

***Lower Platte South Natural Resources District  
Lincoln, Nebraska***

***June 30, 2022***

***Financial Statements  
and  
Independent Auditor's Report***



CPAs & Consultants | Wealth Management

Lower Platte South Natural Resources District

Year ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors  
Lower Platte South Natural Resources District  
Lincoln, Nebraska

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and the major fund of Lower Platte South Natural Resources District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lower Platte South Natural Resources District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Lower Platte South Natural Resources District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 Lower Platte South Natural Resources 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*

Lower Platte South Natural Resources 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 Lower Platte South Natural Resources 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 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, 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 Lower Platte South Natural Resources 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 Lower Platte South Natural Resources 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 and budgetary comparison 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 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 financial statements that collectively comprise Lower Platte South Natural Resources District's basic financial statements. The supplementary information, as 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 supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October XX, 2022 our consideration of Lower Platte South Natural Resources 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 Lower Platte South Natural Resources District's internal control over financial reporting and compliance.

Handwritten signature in black ink, appearing to read "HBE LLP".

Lincoln, Nebraska  
October 11, 2022

## Lower Platte South Natural Resources District

### Management's Discussion and Analysis

This section of the Lower Platte South Natural Resources District's financial report presents a narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

#### Overview of Financial Statements

The District's financial statements include government-wide financial statements of the General Fund. The District did not maintain any proprietary funds or fiduciary funds and no component units for the District were identified. Government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These government-wide financial statements include the statement of net position and the statement of activities, which are presented using the accrual basis of accounting. Under the accrual basis of accounting, the current year's revenues and expenses are reported as soon as the underlying event occurs regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the economic position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year.

#### Financial Highlights

Financial highlights for this fiscal year include increases in cash & investments and sinking funds primarily for future projects or programs. The \$25M Deadman's Run Flood Reduction Project remains as the largest financial commitment for the District, essentially all of our partners (US Army Corps of Engineers, City of Lincoln, and State of Nebraska – NDNR – Water Sustainability Fund) have their funding obligated and available. The District has available funding for the Antelope Creek 40<sup>th</sup> – Scott Avenue Repair Project and available federal funding from FEMA. The District continues to financially plan and budget for projects (sinking fund balance of \$6.5M) and unexpected emergency expenditures (cash reserve of \$1.5M).

The District's primary source of funding is from property taxes, followed by funding from other Federal, State or Local sources. Property tax receipts continue to be received in a timely manner from each of the six Counties. This enables the District to financially plan and invest additional available funds, although in a limited capacity. There has been an ongoing increase in interest rates which will continue to benefit the District.

The overall financial situation for the District is good. The short-term needs of the District appear to be able to be met utilizing a combination of property taxes and Federal, State, and Local funding sources. The State approved \$8.3M in funding for the MoPac Connector Project, at this time there is no locally designated project, if that should change a majority of the anticipated funding has been secured. The District is hopeful to be eligible for additional federal infrastructure funding, although the source and process to apply for and receive those funds has not been announced. State funding from the Nebraska Environmental Trust is uncertain as priorities at the State level have undergone change.

The District is interested in future projects that will make the District more resilient to natural resource disasters, such as flooding along Salt Creek. The financial requirements for solutions to these longer-term problems will require funding from multiple sources and the District will consider increased savings, possibly utilizing sinking funds, to meet the potential future funding needs of the District.

## Lower Platte South Natural Resources District

### Management's Discussion and Analysis

#### Financial Highlights - Continued

The District offers a number of programs that provide cost-sharing with individual landowners, communities, and home owners associations to complete projects that benefit primarily water quality, stormwater management and flood control. District payments for these programs totaled \$1.1M with the landowners share of the cost exceeding the District's share. Local interest in contributing toward projects that benefits natural resources remains high.

Financial impacts due to the pandemic were much lower in FY'22. Staff was able to work exclusively from "in the office" and most NRD meetings have been held as "in-person" meetings in the NRD Office.

The District continues to have funds obligated for future projects, an increase in interest rates would benefit the District's financial situation.

	2022	2021
Capital assets	\$ 65,781,013	\$ 64,859,898
Other assets	<u>23,202,034</u>	<u>22,868,336</u>
Total assets	<u>\$ 88,983,047</u>	<u>\$ 87,728,234</u>
Liabilities	<u>\$ 1,774,677</u>	<u>\$ 2,011,022</u>
Net investment in capital assets	65,781,013	64,859,898
Unrestricted	<u>21,427,357</u>	<u>20,857,314</u>
Total net position	<u>87,208,370</u>	<u>85,717,212</u>
Total liabilities and net position	<u>\$ 88,983,047</u>	<u>\$ 87,728,234</u>

The District's expenditures for fiscal year 2022 did not exceed the budgeted amount, as shown in the following table.

	Actual (Budgetary Basis)	Budget
Receipts		
Federal	\$ 1,830,719	\$ 3,392,265
State	183,727	1,067,520
Local	721,954	2,191,976
Property taxes	10,298,920	10,156,870
Other	<u>45,544</u>	<u>-</u>
Total receipts	<u>\$ 13,080,864</u>	<u>\$ 16,808,631</u>
Expenditures		
Administration	\$ 898,838	\$ 1,180,591
Project	5,660,880	12,482,663
Personnel	3,185,932	3,440,354
Other	<u>1,698,047</u>	<u>8,001,548</u>
Total expenditures	<u>\$ 11,443,697</u>	<u>\$ 25,105,156</u>

Budgetary basis revenues exceeded expenditures by \$1,637,167 during the fiscal year ended June 30, 2022.

## Lower Platte South Natural Resources District

### Management's Discussion and Analysis

#### Financial Highlights - Continued

Significant differences between budgeted and actual expenditures included:

- The District budgeted \$500,000 for the purchase of a storage facility and maintenance yard. The local real estate market moved much more quickly to sell properties than this public entity can react to purchase properties for sale. The District did not purchase a facility. The Board has authorized additional authority to hopefully improve the situation.
- The Deadmans Run Flood Reduction Project was delayed as we continue to finalize the flood flow analysis and flume design, both critical for the channel and bridge design by the US Army Corps of Engineers and consulting engineers, respectively. Approximately \$90k of the \$1.5M was expended in FY'22.
- The Antelope Creek repairs at 40th Street, damages due to the 2015 flood, has progressed to the point that the construction plans are being finalized and the project will soon be out for bid. A total of nearly \$2.3M of funds that were budgeted for the repairs were not expended this year.
- Many additional maintenance projects were completed on the Salt Creek Levees and other Urban channels at a cost of approximately \$1.4M. An additional \$1.6M of projects were being worked on, but not yet completed.
- Several trail corridor repair projects were budgeted and completed. The Rosa Parks Trail has been completed. Homestead Trail Bridge #9 is completed along with Oak Creek Trail Bank Stabilization along Bates Branch. Approximately 50% of the \$2M budgeted for these projects were expended with several projects remaining for the MoPac and Homestead Trails.
- The District budgets funds for a number of cost-share programs, working with landowners and encouraging applications. As the year progresses many landowners decide to not apply and projects approved are not completed due to weather and a variety of other reasons. Of the \$2M budgeted approximately \$1M in funding was not expended for these programs (cover crops, targeted watersheds, special practices, fertilizer meters, soil sampling, well decommissioning, etc.) this fiscal year.
- The District works with communities thru the Community Assistance Program (CAP) and other joint projects. Approximately 70% of the \$440,000 CAP funds were not expended this year due to projects not being fully completed.
- The Prairie Corridor on Haines Branch (PCHB) project with the City of Lincoln anticipated the installation of improvements on several PCHB properties. The anticipated cost of the improvements were \$500,000, these funds were not expended as no improvements were completed.
- The District budgeted funds to be available to acquire conservation easements on unique natural resource areas or property in the Prairie Corridor on Haines Branch (PCHB). There was some landowner interest, but no properties or easements have been acquired at this time. A total of \$1M in funding was not expended this fiscal year.



## Lower Platte South Natural Resources District

### Management's Discussion and Analysis

#### Financial Highlights - Continued

Significant differences between budgeted and actual revenues included:

- Federal funding was received to close out both the Oak-Middle 82-B and Upper Salt 3-A Watershed Rehabilitation Projects. The FY'22 Statement of Revenue and Disbursements Compared with Annual Budget shows over \$1M remaining to be received, this funding has been received and credited back (accrual basis) to when it was earned, prior to FY 2022.
- Federal funding continues to be obligated from FEMA for the Antelope Creek repair project near 40th Street. All permits and landrights have been obtained. The project is currently out for bid. The District received \$19,995 in Federal reimbursement this fiscal year. The remaining \$1.46M in Federal funds budgeted to be received will be reimbursed as the District completes the repairs in 2023.
- The Deadmans Run Flood Reduction Project anticipated revenues from both the City of Lincoln (Local) and Water Sustainability Fund (State). Final design of the conveyance channel by the US Army Corps of Engineers and bridges by consulting engineering firms is on-going. Due to delays in progress with the design of the project lower expenditures were realized and less reimbursements were earned. Revenues anticipated from the Water Sustainability Fund were \$684,146 and anticipated revenues from the City of Lincoln of \$718,803 with only a total of \$48,174 received for FY'23.
- The Prairie Corridor on Haines Branch project included reimbursement revenues of over \$700,000 for the purchase of landrights from "willing" sellers and contracting for work to be done on project properties. No landrights were purchased and we were not in position to contract for more work to be done on project properties.

The budget was unchanged during the year from the formal adopted budget. Where specific line item expenditures exceeded the budgeted amount, the Board of Directors reviewed and approved such overages.

The District's planning process includes annually reviewing and updating the five-year Long Range Implementation Plan. The first year of the Plan is coincident with the annual financial budget.

#### Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lower Platte South Natural Resources District, P.O. Box 83581, Lincoln, NE 68501-3581.

Lower Platte South Natural Resources District  
GOVERNMENTAL FUND BALANCE SHEET/  
STATEMENT OF NET POSITION

June 30, 2022

	General Fund	Adjustments (Note G)	Statement of Net Position
<b>ASSETS</b>			
Cash (note B)	\$ 3,512,157	\$ -	\$ 3,512,157
Investments (note B)	15,149,570	-	15,149,570
Cash at County Treasurer	182,118	-	182,118
Accounts receivable (notes A and D)	121,641	-	121,641
Property taxes receivable (note A)	4,234,490	-	4,234,490
Interest receivable	2,058	-	2,058
Capital assets (notes A and E)			
Land	-	22,404,875	22,404,875
Other capital assets	-	51,769,007	51,769,007
Accumulated depreciation	-	(8,392,869)	(8,392,869)
Total assets	<u>\$ 23,202,034</u>	<u>\$ 65,781,013</u>	<u>\$ 88,983,047</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 529,458	\$ -	\$ 529,458
Deposits	2,500	-	2,500
Compensated absences payable (note A)	-	184,824	184,824
Accrued salaries and benefits payable	2,805	-	2,805
Accrued payroll liabilities	60,163	-	60,163
Deferred revenue (note A)	17,602	-	17,602
Funds held for interlocal agreements (note A)	<u>977,325</u>	<u>-</u>	<u>977,325</u>
Total liabilities	<u>1,589,853</u>	<u>184,824</u>	<u>1,774,677</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund balance (notes A and C)			
Committed	2,302,933	(2,302,933)	-
Assigned	13,677,746	(13,677,746)	-
Unassigned	<u>5,631,502</u>	<u>(5,631,502)</u>	<u>-</u>
Total fund balance	<u>21,612,181</u>	<u>(21,612,181)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 23,202,034</u>		
Net position (note A)			
Net investment in capital assets		65,781,013	65,781,013
Unrestricted		<u>21,427,357</u>	<u>21,427,357</u>
Total net position		<u>65,596,189</u>	<u>87,208,370</u>
Total liabilities and net position		<u>\$ 65,781,013</u>	<u>\$ 88,983,047</u>

See accompanying notes to financial statements.

Lower Platte South Natural Resources District

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE/  
STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	General Fund	Adjustments (Note G)	Statement of Activities
Revenues			
State grants and funds	\$ 159,566	\$ -	\$ 159,566
Federal grants and funds	579,533	-	579,533
Local grants and reimbursements	728,875	-	728,875
Property taxes	10,247,023	-	10,247,023
Investment earnings	21,134	-	21,134
Miscellaneous income	2,848	-	2,848
Proceeds from sale of assets	22,120	(400)	21,720
Total revenues	11,761,099	(400)	11,760,699
Expenditures/expenses			
Administration	941,379	-	941,379
Projects and improvements	5,353,656	-	5,353,656
Personnel	3,200,982	(3,007)	3,197,975
Depreciation	-	776,531	776,531
Capital outlay	1,698,047	(1,698,047)	-
Total expenditures/expenses	11,194,064	(924,523)	10,269,541
Excess (deficit) of revenues over expenditures/expenses	567,035	(567,035)	-
Change in net position	-	1,491,158	1,491,158
Fund balance/net position			
Beginning of year	21,045,146	64,672,066	85,717,212
End of year	\$ 21,612,181	\$ 65,596,189	\$ 87,208,370

See accompanying notes to financial statements.

## Lower Platte South Natural Resources District

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Lower Platte South Natural Resources District (the District) is presented to assist in understanding the District's government-wide and governmental fund financial statements. The District's management is responsible for the integrity and objectivity of these financial statements and notes. The following accounting policies have been consistently applied in the preparation of the government-wide and governmental fund financial statements.

**Reporting Entity.** The District was created on July 1, 1972 by an act of the Nebraska Legislature. The District was organized with its main responsibilities in the area of conservation including erosion control, flood prevention, soil conservation, water supply, ground and surface water management, pollution control, fish and wildlife habitat, recreation, and forestry and range management. The District serves an area encompassing portions of six Nebraska counties: Butler, Cass, Lancaster, Otoe, Saunders, and Seward. Its governmental authority includes the power to levy property taxes and the right of eminent domain.

The District is a local government governed by an elected twenty-one member board. As required by accounting principles generally accepted in the United States of America, these financial statements present only the Lower Platte South Natural Resources District. There are no legally separate organizations for which the elected officials of the District are financially accountable or for which exclusion from these financial statements would cause them to be misleading or incomplete.

**Government-wide and Fund Financial Statements.** Due to the District's status as a special-purpose government engaged only in governmental activities as described by GASB 34, the fund financial statements and the government-wide financial statements have been combined.

The government-wide financial statements include the statement of net position and the statement of activities, which report financial information for the District as a whole. The statements include governmental activities, which are generally supported by property taxes and grants from other governments.

Governmental fund financial statements use the current financial resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned. Expenditures are recorded when the related fund liability is incurred.

**Governmental Major Fund.** The District reports the following major governmental fund:

**General Fund.** The General Fund is the primary operating fund of the District. All financial resources of the District are accounted for in the General Fund.

**Budgets and Budgetary Accounting.** As prescribed by State Statutes, the District adopts an annual budget using the cash basis of accounting. This method of accounting demonstrates compliance with budget laws of the State of Nebraska. All appropriations lapse at year end.

Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Receivables.** The General fund accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Property taxes receivable includes the second half of 2021 taxes due August 1 and September 1, 2022. All delinquent prior years' taxes are determined to be uncollectible and are not included in taxes receivable. The District considers 2021 taxes receivable to be fully collectible.

**Capital Assets.** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, dams, and similar items), are reported in the statement of net position. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are carried at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed on the straight-line method. The estimated lives by asset class are as follows:

Vehicles	5 years
Office equipment	5-7 years
Machinery and other equipment	5-7 years
Buildings	15-40 years
Infrastructure	50-99 years

**Property Tax Calendar.** Property tax levies are set by the local governing board and filed with the County Clerk on or before September 30. Real and personal property taxes are due and become an enforceable lien on property on December 31. The first half of real estate and personal property taxes become delinquent on either April 1 or May 1 and the second half become delinquent on either August 1 or September 1 following the levy date.

**Compensated Absences.** It is the District's policy to permit employees to accumulate earned but unused vacation and comp time benefits. Employees who terminate with accumulated vacation leave will be paid for any unused time at their current hourly rate of pay.

**Deferred Revenue.** Deferred revenue represents advances of grant funds received prior to the incurrence of related costs by the District.

**Funds Held for Interlocal Agreements.** The District has several interlocal agreements in place for cost-shared projects. Some partners paid their share of estimated costs in advance of expenses being incurred.

Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

**Net investment in capital assets.** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**Restricted.** Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

**Unrestricted.** Consists of all other assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

In the governmental fund financial statements, equity is classified as fund balance. Beginning with fiscal year 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

**Nonspendable.** Amounts that are not in a spendable form or are required to be maintained intact.

**Restricted.** Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District does not currently have any restricted fund balances.

**Committed.** Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

**Assigned.** Amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**Unassigned.** Amounts that are available for any purpose.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the District. Assigned fund balance is established by the Board through adoption or amendment of the budget or by Management as intended for specific purpose (such as the purchase of fund assets or construction or for other purposes).

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

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

# Lower Platte South Natural Resources District

## NOTES TO FINANCIAL STATEMENTS

### NOTE B - CASH AND INVESTMENTS

State Statutes authorize the District to invest in certificates of deposit and time deposits in any state or national bank in the State of Nebraska. Additionally, State Statutes require banks either to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the extent that deposits exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2022, \$401,581 of the District's deposits were uninsured or not collateralized.

### NOTE C - COMMITTED, ASSIGNED, AND NONSPENDABLE FUND BALANCES

Committed fund balance consists of the following constraints on use of the District's fund balance imposed by the Board of Directors. Assigned fund balance consists of the following constraints on the use of the District's fund balance imposed by Management.

PROJECT	June 30, 2022				
	REMAINING TOTAL COST	REMAINING REIMBURSEMENT	NET NRD COST	COMMITTED	ASSIGNED
I&E Programs and Projects	\$ 22,500	\$ -	\$ 22,500	\$ -	\$ 22,500
I&E Env. Education	187,800	-	187,800	20,000	167,800
I&E General Awareness	199,200	-	199,200	57,716	141,484
Surface Water Quality Practices	1,000,000	-	1,000,000	193,976	806,024
Special Practices	75,000	-	75,000	75,000	-
Buffer Strips	42,500	38,000	4,500	4,500	-
Salt Valley Lakes	200,000	-	200,000	-	200,000
Stevens Creek Watershed	75,000	-	75,000	-	75,000
Cover Crop	125,000	-	125,000	-	125,000
Water Quality BMP Projects	220,000	132,000	88,000	51,900	36,100
GIS Support	14,000	-	14,000	-	14,000
GIS Aerial Imagery Project	23,000	-	23,000	18,000	5,000
GIS Mapping ROW	10,000	-	10,000	-	10,000
LPRCA Coordinator	5,010	5,010	-	-	-
LPRCA Programs and Projects	126,200	126,200	-	-	-
DC Consultant Services	25,000	-	25,000	25,000	-
Platte River Ice Jam Agreement	22,500	-	22,500	22,500	-
Invasive Species Program	30,000	-	30,000	30,000	-
Endangered Species Studies	5,000	-	5,000	-	5,000
Monitor Lower Platte River Instream Flow	10,000	-	10,000	-	10,000
Conservation Easement NET	50,000	-	50,000	30,000	20,000
Water Quality Management Plan	63,000	12,000	51,000	-	51,000
Western Sarpy / Clear Creek Project	50,000	11,713	38,287	-	38,287
LPRCA Program Reimbursements	53,500	-	53,500	53,000	500
LPRCA Dues	1,000	-	1,000	1,000	-
Trails Administration	3,000	3,000	-	-	-
Mopac East O&M	769,500	-	769,500	-	769,500
Salt Creek Trail Planning and Development	79,000	5,000	74,000	44,000	30,000
Oak Creek Trail O&M	98,500	-	98,500	380	98,120
Oak Creek Trail Planning & Development	100,000	-	100,000	-	100,000
Homestead Trail O&M	911,200	-	911,200	122,118	789,082
Plattsmouth Hwy 75 Trail Bridge	60,000	-	60,000	40,000	20,000
CAP Valparaiso Gazebo	14,000	-	14,000	14,000	-
Wildlife Management Areas O&M	275,600	55,000	220,600	25,600	195,000
Diversify Grassland	70,000	-	70,000	25,000	45,000
Conservation Easements	100,000	-	100,000	-	100,000
PCHB O&M / Project Coordination	638,800	513,300	125,500	60,000	65,500
Haines Branch Corridor	500,000	-	500,000	-	500,000
Saline Wetlands Partnership Support	490,000	12,000	478,000	250,000	228,000
Wetland O&M	150,000	7,000	143,000	-	143,000
Wetland 404 Monitoring	6,000	-	6,000	6,000	-
Saline Wetlands Conservation Easements	200,000	-	200,000	-	200,000
UNL/NRD Forester	33,000	-	33,000	33,000	-
Rural Forestry Program	74,450	42,250	32,200	-	32,200
Windbreak Renovation Program	45,000	15,000	30,000	-	30,000
Tree Voucher Program	15,000	-	15,000	14,000	1,000
Community Forestry Program	32,000	-	32,000	7,948	24,052
Beal Slough	12,000	6,000	6,000	6,000	-
BMP Demos/C-S	15,000	-	15,000	-	15,000
Urban Water Quality Cost-Shares	20,000	-	20,000	-	20,000
Basin Master Plan	95,000	-	95,000	45,000	50,000

Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

NOTE C - COMMITTED, ASSIGNED, AND NONSPENDABLE FUND BALANCES - CONTINUED

PROJECT	June 30, 2022				
	REMAINING TOTAL COST	REMAINING REIMBURSEMENT	NET NRD COST	COMMITTED	ASSIGNED
Salt Cr Flood Warning	\$ 70,000	\$ 25,000	\$ 45,000	\$ 22,740	\$ 22,260
Lincoln Storm Water Management Programs	15,000	-	15,000	-	15,000
Stormwater Facilities Cost Share	50,000	-	50,000	-	50,000
E&SC Administration Cost-Share	30,000	-	30,000	-	30,000
Conservation Easement Inspections	25,000	-	25,000	-	25,000
DMR, Flood Reduction Recon. Study	5,892,000	4,465,000	1,427,000	-	1,427,000
South Salt Creek Master Plan	983,000	-	983,000	122,650	860,350
Oak Cr. Lynn Cr. N Salt Cr. Tribs Master Plan	10,000	-	10,000	10,000	-
Non-Basin Master Plan Projects	25,000	-	25,000	-	25,000
Structural Measures Analysis	150,000	-	150,000	-	150,000
Salt Creek O&M	973,479	-	973,479	83,671	889,808
Salt Creek SWIF	61,041	-	61,041	31,041	30,000
DMR O&M	506,993	-	506,993	21,793	485,200
Ant Cr O&M	126,000	50,000	76,000	8,000	68,000
Antelope Valley Routine O&M	70,000	-	70,000	-	70,000
Stevens Creek	10,000	-	10,000	-	10,000
Oak Cr O&M	180,600	-	180,600	-	180,600
Beal Slough, O&M	107,714	-	107,714	-	107,714
Lynn Creek, O&M	20,000	-	20,000	-	20,000
Ash Hollow O&M	50,000	-	50,000	50,000	-
O&M Equip & Supplies	50,000	-	50,000	-	50,000
Ant Cr Major O&M	2,154,303	1,615,727	538,576	65,803	472,773
DMR Major O&M	7,000	-	7,000	-	7,000
Oak Creek Major O&M	10,000	-	10,000	-	10,000
Salt Creek Major O&M/Rehabilitation	1,010,569	-	1,010,569	86,569	924,000
Lynn Creek Major O&M	140,000	-	140,000	-	140,000
Beal Slough Major O&M	116,418	-	116,418	33,918	82,500
Beal Slough Channel Improvements	20,000	-	20,000	-	20,000
Middle Creek Major O&M	35,000	-	35,000	-	35,000
Flood Plain Purchase/Easements	25,000	-	25,000	-	25,000
Community Assistance, General Projects	482,692	-	482,692	182,692	300,000
Road Structure	30,000	-	30,000	-	30,000
Road Structure O&M	40,000	-	40,000	-	40,000
Piening FC Dam	365,321	-	365,321	-	365,321
Flood Control Dams	6,000	-	6,000	-	6,000
FC Dams O&M	15,000	-	15,000	-	15,000
Watershed Dams O&M	113,700	-	113,700	-	113,700
Watershed Rehab	25,000	25,000	-	-	-
Watershed Dams Major O&M	514,106	-	514,106	-	514,106
Clearing and Snagging	10,000	-	10,000	-	10,000
Stream Stabilization above clean lakes	10,000	-	10,000	-	10,000
Lower Salt Cr Stream Stability	10,000	-	10,000	-	10,000
Stream Stability Demos with agencies	10,000	-	10,000	-	10,000
Stream Degradation control projects/landowners	10,000	-	10,000	-	10,000
USGS Stream Gages Co-op	70,000	-	70,000	34,568	35,432
Surface Water Quality Monitoring	5,000	-	5,000	-	5,000
Lower Salt Cr Phase II	48,200	-	48,200	-	48,200
Phase I and II CWSPAs	166,500	-	166,500	-	166,500
Monitoring Q & Q Program	261,000	-	261,000	28,000	233,000
GW BMP Programs	84,109	3,940	80,169	-	80,169
Geophysical Mapping Project	462,500	256,650	205,850	205,850	-
Monitoring well installation	115,000	-	115,000	-	115,000
ENWRA Dues	30,000	-	30,000	30,000	-
Drinking Water Protection Specialist grant	40,000	40,000	-	-	-
ENWRA Projects	266,935	260,350	6,585	-	6,585
ENWRA Coordinator	63,379	-	63,379	-	63,379
IMP - Water Inventory	50,000	-	50,000	-	50,000
IMP - Water Supply Management	5,000	-	5,000	-	5,000
IMP - Water Use Management	20,000	-	20,000	-	20,000
Lower Platte Basin Coalition	10,000	-	10,000	10,000	-
Total	\$ 23,705,819	\$ 7,725,140	\$ 15,980,679	\$ 2,302,933	\$ 13,677,746



Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

**NOTE D - ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

Federal grants and cost share agreements	\$ 42,514
Intergovernmental reimbursements	49,322
State grants	<u>29,805</u>
	<u>\$ 121,641</u>

**NOTE E - CAPITAL ASSETS**

	2021	Additions During Year	Disposals During Year	Reclass	2022
Capital assets, not depreciated					
Land	\$ 22,392,375	\$ 12,500	\$ -	\$ -	\$ 22,404,875
Capital assets, depreciated					
Infrastructure	42,916,251	1,444,849	-	1,626,239	45,987,339
Buildings	2,944,909	-	-	-	2,944,909
Construction in progress	2,970,495	139,943	-	(1,626,239)	1,484,199
Office equipment	271,440	16,198	86,922	-	200,716
Machinery and equipment	575,963	33,088	45,435	-	563,616
Vehicles	580,467	51,469	43,708	-	588,228
Total capital assets, depreciated	<u>50,259,525</u>	<u>1,685,547</u>	<u>176,065</u>	<u>-</u>	<u>51,769,007</u>
Less accumulated depreciation for:					
Infrastructure	5,386,422	599,370	-	-	5,985,792
Buildings	1,298,431	71,129	-	-	1,369,560
Office equipment	256,945	11,110	86,921	-	181,134
Machinery and equipment	443,766	36,970	45,035	-	435,701
Vehicles	406,438	57,952	43,708	-	420,682
Total accumulated depreciation	<u>7,792,002</u>	<u>776,531</u>	<u>175,664</u>	<u>-</u>	<u>8,392,869</u>
Total capital assets, depreciated, net	<u>42,467,523</u>	<u>909,016</u>	<u>401</u>	<u>-</u>	<u>43,376,138</u>

**NOTE F - DEFINED CONTRIBUTION PENSION PLAN**

The District employees participate in the Nebraska Association of Resource Districts Employees Governmental Retirement Plan (the Plan), a multiple-employer public employee retirement plan (PERS). On January 1, 1998, the Plan was converted from a defined benefit to a defined contribution pension plan under IRS Code Section 414(h). All District employees who are working at least 1,000 hours in a year, have 6 months of service, and have reached the age of 19 are eligible to participate in the Plan.

Plan members are required to contribute 5.5% of their covered salary. The District is required to contribute 6% of covered salary to the plan. The contribution requirement for the year ended June 30, 2022 was \$239,370, which consisted of \$124,854 from the District and \$114,481 from employees.

Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

**NOTE G - DEFERRED COMPENSATION PLAN**

On July 1, 1994, the District began offering its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years.

**NOTE H - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Reconciliation between governmental fund balance and the net position of governmental activities:**

The total fund balance of the District's governmental fund differs from the total net position of governmental activities reported in the statement of net position. The difference results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Fund balance of governmental fund	\$ 21,612,181
Accrued compensated absences represent amounts not due and payable in the current period and therefore, are not reported in the fund.	(184,824)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund.	<u>65,781,013</u>
Net position of the governmental activities	<u>\$ 87,208,370</u>

**Reconciliation between excess of revenues over expenditures and change in net position of statement of activities:**

The excess of revenues over expenditures differs from the change in net position for governmental activities. The differences arise from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund.

Excess of revenues over expenditures	\$ 567,035
In the statement of activities, the loss on the sale of assets is reported, but doesn't represent the use of current financial resources in the fund.	
Loss from sale of assets	(400)
Governmental fund reports capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlay	1,698,047
Depreciation expense	(776,531)
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as a governmental expenditure.	<u>3,007</u>
Change in net position	<u>\$ 1,491,158</u>

Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

**NOTE I - SUBSEQUENT EVENTS**

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

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## REQUIRED SUPPLEMENTARY INFORMATION

Lower Platte South Natural Resources District

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2022

	Original and Final Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
<b>Revenues</b>					
State grants and funds	\$ 1,067,520	\$ 183,727	\$ (883,793)	\$ (24,161)	\$ 159,566
Federal grants and funds	3,392,265	1,830,719	(1,561,546)	(1,251,186)	579,533
Local grants and reimbursements	2,191,976	721,954	(1,470,022)	6,921	728,875
Property taxes	10,156,870	10,298,920	142,050	(51,897)	10,247,023
Investment earnings	-	19,076	19,076	2,058	21,134
Miscellaneous income	-	4,348	4,348	(1,500)	2,848
Proceeds from sale of assets	-	22,120	22,120	(400)	21,720
<b>Total revenues</b>	<b>16,808,631</b>	<b>13,080,864</b>	<b>(3,727,767)</b>	<b>(1,320,165)</b>	<b>11,760,699</b>
<b>Expenditures</b>					
Administration	1,180,591	898,838	281,753	42,541	941,379
Projects and improvements	12,482,663	5,660,880	6,821,783	(307,224)	5,353,656
Personnel	3,440,354	3,185,932	254,422	12,043	3,197,975
Depreciation	-	-	-	776,531	776,531
Capital outlay	8,001,548	1,698,047	6,303,501	(1,698,047)	-
<b>Total expenditures</b>	<b>25,105,156</b>	<b>11,443,697</b>	<b>13,661,459</b>	<b>(1,174,156)</b>	<b>10,269,541</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (8,296,525)</b>	<b>\$ 1,637,167</b>	<b>\$ 9,933,692</b>	<b>\$ (146,009)</b>	<b>\$ 1,491,158</b>

The District prepares its budget on the cash basis rather than the accrual basis resulting in the following differences:

Depreciation expense	\$ (776,531)
Loss on sale of assets	(400)
Capital asset cash purchases	1,698,047
Increase (decrease) in assets	
Accounts receivable	(1,253,631)
Property taxes receivable	(51,897)
Interest receivable	2,058
(Increase) decrease in liabilities	
Accounts payable	343,282
Deposits	(1,500)
Compensated absences payable	3,007
Accrued payroll liabilities	(1,809)
Accrued salaries and benefits payable	(542)
Deferred revenue	(14,795)
Funds held for interlocal agreements	(91,298)
<b>Excess of revenues over expenditures - budget to GAAP</b>	<b>\$ (146,009)</b>

## SUPPLEMENTARY INFORMATION

Lower Platte South Natural Resources District  
SCHEDULE OF ADMINISTRATIVE EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2022

	Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
Auto and truck expense	\$ 55,000	\$ 49,725	\$ 5,275	\$ 8,496	\$ 58,221
Directors expense	49,000	4,870	44,130	17,656	22,526
Directors per diem	59,000	53,540	5,460	-	53,540
Dues and memberships	51,870	45,776	6,094	3,500	49,276
Personnel expenses	50,000	21,093	28,907	127	21,220
Fees and licenses	130,000	106,353	23,647	-	106,353
Bonding expense	1,440	1,045	395	-	1,045
Insurance	125,000	107,388	17,612	213	107,601
Legal notices	6,000	4,508	1,492	-	4,508
Office supplies and expense	248,737	227,483	21,254	1,576	229,059
Postage	5,000	5,039	(39)	-	5,039
Professional services	232,500	127,187	105,313	-	127,187
Telephone	42,460	32,406	10,054	2,170	34,576
Utilities	25,000	20,923	4,077	2,230	23,153
Miscellaneous	4,184	4,183	1	-	4,183
Small equipment	10,400	-	10,400	-	-
Building maintenance	85,000	87,319	(2,319)	6,573	93,892
	<u>\$ 1,180,591</u>	<u>\$ 898,838</u>	<u>\$ 281,753</u>	<u>\$ 42,541</u>	<u>\$ 941,379</u>



Lower Platte South Natural Resources District

SCHEDULE OF PROJECT AND IMPROVEMENT COSTS AND CAPITAL OUTLAY  
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2022

	Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
Fees and licenses	\$ 2,573,938	\$ 816,622	\$ 1,757,316	\$ 148,553	\$ 965,175
Information and education	486,600	334,246	152,354	13,587	347,833
Professional services	38,045	8,643	29,402	-	8,643
Project operation and maintenance	5,800,657	2,163,287	3,637,370	111,806	2,275,093
Development of district holdings	117,000	60,579	56,421	2,244	62,823
Sales tax	5,128	-	5,128	-	-
Wildlife habitat	251,450	67,359	184,091	1,100	68,459
Land and water treatment	2,131,250	1,031,404	1,099,846	-	1,031,404
Intergovernmental cost sharing	1,078,595	591,496	487,099	2,730	594,226
Land	-	12,500	(12,500)	(12,500)	-
Buildings	500,000	-	500,000	-	-
Construction in progress	-	139,943	(139,943)	(139,943)	-
Automobiles and trucks	-	51,469	(51,469)	(51,469)	-
Infrastructure	7,501,548	2,032,093	5,469,455	(2,032,093)	-
Machinery	-	33,088	(33,088)	(33,088)	-
Office equipment	-	16,198	(16,198)	(16,198)	-
	<u>\$20,484,211</u>	<u>\$ 7,358,927</u>	<u>\$ 13,125,284</u>	<u>\$ (2,005,271)</u>	<u>\$ 5,353,656</u>

Lower Platte South Natural Resources District

SCHEDULE OF PERSONNEL COSTS  
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2022

	Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
Employee benefits	\$ 647,018	\$ 587,172	\$ 59,846	\$ 236	\$ 587,408
Payroll taxes	195,000	164,994	30,006	1,809	166,803
Salaries, administrative	403,451	380,121	23,330	17,753	397,874
Salaries, clerical	235,694	220,278	15,416	(1,586)	218,692
Salaries, maintenance and construction	195,000	179,418	15,582	906	180,324
Salaries, technical	1,764,191	1,653,949	110,242	(7,075)	1,646,874
	<u>\$ 3,440,354</u>	<u>\$ 3,185,932</u>	<u>\$ 254,422</u>	<u>\$ 12,043</u>	<u>\$ 3,197,975</u>

Lower Platte South Natural Resources District

SCHEDULE OF INFORMATION REQUIRED BY NEBRASKA STATUTES - BUDGETARY BASIS

For the year ended June 30, 2022

Gross income from all sources	\$ 13,080,864
Amount expended for maintenance, improvements and other such programs	\$ 7,446,246
Amount of depreciation on property	\$ 776,531
Number of employees as of June 30	30
Salaries paid to employees	\$ 2,433,766

Bidding practices of the District

The District lets bids as prescribed by State Statutes and in instances where a project co-sponsor requires bids. Invitations for bids are published and circulated to interested prospective bidders. Sealed bids are publicly opened at a specified date, time, and place. The Board of Directors awards the contract after considering price and other factors.

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

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Board of Directors  
Lower Platte South Natural Resources District  
Lincoln, Nebraska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Lower Platte South Natural Resources District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lower Platte South Natural Resources District's basic financial statements and have issued our report thereon dated October 11, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Lower Platte South Natural Resources 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lower Platte South Natural Resources District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lower Platte South Natural Resources 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of control deficiencies as item 2022-001 that we consider to be a material weaknesses.

### ***Report on Compliance and Other Matters***

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

### **Lower Platte South Natural Resources District's Response to Findings**

Lower Platte South Natural Resources District's response to the finding identified in our audit is described in the accompanying corrective action plan. Lower Platte South Natural Resources 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 it.

### **Purpose of this Report**

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

Handwritten signature in black ink, appearing to read "HBE LLP".

Lincoln, Nebraska  
October 11, 2022

Lower Platte South Natural Resources District

SCHEDULE OF CONTROL DEFICIENCIES

Year ended June 30, 2022

**Findings - Financial Statements Audit**

The audit disclosed one material weakness in Lower Platte South Natural Resources District's internal control over financial reporting summarized as follows:

**2022-001 - Preparation of the Financial Statements**

*Criteria:* SAS 115 requires the communication, in writing, to management and those charged with governance, of material weaknesses identified in an audit.

*Condition:* The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

*Effect or potential effect:* The control deficiency is a material weakness that results in a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

*Cause:* Accounting personnel of the District do not have the expertise to prepare financial statements, including note disclosures, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

*Identification of a repeat finding:* This is a repeat finding from the immediate previous audit, 2021-002.

*Recommendation:* The District should continue to rely on the board of director's review functions to mitigate risks of potential misstatements. The District may also consider additional training for the accounting personnel.

*Views of Responsible Officials:* The District will continue to rely on its system of oversight provided by the board of directors in reviewing the financial statements, including note disclosures of the District. The District will also evaluate training needs for the accounting personnel.



## LOWER PLATTE SOUTH natural resources district

3125 Portia Street | P.O. Box 83581 • Lincoln, Nebraska 68501-3581  
P: 402.476.2729 • F: 402.476.6454 | [www.lpsnrd.org](http://www.lpsnrd.org)

### SCHEDULE OF RESPONSES

Year ended June 30, 2022

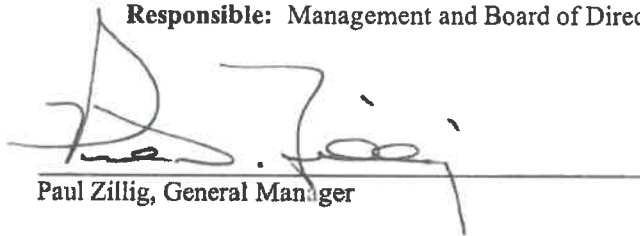
The corrective action plan for the findings included in the schedule of control deficiencies is summarized as follows:

#### **Finding 2022-001 Preparation of the Financial Statements**

**Corrective Action Planned:** The District will continue to rely on its system of oversight provided by the board of directors in reviewing the financial statements, including note disclosures of the District. The District will also evaluate training needs for the accounting personnel.

**Anticipated Completion Date:** Continuous.

**Responsible:** Management and Board of Directors.

  
Paul Zillig, General Manager





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### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year ended June 30, 2022

#### Findings - Financial Statements Audit

The audit disclosed two material weakness in Lower Platte South Natural Resources District's internal control over financial reporting summarized as follows:

- 2021-001 *Condition:* Material audit adjustments were proposed that were not identified by the District's internal control system.

*Corrective action planned:* Management will continue to enhance its internal control process for identifying and correcting material misstatements during the course of the year, including performing regular reviews of balance sheet accounts and transactions resulting from project activities.

*Status:* Corrected.

- 2021-002 *Condition:* The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

*Corrective action planned:* The District will continue to rely on its system of oversight provided by the board of directors in reviewing the financial statements including note disclosures of the District. The District will also evaluate training needs for the accounting personnel.

*Status:* Not corrected.

Due to the limited size and staffing resources of the entity, the District does not have the ability or expertise to prepare the financial statements, including note disclosures, in accordance with U.S. generally accepted accounting principles. Management and the board of directors will continue to exercise oversight authority to mitigate this weakness in its internal control system.

#### Finding – Noncompliance and Internal Controls over Compliance for Reporting

The audit disclosed one significant deficiency in Lower Platte South Natural Resources District's internal control over compliance summarized as follows:

- 2021-003 *Condition:* The District failed to submit SF-425 Federal Financial Reports for the quarters ended September 30, 2022, December 31, 2020 and March 31, 2021 for each of its agreements. For the SF-425 Federal Financial Reports submitted by the District for the quarter ended June 30, 2021, the District did not file such reports timely. Additionally, the District failed to submit the semi-annual progress reports for the agreements for the period ended December 31, 2020.

*Corrective action planned:* The District will evaluate its system of internal control over reporting to determine how the District can better monitor and comply with reporting requirements of its award agreements.

*Status:* Corrected.