564)
	<u>\$ 298,383,124</u>	<u>\$ 63,237,486</u>
Fund balance, June 30, 2023, as restated	<u>\$ 298,383,124</u>	<u>\$ 63,237,486</u>

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

NOTE 15 - SUBSEQUENT EVENT

Management has evaluated subsequent events through December 4, 2024, the date which these basic financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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Papio-Missouri River Natural Resources District
Schedule of Revenues, Expenditures, and Change in Fund Balance
Actual and Budget (Budgetary Basis) - Governmental Fund
Year Ended June 30, 2024

	Actual	Original and Final Budget	Variance Favorable (Unfavorable)
Revenues			
General administration	\$ 14,774,053	\$ 33,969,254	\$ (19,195,201)
Watershed fund	6,207,442	12,750,380	(6,542,938)
Flood control	1,012,109	3,708,316	(2,696,207)
Erosion control	169,731	805,000	(635,269)
Forestry and wildlife	37,242	576,024	(538,782)
Water quality	328,250	911,500	(583,250)
Recreation	257,339	889,685	(632,346)
Total revenues	<u>22,786,166</u>	<u>53,610,159</u>	<u>(30,823,993)</u>
Expenditures			
Current			
General administration	15,948,409	18,463,579	2,515,170
Information and Education	205,460	260,000	54,540
Watershed fund	3,540,990	32,265,000	28,724,010
Flood control	5,486,974	11,648,182	6,161,208
Erosion control	921,440	7,173,801	6,252,361
Recreation	2,196,918	6,633,650	4,436,732
Forestry and wildlife	371,190	1,951,500	1,580,310
Water quality	958,265	2,074,750	1,116,485
Total expenditures	<u>29,629,646</u>	<u>80,470,462</u>	<u>50,840,816</u>
Excess of revenues over (under) expenditures	(6,843,480)	(26,860,303)	20,016,823
Other Financing Sources Uses)			
Bonds issued	16,130,000	-	16,130,000
Bond premium	806,112	-	806,112
Payment of refunded debt	(16,601,681)	-	(16,601,681)
Total other financing sources (uses)	<u>334,431</u>	<u>-</u>	<u>334,431</u>
Net change in fund balances	(6,509,049)	<u>\$ (26,860,303)</u>	<u>\$ 20,351,254</u>
Adjustments Required Under Accounting Principles			
Generally Accepted in the United States of America			
To adjust revenues for accruals	21,323,708		
To adjust expenditures for accruals and prepaids	<u>(14,378,633)</u>		
Excess of revenues over expenditures			
Modified accrual basis increase in fund balance	436,026		
Beginning of year	63,972,050		
Error correction (See Note 14)	<u>(734,564)</u>		
Beginning of year, restated	<u>63,237,486</u>		
End of year	<u>\$ 63,673,512</u>		

**Papio-Missouri River Natural Resources District
Notes to Budgetary Comparison Schedule
for the Year Ended June 30, 2024**

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.

OTHER SUPPLEMENTARY INFORMATION

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Papio-Missouri River Natural Resources District
Schedule of Functional Revenues and Expenditures
Governmental Fund
Year Ended June 30, 2024

Revenues

Federal grants	\$ 3,156,580
Interest income	2,399,137
Local agency grants	4,353,542
Miscellaneous income	99,638
Property tax	30,706,694
Rental income	183,435
State grants	3,210,851
Total revenues	44,109,877

Expenditures

Board of directors	63,189
Contract work	1,533,474
Cost-sharing and conservation assistance	2,121,870
Debt principal payments	4,608,676
Employee benefits	1,141,390
Fees	285,364
Indirect personnel reimbursement	(350,732)
Information and education	66,479
Insurance	372,175
Interest expense	2,094,306
Machinery and equipment	382,243
Miscellaneous	25,801
Payroll taxes	286,621
Personnel	3,817,366
Printing and publications	50,479
Professional services	3,861,567
Project construction and land	20,725,052
Project legal costs	176,267
Project operation and maintenance	481,298
Repairs and maintenance	399,451
Special projects	565,523
Supplies and postage	300,748
Telephone, utilities, and rent	221,940
Travel	40,393
Vehicle expense	405,649
Debt issuance costs	331,693
Total expenditures	44,008,282

Other Financing Sources (Uses)

Bonds issued	16,130,000
Bond premium	806,112
Payment of refunded debt	(16,601,681)
Total other financing sources (uses)	334,431

Revenues and other sources over Expenditures and other uses	436,026
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Beginning of year, restated	63,237,486
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End of year	\$ 63,673,512
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Papio-Missouri River Natural Resources District
Schedule of Revenues, Expenses, and Changes
in Fund Net Position - Actual and Budget - Proprietary Funds
Year Ended June 30, 2024

	Washington Rural Water		
	Actual	Budget	
		Original	Final
Sales and Cost of Sales			
Sales	\$ 993,960	\$ 950,000	\$ 950,000
Customer charges and hookup fees	165,930	96,000	96,000
Miscellaneous	29,283	250	250
Gross profit	<u>1,189,173</u>	<u>1,046,250</u>	<u>1,046,250</u>
Operating Expenses			
Repairs and maintenance	16,692	23,500	23,500
Supplies and postage	17,659	20,700	20,700
Professional services	87,028	154,500	154,500
Personnel	151,995	200,200	200,200
Telephone, utilities and rent	19,619	26,300	26,300
Miscellaneous	5,423	4,800	4,800
Water purchase	427,080	450,000	450,000
Contract costs	140,274	320,000	320,000
Project construction and land	-	150	150
Project operation and maintenance	25,000	15,000	15,000
Depreciation and amortization	111,720	-	-
Vehicle expense	16,571	-	-
Bond expenditures	-	135,214	135,214
Other	1,462	-	-
Total operating expenses	<u>1,020,523</u>	<u>1,350,364</u>	<u>1,350,364</u>
Operating income (loss)	168,650	(304,114)	(304,114)
Nonoperating Revenues (Expenses)			
Investment income	63,698	5,000	5,000
Assessment revenue	-	-	-
Operating grants and contributions	-	32,000	32,000
Federal grants	-	-	-
Interest expense	(40,363)	(42,654)	(42,654)
Total nonoperating revenues (expenses)	<u>23,335</u>	<u>(5,654)</u>	<u>(5,654)</u>
Income (loss) before transfers	191,985	(309,768)	(309,768)
Loan Proceeds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	191,985	(309,768)	(309,768)
Beginning of year	<u>5,856,301</u>		
End of year	<u>\$ 6,048,286</u>		

Dakota Rural Water			Non-Major Proprietary Funds		
Actual	Budget		Actual	Budget	
	Original	Final		Original	Final
\$ 384,404	\$ 390,000	\$ 390,000	\$ 163,194	\$ 160,000	\$ 160,000
112,384	204,000	204,000	11,461	16,300	16,300
1,322	250	250	50	100	100
<u>498,110</u>	<u>594,250</u>	<u>594,250</u>	<u>174,705</u>	<u>176,400</u>	<u>176,400</u>
18,561	1,500	1,500	336	5,000	5,000
9,599	15,000	15,000	3,446	4,900	4,900
27,083	23,000	23,000	4,703	11,750	11,750
162,643	209,000	209,000	36,091	50,600	50,600
4,178	5,900	5,900	8,698	9,400	9,400
539	1,000	1,000	1,016	1,600	1,600
96,296	110,000	110,000	47,724	60,000	60,000
20,514	3,644,473	3,644,473	4,911	178,500	178,500
1,896	1,500	1,500	-	-	-
16,732	18,000	18,000	1,761	2,000	2,000
42,516	-	-	67,516	-	-
11,099	16,200	16,200	3,854	-	-
-	-	-	-	9,297	9,297
1,676	600	600	-	300	300
<u>413,332</u>	<u>4,046,173</u>	<u>4,046,173</u>	<u>180,056</u>	<u>333,347</u>	<u>333,347</u>
84,778	(3,451,923)	(3,451,923)	(5,351)	(156,947)	(156,947)
6,428	1,200	1,200	7,445	780	780
-	-	-	84,966	81,000	81,000
-	-	-	-	-	-
1,672,139	1,762,000	1,762,000	-	-	-
(154)	-	-	(6,143)	(6,666)	(6,666)
<u>1,678,413</u>	<u>1,763,200</u>	<u>1,763,200</u>	<u>86,268</u>	<u>75,114</u>	<u>75,114</u>
1,763,191	(1,688,723)	(1,688,723)	80,917	(81,833)	(81,833)
-	1,954,000	1,954,000	-	-	-
-	3,050,000	3,050,000	-	-	-
-	(3,000,000)	(3,000,000)	-	(30,000)	(30,000)
1,763,191	315,277	315,277	80,917	(111,833)	(111,833)
<u>2,043,453</u>			<u>3,675,576</u>		
<u>\$ 3,806,644</u>			<u>\$ 3,756,493</u>		

Papio-Missouri River Natural Resources District
Schedule of Revenues, Expenses, and Changes
in Fund Net Position - Actual and Budget - Proprietary Funds (Continued)
Year Ended June 30, 2024

	Total		
	Actual	Budget	
		Original	Final
Sales and Cost of Sales			
Sales	\$ 1,541,558	\$ 1,500,000	\$ 1,500,000
Customer charges and hookup fees	289,775	316,300	316,300
Miscellaneous	30,655	600	600
Gross profit	<u>1,861,988</u>	<u>1,816,900</u>	<u>1,816,900</u>
Operating Expenses			
Repairs and maintenance	35,589	30,000	30,000
Supplies and postage	30,704	40,600	40,600
Professional services	118,814	189,250	189,250
Personnel	350,729	459,800	459,800
Telephone, utilities and rent	32,495	41,600	41,600
Miscellaneous	6,978	7,400	7,400
Water purchase	571,100	620,000	620,000
Contract costs	165,699	4,142,973	4,142,973
Project construction and land	1,896	1,650	1,650
Project operation and maintenance	43,493	35,000	35,000
Depreciation and amortization	221,752	-	-
Vehicle expense	31,524	16,200	16,200
Bond expenditures	-	144,511	144,511
Other	3,138	900	900
Total operating expenses	<u>1,613,911</u>	<u>5,729,884</u>	<u>5,729,884</u>
Operating income (loss)	248,077	(3,912,984)	(3,912,984)
Nonoperating Revenues (Expenses)			
Investment income	77,571	6,980	6,980
Assessment revenue	84,966	81,000	81,000
Operating grants and contributions	-	32,000	32,000
Federal grants	1,672,139	1,762,000	1,762,000
Interest expense	(46,660)	(49,320)	(49,320)
Total nonoperating revenues (expenses)	<u>1,788,016</u>	<u>1,832,660</u>	<u>1,832,660</u>
Income (loss) before transfers	2,036,093	(2,080,324)	(2,080,324)
Loan Proceeds	-	1,954,000	1,954,000
Transfers in	-	3,050,000	3,050,000
Transfers out	-	(3,030,000)	(3,030,000)
Change in net position	2,036,093	(106,324)	(106,324)
Beginning of year	<u>11,575,330</u>		
End of year	<u>\$ 13,611,423</u>		

Papio-Missouri River Natural Resources District
Combining Statement of Net Position - Non-Major Proprietary Funds
June 30, 2024

	Elk/Pigeon Creek Drainage	Elkhorn River Stabilization	Western Sarpy Drainage	Thurston Rural Water	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 13,202	\$ 61,049	\$ 27,806	\$ 303,299	\$ 405,356
Special assessment receivable	-	15,047	-	-	15,047
Accounts receivable	-	-	-	9,058	9,058
Inventories	-	-	-	1,982	1,982
Total current assets	<u>13,202</u>	<u>76,096</u>	<u>27,806</u>	<u>314,339</u>	<u>431,443</u>
Noncurrent Assets					
Capital assets					
Land	363,391	-	-	1,000	364,391
Infrastructure	1,379,612	983,337	-	1,458,135	3,821,084
Intangibles	-	-	-	6,912	6,912
Total capital assets	<u>1,743,003</u>	<u>983,337</u>	<u>-</u>	<u>1,466,047</u>	<u>4,192,387</u>
Less accumulated depreciation	<u>(121,639)</u>	<u>(80,306)</u>	<u>-</u>	<u>(438,070)</u>	<u>(640,015)</u>
Total noncurrent assets and net capital assets	<u>1,621,364</u>	<u>903,031</u>	<u>-</u>	<u>1,027,977</u>	<u>3,552,372</u>
Total assets	<u><u>1,634,566</u></u>	<u><u>\$ 979,127</u></u>	<u><u>27,806</u></u>	<u><u>1,342,316</u></u>	<u><u>3,983,815</u></u>
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,228	\$ 5,228
Accrued interest payable	-	-	-	6,143	6,143
Due to other funds	93,623	1,574	2,877	3,282	101,356
Current portion of long-term debt	-	-	-	10,780	10,780
Total current liabilities	<u>93,623</u>	<u>1,574</u>	<u>2,877</u>	<u>25,433</u>	<u>123,507</u>
Long-term liabilities					
Financed purchase payable	-	-	-	4,423	4,423
Bonds payable, net	-	-	-	99,392	99,392
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,815</u>	<u>103,815</u>
Total liabilities	<u>93,623</u>	<u>1,574</u>	<u>2,877</u>	<u>129,248</u>	<u>227,322</u>
Net Position					
Net investment in capital assets	1,621,364	903,031	-	913,382	3,437,777
Unrestricted	<u>(80,421)</u>	<u>74,522</u>	<u>24,929</u>	<u>299,686</u>	<u>318,716</u>
Total net position	<u>1,540,943</u>	<u>977,553</u>	<u>24,929</u>	<u>1,213,068</u>	<u>3,756,493</u>
Total liabilities and net position	<u><u>\$ 1,634,566</u></u>	<u><u>\$ 979,127</u></u>	<u><u>\$ 27,806</u></u>	<u><u>\$ 1,342,316</u></u>	<u><u>\$ 3,983,815</u></u>

Papio-Missouri River Natural Resources District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position Non-Major - Proprietary Funds
Year Ended June 30, 2024

	Elk/Pigeon Creek Drainage		
	Actual	Budget	
	Original	Final	
Operating Revenues			
Sales	\$ -	\$ -	\$ -
Customer charges and hookup fees	-	-	-
Miscellaneous	-	-	-
Gross profit	-	-	-
Operating Expenses			
Repairs and maintenance	-	-	-
Supplies and postage	-	-	-
Professional services	-	-	-
Personnel	7,889	6,500	6,500
Telephone, utilities and rent	-	-	-
Miscellaneous	-	-	-
Water purchase	-	-	-
Contract costs	4,911	7,500	7,500
Project operation and maintenance	-	-	-
Depreciation and amortization	32,003	-	-
Vehicle expense	-	-	-
Bond expenditures	-	-	-
Other	-	-	-
Total operating expenses	44,803	14,000	14,000
Operating income (loss)	(44,803)	(14,000)	(14,000)
Nonoperating Revenues (Expenses)			
Investment income	208	100	100
Assessment revenue	46,898	45,000	45,000
Interest expense	-	-	-
Total nonoperating revenues (expenses)	47,106	45,100	45,100
Income (loss) before transfers	2,303	31,100	31,100
Transfers out	-	(30,000)	(30,000)
Change in net position	2,303	1,100	1,100
Beginning of year	1,538,640		
End of year	<u>\$ 1,540,943</u>		

Elkhorn River Stabilization			Western Sarpy Drainage		
Budget			Budget		
Actual	Original	Final	Actual	Original	Final
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,574	5,000	5,000	2,877	5,000	5,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,000	5,000
-	-	-	-	-	-
19,667	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,241	5,000	5,000	2,877	10,000	10,000
(21,241)	(5,000)	(5,000)	(2,877)	(10,000)	(10,000)
645	150	150	158	30	30
16,859	20,000	20,000	21,209	16,000	16,000
-	-	-	-	-	-
17,504	20,150	20,150	21,367	16,030	16,030
(3,737)	15,150	15,150	18,490	6,030	6,030
-	-	-	-	-	-
(3,737)	15,150	15,150	18,490	6,030	6,030
981,290			6,439		
<u>\$ 977,553</u>			<u>\$ 24,929</u>		

Papio-Missouri River Natural Resources District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position Non-Major - Proprietary Funds (Continued)
Year Ended June 30, 2024

	Thurston Rural Water		
	Budget		
Operating Revenues			
Sales	\$ 163,194	\$ 160,000	\$ 160,000
Customer charges and hookup fees	11,461	16,300	16,300
Miscellaneous	50	100	100
Gross profit	174,705	176,400	176,400
Operating Expenses			
Repairs and maintenance	336	5,000	5,000
Supplies and postage	3,446	4,900	4,900
Professional services	4,703	11,750	11,750
Personnel	23,751	34,100	34,100
Telephone, utilities and rent	8,698	9,400	9,400
Miscellaneous	1,016	1,600	1,600
Water purchase	47,724	60,000	60,000
Contract costs	-	166,000	166,000
Project operation and maintenance	1,761	2,000	2,000
Depreciation and amortization	15,846	-	-
Vehicle expense	3,854	-	-
Bond expenditures	-	9,297	9,297
Other	-	300	300
Total operating expenses	111,135	304,347	304,347
Operating income (loss)	63,570	(127,947)	(127,947)
Nonoperating Revenues (Expenses)			
Investment income	6,434	500	500
Assessment revenue	-	-	-
Interest expense	(6,143)	(6,666)	(6,666)
Total nonoperating revenues (expenses)	291	(6,166)	(6,166)
Income (loss) before transfers	63,861	(134,113)	(134,113)
Transfers out	-	-	-
Change in net position	63,861	(134,113)	(134,113)
Beginning of year	1,149,207		
End of year	\$ 1,213,068		

	Total	
	Actual	Budget
	Original	Final
\$ 163,194	\$ 160,000	\$ 160,000
11,461	16,300	16,300
50	100	100
<u>174,705</u>	<u>176,400</u>	<u>176,400</u>
336	5,000	5,000
3,446	4,900	4,900
4,703	11,750	11,750
36,091	50,600	50,600
8,698	9,400	9,400
1,016	1,600	1,600
47,724	60,000	60,000
4,911	178,500	178,500
1,761	2,000	2,000
67,516	-	-
3,854	-	-
-	9,297	9,297
-	300	300
<u>180,056</u>	<u>333,347</u>	<u>333,347</u>
(5,351)	(156,947)	(156,947)
7,445	780	780
84,966	81,000	81,000
(6,143)	(6,666)	(6,666)
<u>86,268</u>	<u>75,114</u>	<u>75,114</u>
80,917	(81,833)	(81,833)
-	(30,000)	(30,000)
80,917	(111,833)	(111,833)
<u>3,675,576</u>		
<u>\$ 3,756,493</u>		

**Papio-Missouri River Natural Resources District
Schedule of Insurance Policies and Bonds
June 30, 2024**

Real and Personal Property

Real and Personal property; total limit \$20,714,770; deductible/\$5,000; Equipment Floater/\$250,000 on Miscellaneous Equipment with \$10,000 max on any one item; Outdoor Property \$2,065,663; Scheduled Equipment \$3,202,012 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; Pollution liability/\$1,000,000; Drone physical damage/\$25,000 and drone general liability/\$1,000,000 plus excess of \$1,000,000.

Commercial Automobile

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

Aircraft

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

Workers' Compensation

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

Crime Coverage

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

Bonds

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

Commercial Excess Coverage

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

Public Official

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

Cyber Liability

Cyber liability each event limit/\$1,000,000 and aggregate limit/\$1,000,000; Privacy crisis management expense limit/\$50,000; Cyber extortion expense limit/\$20,000 and aggregate limit/\$50,000.

Papio-Missouri River Natural Resources District
Schedule of Taxes Receivable
Governmental Fund
June 30, 2024

County	
Douglas	\$ 7,849,757
Sarpy	3,037,499
Washington	478,797
Dakota	234,108
Burt	97,762
Thurston	47,095
Dodge	<u>374</u>
Total	11,745,392
Net taxes collected within 60 days after year end	<u>10,910,081</u>
Unavailable revenue	<u><u>\$ 835,311</u></u>

Papio-Missouri River Natural Resources District
Schedule of Cash Held by County Treasurers
Governmental Fund
June 30, 2024

County

Douglas	\$ 391,761
Sarpy	147,197
Washington	114,482
Dakota	7,552
Burt	4,343
Thurston	873
Dodge	<u>1,474</u>
Total	<u><u>\$ 667,682</u></u>

Papio-Missouri River Natural Resources District
Information Required by Section 2-3223, N.R.S - 1975
For the Year Ended June 30, 2024

Gross income from all sources	\$ 47,884,032
Amount expended for	
Maintenance	3,342,884
Improvement and other such programs	<u>28,310,567</u>
Total maintenance and improvements	31,653,451
Amount of depreciation on property during previous year	5,762,380
Number of employees as of June 30, 2024	<u>51</u>
Gross salaries	3,855,603
Less amount reimbursed by projects	<u>(350,730)</u>
Net salaries paid to employees	<u><u>\$ 3,504,873</u></u>

**Papio-Missouri River Natural Resources District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Agency/Pass Through Agency/Program Title	Pass-Through Grantor's Number	Federal Assistance Listing Number	Expenditures
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Passed through the Nebraska Emergency Management Agency			
Hazard Mitigation Grant Program	DR-4420-NE-0008	97.039	\$ 1,448
Building Resilient Infrastructure and Communities (BRIC)	EMK-2021-BR-002-0005	97.047	<u>2,542,545</u>
Total U.S. Department of Homeland Security			\$ 2,543,993
U.S. Department of Agriculture			
Water and Waste Disposal Systems for Rural Communities			
		10.760	1,995,354
Regional Conservation Partnership Program		10.932	<u>28,471</u>
Total U.S. Department of Agriculture			2,023,825
U.S. Environmental Protection Agency			
Passed through the Nebraska Department of Environment and Energy			
Nonpoint Source Implementation Grants	2022-127024210	66.460	152,460
Nonpoint Source Implementation Grants	2022-124204073	66.460	<u>51,780</u>
Total U.S. Environmental Protection Agency			<u>204,240</u>
Total Expenditures of Federal Awards			<u>\$ 4,772,058</u>

**Papio-Missouri River Natural Resources District
Notes to the Schedule of Expenditures of Federal Awards**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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

NOTE 4 - MATCHING REQUIREMENTS

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

NOTE 5 - FEDERAL LOANS OUTSTANDING

The District has outstanding loans through the Nebraska Department of Health and Human Services and Department of Environment and Energy’s State Revolving Fund Loan Program. Undertaken to finance necessary improvements and upgrades to the District’s rural water systems. This program is partially funded through the United States Environmental Protection Agency; however, the Federal government does not impose continuing compliance requirements other than repayment of the loans. The balance of loans outstanding at June 30, 2024, consist of:

<u>Assistance Listing Number</u>	<u>Program/Cluster Name</u>	<u>Outstanding Balance at June 30, 2024</u>
66.468	Capitalization Grants for Safe Drinking Water State Revolving Fund	\$ 468,459

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**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***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, (*Government Auditing Standards*) the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District (the “District”), as of and for the year ending June 30, 2024~~2024~~, and the related notes to basic financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 4, 2024~~2024~~.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response(s) to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Bryan KDV, LLC

Omaha, Nebraska
December 4, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Papio-Missouri River Natural Resources District with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

In our opinion, Papio-Missouri River Natural Resources District complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Bryan KDV, LLC

Omaha, Nebraska
December 4, 2024

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:
◆ Material weakness(es) identified? Yes
◆ Significant deficiency(ies) identified? None reported

Noncompliance material to financial statement noted? No

Federal Awards

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

Internal control over major programs:
◆ Material weakness(es) identified? No
◆ Significant deficiency(ies) identified? None reported

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

Identification of Major Programs

Assistance Listing No: 94.047
Name of Federal Program or Cluster: Building Resilient Infrastructure and Communities (BRIC)

Auditee qualified as low risk auditee? Yes

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

SECTION II - FINANCIAL STATEMENTS AUDIT FINDING

2024-001 Material Weakness - Year-End Financial Reporting

Criteria:

Management is responsible for achieving appropriate financial reporting objectives, including maintaining complete accounting records and preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition:

Material journal entries were proposed to adjust net position to be materially correct for financial reporting.

Effect or Potential Effect:

Intentional and unintentional errors could be made and not detected within a timely period by the District's personnel in the normal course of performing their assigned functions since they are not performing this process.

Recommendation:

A remedy for this situation would be to regularly review related balances to ensure they are being adjusted appropriately in a timely manner.

Views of Responsible Officials:

Management will review its year-end accounting and internal control procedures and implement improvements where practical.

SECTION III - FEDERAL AWARDS AUDIT FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None noted.



Required Communication

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

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Papio-Missouri River Natural Resources District (the "District") for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance).

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 10, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of your respective responsibilities.

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

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

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Papio-Missouri River Natural Resources District
Required Communication**

Our Responsibility in Relation to *Government Auditing Standards*

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

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

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

In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

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

- ◆ Management Override of Controls - Oversight of the District results in errors or fraud that may occur through journal entries or access to underlying data.
- ◆ Improper Timing of Revenue Recognition

**Papio-Missouri River Natural Resources District
Required Communication**

Qualitative Aspects of the District's Significant Accounting Policies

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2024. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the basic 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 basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements are related to tax receivable, the useful lives of depreciable assets and allowances on accounts receivable. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

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

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

Significant Unusual Transactions

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

Identified or Suspected Fraud

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

Significant Difficulties Encountered During our Audit

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

Uncorrected and Corrected Misstatements

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

**Papio-Missouri River Natural Resources District
Required Communication**

Uncorrected and Corrected Misstatements (Continued)

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

- ◆ Unrecorded liabilities and expenditures were identified which consisted of water purchases and construction that happened over a period of time, of which a portion of each invoice could be attributed to the year ended June 30, 2024. The allocated portion of the invoices which was unrecorded totaled \$59,735. This would have caused a decrease in fund balance and net position if recorded.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement(s) that we identified as a result of our audit procedures was/were brought to the attention of and corrected by management.

- ◆ Material error correction to accrue for retainage payable at June 30, 2023 and to then adjust payable at June 30, 2024.

Disagreements with Management

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

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

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated December 4, 2024.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

**Papio-Missouri River Natural Resources District
Required Communication**

Other Information Included in Annual Reports

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

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

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

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

Restriction on Use

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

Beyan KDV, LLC

Omaha, Nebraska
December 4, 2024