



CPAs & Consultants | Wealth Management

October XX, 2023

Lower Platte South Natural Resources District
P.O. Box 83581
Lincoln, NE 68501-3581

Dear Board Members:

We have audited the financial statements of the Lower Platte South Natural Resources District as of and for the year ended June 30, 2023, and have issued our report thereon dated October XX, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 15, 2022, and updated August 7, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and the budget laws of the state of Nebraska. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

We have provided our findings regarding and material weaknesses, and other matters noted during our audit in our report dated October XX, 2023.

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Lower Platte South Natural Resources District
Lincoln, NE 68501-3581

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, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. documentation.

Significant Risks Identified

We use a risk-based approach to perform our audit whereby we focus our procedures on financial statement areas that may be susceptible to the risk of material misstatement due to error or fraud. Many factors can increase the risk of an audit area, including size of account balances, complexity of account balances, internal control weaknesses, etc. Additionally, auditing standards require some financial statement areas to be identified due to inherent risk.

We have identified the following significant risks:

- Improper revenue recognition due to error or fraud (mandatory identification)
- Management override of controls (mandatory identification)
- Improper journal entries

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Lower Platte South Natural Resources District is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are no significant accounting estimates.

Financial Statement Disclosures

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

Lower Platte South Natural Resources District
Lincoln, NE 68501-3581

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. The following significant unusual transactions identified as a result of our audit procedures were brought to the attention of management:

Significant Difficulties Encountered during the 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 also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

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. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

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 Lower Platte South Natural Resources District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October XX, 2023.

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.

Lower Platte South Natural Resources District
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Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Lower Platte South Natural Resources 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, operating and regulatory conditions affecting the entity, and operational 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 Lower Platte South Natural Resources District's auditors.

Other Information Included in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Lower Platte South Natural Resources District's audited financial statements 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. However, in accordance with such standards with respect to the required supplementary information and supplementary information accompanying the financial statements:

We have made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America and the budget laws of Nebraska, the method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the required supplementary information and supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

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 financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the Lower Platte South Natural Resources District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

HBE LLP

Kiley A. Wiechman, CPA
Partner

KAW/sas

October XX, 2023

HBE LLP
7140 Stephanie Lane
P.O. Box 23110
Lincoln, NE 68542-3110

Dear Sir/Madam:

This representation letter is provided in connection with your audit of the governmental fund balance sheet/statement of net position and the related statement of governmental fund revenue, expenditures, and changes in fund balance/statement of activities of the Lower Platte South Natural Resources District, as of June 30, 2023 and for the year then ended, and the relate notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the District in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October XX, 2023.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 15, 2022, and updated August 7, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

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5. With respect to the preparation of the financial statements, including the note disclosures, supplemental information and SEFA, based on the District's trial balance, proposing adjusting or correcting journal entries to be reviewed and approved by the District's management, submission of the audit report and financial statements to the Nebraska Auditor of Public Accounts, preparation and input of the applicable sections of the data collection form, depreciation schedule maintenance, budget assistance, and all other nonattest services, we have performed we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
6. Significant assumptions used by us in making accounting estimates are reasonable.
7. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
8. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
10. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which codifies FASB Accounting Standards Codification™ (ASC) 450, *Contingencies*, and we have not consulted a lawyer concerning litigation, claims, or assessments.
11. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
12. All funds and activities are properly classified.
13. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
14. All net position components and fund balance classifications have been properly reported.
15. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

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16. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
17. All interfund and intra-entity transactions and balances have been properly classified and reported.
18. Special items and extraordinary items have been properly classified and reported.
19. Deposit and investment risks have been properly and fully disclosed.
20. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
21. All required supplementary information is measured and presented within the prescribed guidelines.
22. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
23. We are in agreement with the adjusting journal entries you have proposed, as summarized in the attached Adjusting Journal Entries Report, and they have been posted to the District's accounts.
24. With respect to the budgetary comparison information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the budgetary information in accordance with the budget laws on the state of Nebraska.
 - b. We believe the budgetary comparison information including its form and content, is fairly presented in accordance with the budget laws of the state of Nebraska.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe significant assumptions or interpretations underlying the measurement or presentation of the budgetary comparison information and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - e. When the budgetary comparison information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the budgetary comparison information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Information Provided

25. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.

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26. All transactions have been recorded in the accounting records and are reflected in the financial statements.
27. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
28. We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
29. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
30. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
31. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
32. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
33. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
34. We have a process to track the status of audit findings and recommendations.
35. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
36. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
37. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements⁸.
38. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.

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39. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
40. Lower Platte South Natural Resources District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
41. We have disclosed to you all guarantees, whether written or oral, under which Lower Platte South Natural Resources District is contingently liable.
42. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
43. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
44. Lower Platte South Natural Resources District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
45. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
46. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

Single Audit

47. With respect to federal awards, we represent the following to you:
 - a. We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
 - b. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - c. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - d. The methods of measurement or presentation have not changed from those used in the prior period.

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- e. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:
- f. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- g. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- h. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- i. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- j. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
- k. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- l. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- m. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.⁹
- n. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- o. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- q. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- r. We have charged costs to federal awards in accordance with applicable cost principles.
- s. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

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- t. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- u. The reporting package does not contain personally identifiable information.
- v. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- w. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- x. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

In addition:

- y. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- z. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes [*or disclose the changes made*] have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- aa. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

Lower Platte South Natural Resources District

Signature

Title

Signature

Title

Client: **1895-000 - Lower Platte South Natural Resources District**
Engagement: **1895-000 - 2023 Audit**
Trial Balance: **Trial Balance**
Workpaper: **3550 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4610		
To remove disposed assets off the books.				
171010	Less Accumulated Depreciation		13,622.60	
770010	Gain/Loss on Asset Disposal		4,481.41	
165010	Machinery and Equipment			18,104.01
Total			<u>18,104.01</u>	<u>18,104.01</u>
Adjusting Journal Entries JE # 2		4620.01		
To reclass land improvements to CIP for projects not complete.				
161110	Projects - Construction In Progress		167,413.00	
161020	Land Improvement			167,413.00
Total			<u>167,413.00</u>	<u>167,413.00</u>
Adjusting Journal Entries JE # 3		4610		
To adjust depreciation to actual.				
480000	Depreciation Expenses		7,842.22	
171010	Less Accumulated Depreciation			7,842.22
Total			<u>7,842.22</u>	<u>7,842.22</u>
Adjusting Journal Entries JE # 4		5120		
To record invoice in proper period.				
419175	PROJECT COSTS:GROUNDWATER MANAGEMENT:Geophysical Mapping Project.		60,924.25	
201000	Accounts Payable			60,924.25
Total			<u>60,924.25</u>	<u>60,924.25</u>
Adjusting Journal Entries JE # 5		6110.01		
To adjust revenue and expenses recorded in QBO after trial balance was provided to auditors for fiscal year 2022 to balance equity. Kristen DO NOT make this adjustment on your books.				
421023	PROJECT COSTS:INFORMATION & EDUCATION:I & E General Awareness		2,644.45	
431001	Legal Notice		336.81	
435001	PERSONNEL COSTS:Payroll Taxes		1,471.65	
254500	Fund Balance			4,024.38
417001	Personnel Expenses			109.00
433001	Office Supplies			319.53
Total			<u>4,452.91</u>	<u>4,452.91</u>

*Lower Platte South Natural Resources District
Lincoln, Nebraska*

June 30, 2023

*Financial Statements
and
Independent Auditor's Report*

Lower Platte South Natural Resources District

Year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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 (the District) as of and for the year ended June 30, 2023, and the related notes to the 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 present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2023, 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* (GAS), 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 GAS 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 GAS, 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 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 the District's basic financial statements. The supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. The 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, 2023 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.

Lincoln, Nebraska
October XX, 2023

Lower Platte South Natural Resources District

Management's Discussion and Analysis

This section of the Lower Platte South Natural Resources District's (the District) financial report presents a narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

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. Expenditures also increased as many projects have been completed.

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. Interest rates showed a steady increase which contributed to improvement in the District's financial situation.

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. State, federal and local funding for the Deadman's Run Flood Reduction Project remain committed. The District is moving to approve an agreement with the State of Nebraska for \$8.3M in funding for the MoPac Connector Project. State funding from the Nebraska Environmental Trust remains 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 and other streams and rivers in the District. The financial requirements for meaningful solutions to these problems is sizable, and they will require funding from multiple sources. State and federal assistance must be pursued. The District will need to continue to consider increased savings, sinking funds, and explore bonding authority to meet the potential future local 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 \$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.

	<u>2023</u>	<u>2022</u>
Capital assets	\$ 68,390,031	\$ 65,781,013
Other assets	<u>25,178,652</u>	<u>23,202,034</u>
Total assets	<u>\$ 93,568,683</u>	<u>\$ 88,983,047</u>
Liabilities	<u>\$ 2,170,948</u>	<u>\$ 1,774,677</u>
Net investment in capital assets	68,390,031	65,781,013
Unrestricted	<u>23,007,704</u>	<u>21,427,357</u>
Total net position	<u>91,397,735</u>	<u>87,208,370</u>
Total liabilities and net position	<u>\$ 93,568,683</u>	<u>\$ 88,983,047</u>

The District's expenditures for fiscal year 2023 did not exceed the budgeted amount, as shown in the following table.

	<u>Actual (Budgetary Basis)</u>	<u>Budget</u>
Receipts		
Federal	\$ 863,389	\$ 1,978,327
State	186,644	3,020,500
Local	520,501	2,839,215
Property taxes	10,205,630	10,055,997
Other	<u>849,523</u>	<u>100,000</u>
Total receipts	<u>\$ 12,625,687</u>	<u>\$ 17,994,039</u>
Expenditures		
Administration	\$ 1,044,930	\$ 1,294,504
Project	4,196,629	11,261,102
Personnel	3,503,550	3,696,857
Other	<u>3,084,879</u>	<u>13,459,717</u>
Total expenditures	<u>\$ 11,829,988</u>	<u>\$ 29,712,180</u>

Budgetary basis revenues exceeded expenditures by \$795,699 during the fiscal year ended June 30, 2023.

Lower Platte South Natural Resources District

Management's Discussion and Analysis

Financial Highlights - Continued

Significant differences between budgeted and actual expenditures included:

- The Deadman's Run Flood Reduction Project was anticipated to be further along. Work on the local project to replace the 48th, 38th and 33rd street bridges is moving forward, but limited district funds have been required to be paid at this time to reimburse the City of Lincoln or UNL for bridge design or construction. The federal conveyance channel remains in the design stage and limited District funding is anticipated until the City of Lincoln and the District begin to acquire right-of-way and the channel construction begins. Approximately \$5.7M of funds budgeted for this project were not expended this year.
- Several trail corridor repair projects on the MoPac, Homestead and Oak Creek Trails were budgeted. Design and permitting for these improvements began but was not completed so construction has not begun. Of the approximately \$1.9M budgeted a total of \$1.7M was not expended this fiscal year.
- The District budgets funds for a number of cost-share programs, working with landowners and encouraging applications. Landowner interest was below average, and the drought resulted in inadequate soil moisture which prohibited the construct of terrace systems. Of the \$1.8M budgeted approximately \$1.2M in funding was not expended for these programs (terraces, grassed waterway, cover crops, targeted watersheds, special practices, fertilizer meters, soil sampling, well decommissioning, etc.) this fiscal year.
- The District works with communities through the Community Assistance Program (CAP) and other joint projects. Approximately 50% of the \$500,000 CAP funds were not expended this year. The District expended design funds to help Lancaster County and the City of Waverly repair the downstream portion of the Ash Hollow channel.
- The Prairie Corridor on Haines Branch (PCHB) project with the City of Lincoln anticipated being ready for 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). The District continues to finalize the acquisition of conservation easements on additional native prairies along the corridor and near the City of Lincoln. Considerable planning and negotiations have occurred, and the acquisition of a sizable conservation easement should be finalized early next fiscal year. Only a total of \$5,000 of the \$600,000 budgeted was expensed this fiscal year.
- The District budgeted funds for a storage building/maintenance yard for the past several years. A property is under contract to purchase, a total of \$200,000 has been paid as of the end of the fiscal year, with an additional \$280,000 to be paid next fiscal year, the remaining \$220,000 will be added to the next fiscal budget to construct a larger storage building on the property.

Lower Platte South Natural Resources District

Management's Discussion and Analysis

Financial Highlights - Continued

- The District budgeted \$490,000 for Saline Wetland projects in cooperation with the Saline Wetland Partnership. Approximately \$90,000 was expended, design has been completed on the Shoemaker Marsh and that project will be going out to bid. The remaining funds were "match" for an anticipated future wetland acquisition and improvement, that property was not acquired.
- The District budgeted approximately \$2.7M for multiple repair projects on primarily drainage structures or bank stabilization projects on the Salt Creek Levee system, Oak Creek, Deadman's Run, and Antelope Creek. The District expended nearly \$1M on design, permitting, and some construction on these projects, funds will need to be budgeted to finish these projects.
- The District budgeted \$983,000 for South Salt Creek MP project #6 on Salt Creek, in Wilderness Park, upstream of the City of Lincoln. Approximately \$145,000 has been expended on the design, permitting and access land rights for the project, the remaining \$840,000 will go towards the construction this coming fall.
- The District has resumed work to design, permit, and construct the Peining Dam. A total of \$365,000 was budgeted. The required design and permitting is taking longer than anticipated and only \$39,000 has been expensed at this time.
- The District budgeted \$1.2M for ground water management, monitoring, best management practices, geophysical mapping and studies. Progress is being made in all areas, expenditures total \$420,000 and \$780,000 remains to be spent.

Significant differences between budgeted and actual revenues included:

- The Deadman's 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 was delayed and consequently the bridge design by consulting engineering firms could not proceed until the channel design was complete. Due to delays, lower expenditures were realized and less reimbursements were earned. Revenues anticipated from the Water Sustainability Fund were \$2.6M with only \$2,000 received and anticipated revenues from the City of Lincoln of \$1.8M with \$64,770 received.
- The Prairie Corridor on Haines Branch (PCHB) project with the City of Lincoln anticipated the installation of improvements on several PCHB properties by the District and reimbursed by the City. The anticipated cost of the improvement was \$500,000, these funds were not expended, nor reimbursed to the District.
- Federal funding is obligated from FEMA for the Antelope Creek repair project near 40th Street in the City of Lincoln. Revenue of \$1.615M was budgeted and \$1.64 was received.
- Federal revenues were also budgeted for the Twin Lakes Section 319 Project and Turkey Creek Watershed with PMRNRD (\$132,000). The drought again hampered construction of best management practices, a total of approximately \$35,000 was expended and in accordance with the agreement, only \$21,178 was reimbursed.

Lower Platte South Natural Resources District

Management's Discussion and Analysis

Financial Highlights - Continued

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, 2023

	General Fund	Adjustments (Note G)	Statement of Net Position
ASSETS			
Cash (note B)	\$ 3,652,950	\$ -	\$ 3,652,950
Investments (note B)	15,803,335	-	15,803,335
Cash at County Treasurer	183,259	-	183,259
Accounts receivable (notes A and D)	1,092,149	-	1,092,149
Property taxes receivable (note A)	4,246,459	-	4,246,459
Prepaid expenses	200,500	-	200,500
Capital assets (notes A and E)			
Land	-	22,454,875	22,454,875
Other capital assets	-	55,098,469	55,098,469
Accumulated depreciation	-	(9,163,313)	(9,163,313)
Total assets	<u>\$ 25,178,652</u>	<u>\$ 68,390,031</u>	<u>\$ 93,568,683</u>
LIABILITIES			
Accounts payable	\$ 814,032	\$ -	\$ 814,032
Deposits	176,680	-	176,680
Compensated absences payable (note A)	-	188,899	188,899
Accrued salaries and benefits payable	4,900	-	4,900
Accrued payroll liabilities	68,480	-	68,480
Deferred revenue (note A)	5,696	-	5,696
Funds held for interlocal agreements (note A)	912,261	-	912,261
Total liabilities	<u>1,982,049</u>	<u>188,899</u>	<u>2,170,948</u>
FUND BALANCE/NET POSITION			
Fund balance (notes A and C)			
Nonspendable	200,500	(200,500)	-
Committed	5,149,847	(5,149,847)	-
Assigned	11,049,129	(11,049,129)	-
Unassigned	6,797,127	(6,797,127)	-
Total fund balance	<u>23,196,603</u>	<u>(23,196,603)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 25,178,652</u>		
Net position (note A)			
Net investment in capital assets		68,390,031	68,390,031
Unrestricted		23,007,704	23,007,704
Total net position		<u>68,201,132</u>	<u>91,397,735</u>
Total liabilities and net position		<u>\$ 68,390,031</u>	<u>\$ 93,568,683</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, 2023

	<u>General Fund</u>	<u>Adjustments (Note G)</u>	<u>Statement of Activities</u>
Revenues			
State grants and funds	\$ 250,177	\$ -	\$ 250,177
Federal grants and funds	1,783,538	-	1,783,538
Local grants and reimbursements	519,234	-	519,234
Property taxes	10,217,599	-	10,217,599
Investment earnings	673,285	-	673,285
Gain (loss) from sale of assets	-	(4,481)	(4,481)
	<u>13,443,833</u>	<u>(4,481)</u>	<u>13,439,352</u>
Total revenues			
Expenditures/expenses			
Administration	1,048,097	-	1,048,097
Projects and improvements	3,915,698	-	3,915,698
Personnel	3,498,050	4,075	3,502,125
Depreciation	-	784,067	784,067
Capital outlay	3,397,566	(3,397,566)	-
	<u>11,859,411</u>	<u>(2,609,424)</u>	<u>9,249,987</u>
Total expenditures/expenses			
Excess (deficit) of revenues over expenditures/expenses	1,584,422	(1,584,422)	-
Change in net position	-	4,189,365	4,189,365
Fund balance/net position			
Beginning of year	<u>21,612,181</u>	<u>65,596,189</u>	<u>87,208,370</u>
End of year	<u>\$23,196,603</u>	<u>\$ 68,201,132</u>	<u>\$ 91,397,735</u>

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 2022 taxes due August 1 and September 1, 2023. All delinquent prior years' taxes are determined to be uncollectible and are not included in taxes receivable. The District considers 2022 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, 2023, all of the District's deposits were 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, 2023				
	REMAINING TOTAL COST	REMAINING REIMBURSEMENT	NET NRD COST	COMMITTED	ASSIGNED
I&E Env. Education	\$ 186,200	\$ -	\$ 186,200	\$ 42,000	\$ 144,200
I&E General Awareness	337,400	-	337,400	69,571	267,829
Surface Water Quality Practices	600,000	-	600,000	139,307	460,693
Special Practices	30,000	-	30,000	-	30,000
Buffer Strips	40,200	38,000	2,200	2,200	-
Non Point Source Pollution Control	20,000	-	20,000	-	20,000
Salt Valley Lakes	150,000	-	150,000	-	150,000
Stevens Creek Watershed	75,000	-	75,000	-	75,000
Cover Crop	100,000	-	100,000	-	100,000
Water Quality BMP Projects	602,915	350,380	252,535	140,250	112,285
GIS Support	17,000	-	17,000	17,000	-
GIS Aerial Imagery Project	23,000	-	23,000	18,000	5,000
GIS Mapping ROW	10,000	-	10,000	-	10,000
LPRCA Coordinator	4,750	4,750	-	-	-
LPRCA Programs and Projects	111,200	111,200	-	-	-
Lower Platte River Consultant Services	26,000	-	26,000	26,000	-
Platte River Ice Jam Agreement	24,057	-	24,057	24,057	-
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	43,000	-	43,000	-	43,000
Invasive Species Program	30,000	-	30,000	30,000	-
Western Sarpy / Clear Creek Project	50,000	14,641	35,359	-	35,359
LPRCA Program Reimbursements	47,620	-	47,620	47,620	-
LPRCA Dues	1,000	-	1,000	1,000	-
Lower Platte River Project Assistance	20,000	-	20,000	-	20,000
Trails Administration	3,500	3,500	-	-	-
Mopac East O&M	920,954	100,000	820,954	4,500	816,454
Salt Creek Trail Planning and Development	35,000	-	35,000	-	35,000
Oak Creek Trail O&M	157,500	-	157,500	4,000	153,500
Oak Creek Trail Planning & Development	23,000	-	23,000	-	23,000
Homestead Trail O&M	641,022	-	641,022	6,000	635,022
Plattsmouth Hwy 75 Trail Bridge	82,000	-	82,000	82,000	-
Wildlife Management Areas O&M	220,000	23,250	196,750	-	196,750
Diversify Grassland	115,500	-	115,500	-	115,500
PCHB O&M / Project Coordination	556,800	324,550	232,250	60,000	172,250
Haines Branch Corridor	850,000	200,000	650,000	-	650,000
Conservation Easements	156,272	-	156,272	-	156,272
Saline Wetlands Partnership Support	441,390	207,000	234,390	50,000	184,390
Wetland 404 Monitoring	4,500	4,500	-	-	-
Wetland O&M	157,750	22,500	135,250	111,390	23,860
Saline Wetlands Conservation Easements	200,000	-	200,000	-	200,000
UNL/NRD Forester	33,000	-	33,000	33,000	-
Rural Forestry Program	94,200	51,000	43,200	-	43,200
Windbreak Renovation Program	15,000	10,000	5,000	-	5,000
Tree Voucher Program	15,000	-	15,000	-	15,000
Community Forestry Program	32,000	-	32,000	-	32,000
Beal Slough	47,200	23,600	23,600	23,600	-
BMP Demos/C-S	15,000	-	15,000	-	15,000
Urban Water Quality Cost-Shares	10,000	-	10,000	-	10,000
Basin Master Plan	95,000	-	95,000	95,000	-

Lower Platte South Natural Resources District

NOTES TO FINANCIAL STATEMENTS

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

PROJECT	June 30, 2023				
	REMAINING TOTAL COST	REMAINING REIMBURSEMENT	NET NRD COST	COMMITTED	ASSIGNED
Salt Cr Flood Warning	\$ 70,000	\$ 25,000	\$ 45,000	\$ 11,730	\$ 33,270
Lincoln Storm Water Management Programs	15,000	-	15,000	10,000	5,000
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	5,568,000	4,183,500	1,384,500	1,384,500	-
South Salt Creek Master Plan	821,842	-	821,842	-	821,842
Oak Cr. Lynn Cr. N Salt Cr. Tribs Master Plan	10,000	-	10,000	-	10,000
Non-Basin Master Plan Projects	10,000	-	10,000	-	10,000
Structural Measures Analysis	70,000	-	70,000	-	70,000
Hazard Mitigation Plan Update	80,850	60,638	20,212	-	20,212
Salt Creek SWIF	48,800	-	48,800	28,530	20,270
Salt Creek O&M	1,020,240	50,000	970,240	22,100	948,140
DMR O&M	287,905	-	287,905	198,332	89,573
Ant Cr O&M	118,000	-	118,000	-	118,000
Antelope Valley Routine O&M	175,000	-	175,000	-	175,000
Stevens Creek	10,000	-	10,000	-	10,000
Oak Cr O&M	90,000	-	90,000	-	90,000
Beal Slough, O&M	160,000	-	160,000	-	160,000
Lynn Creek, O&M	10,000	-	10,000	-	10,000
Ash Hollow O&M	637,000	-	637,000	637,000	-
O&M Equip & Supplies	60,000	-	60,000	-	60,000
Ant Cr Major O&M	1,434,800	1,395,992	38,808	38,808	-
DMR Major O&M	267,250	-	267,250	22,250	245,000
Salt Creek Major O&M/Rehabilitation	1,071,283	-	1,071,283	290,500	780,783
Oak Creek Major O&M	312,511	-	312,511	37,511	275,000
Lynn Creek Major O&M	295,170	-	295,170	21,100	274,070
Beal Slough Major O&M	88,500	-	88,500	23,200	65,300
Flood Plain Purchase/Easements	25,000	-	25,000	-	25,000
Community Assistance, General Projects	1,117,817	1,500	1,116,317	817,817	298,500
Road Structure	35,000	-	35,000	-	35,000
Road Structure O&M	65,000	7,500	57,500	-	57,500
Piening FC Dam	151,847	-	151,847	108,344	43,503
FC Dams O&M	15,000	-	15,000	-	15,000
Watershed Rehab	195,020	-	195,020	-	195,020
Watershed Dams Major O&M	320,112	-	320,112	221,132	98,980
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	72,000	-	72,000	17,748	54,252
Surface Water Quality Monitoring	1,000	-	1,000	-	1,000
Lower Salt Cr Phasc II	48,200	-	48,200	-	48,200
Phase I and II CWSPAs	227,800	-	227,800	-	227,800
Monitoring Q & Q Program	246,000	24,000	222,000	28,000	194,000
GW BMP Programs	84,115	4,000	80,115	12,500	67,615
GW Management Master Plan	5,000	-	5,000	-	5,000
Geophysical Mapping Project	197,000	99,750	97,250	97,250	-
Monitoring well installation	134,000	-	134,000	-	134,000
ENWRA Dues	30,000	5,000	25,000	25,000	-
ENWRA Projects	238,885	232,150	6,735	-	6,735
ENWRA Coordinator	65,000	-	65,000	-	65,000
IMP - Water Inventory	50,000	-	50,000	-	50,000
IMP - Water Supply Management	5,000	-	5,000	-	5,000
IMP - Water Use Management	15,000	-	15,000	-	15,000
Lower Platte Basin Coalition	10,000	-	10,000	10,000	-
Total	\$ 23,776,877	\$ 7,577,901	\$ 16,198,976	\$ 5,149,847	\$ 11,049,129

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	\$ 950,756
Intergovernmental reimbursements	48,055
State grants	<u>93,338</u>
	<u>\$ 1,092,149</u>

NOTE E - CAPITAL ASSETS

	2022	Additions During Year	Disposals During Year	Reclass	2023
Capital assets, not depreciated					
Land	\$ 22,404,875	\$ 50,000	\$ -	\$ -	\$ 22,454,875
Capital assets, depreciated					
Infrastructure	45,987,339	597,894	-	-	46,585,233
Buildings	2,944,909	-	-	19,353	2,964,262
Construction in progress	1,484,199	2,685,644	-	(19,353)	4,150,490
Office equipment	200,716	14,654	-	-	215,370
Machinery and equipment	563,616	49,374	18,104	-	594,886
Vehicles	588,228	-	-	-	588,228
Total capital assets, depreciated	<u>51,769,007</u>	<u>3,347,566</u>	<u>18,104</u>	<u>-</u>	<u>55,098,469</u>
Less accumulated depreciation for:					
Infrastructure	5,985,792	612,120	-	-	6,597,912
Buildings	1,369,560	71,371	-	-	1,440,931
Office equipment	181,134	7,728	-	-	188,862
Machinery and equipment	435,701	38,900	13,623	-	460,978
Vehicles	420,682	53,948	-	-	474,630
Total accumulated depreciation	<u>8,392,869</u>	<u>784,067</u>	<u>13,623</u>	<u>-</u>	<u>9,163,313</u>
Total capital assets, depreciated, net	<u>43,376,138</u>	<u>2,563,499</u>	<u>4,481</u>	<u>-</u>	<u>45,935,156</u>
Total capital assets, net	<u>\$ 65,781,013</u>	<u>\$ 2,613,499</u>	<u>\$ 4,481</u>	<u>\$ -</u>	<u>\$ 68,390,031</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, 2023 was \$259,808, which consisted of \$135,552 from the District and \$124,256 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	\$ 23,196,603
Accrued compensated absences represent amounts not due and payable in the current period and therefore, are not reported in the fund.	(188,899)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund.	<u>68,390,031</u>
Net position of the governmental activities	<u>\$ 91,397,735</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	\$ 1,584,422
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	(4,481)
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	3,397,566
Depreciation expense	(784,067)
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>(4,075)</u>
Change in net position	<u>\$ 4,189,365</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.

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, 2023

	Original and Final Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
Revenues					
State grants and funds	\$ 3,020,500	\$ 186,644	\$ (2,833,856)	\$ 63,533	\$ 250,177
Federal grants and funds	1,978,327	863,389	(1,114,938)	920,149	1,783,538
Local grants and reimbursements	2,839,215	520,501	(2,318,714)	(1,267)	519,234
Property taxes	10,055,997	10,205,630	149,633	11,969	10,217,599
Investment earnings	100,000	675,343	575,343	(2,058)	673,285
Miscellaneous income	-	174,180	174,180	(174,180)	-
Gain (loss) from sale of assets	-	-	-	(4,481)	(4,481)
Total revenues	<u>17,994,039</u>	<u>12,625,687</u>	<u>(5,368,352)</u>	<u>813,665</u>	<u>13,439,352</u>
Expenditures					
Administration	1,294,504	1,044,930	249,574	3,167	1,048,097
Projects and improvements	11,261,102	4,196,629	7,064,473	(280,931)	3,915,698
Personnel	3,696,857	3,503,550	193,307	(1,425)	3,502,125
Depreciation	-	-	-	784,067	784,067
Capital outlay	13,459,717	3,084,879	10,374,838	(3,084,879)	-
Total expenditures	<u>29,712,180</u>	<u>11,829,988</u>	<u>17,882,192</u>	<u>(2,580,001)</u>	<u>9,249,987</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (11,718,141)</u>	<u>\$ 795,699</u>	<u>\$ 12,513,840</u>	<u>\$ 3,393,666</u>	<u>\$ 4,189,365</u>

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

Depreciation expense	\$ (784,067)
Loss on disposal of assets	(4,481)
Prior year construction in progress expensed	
Capital asset cash purchases	2,884,379
Principal payments on long-term debt	
Increase (decrease) in assets	
Accounts receivable	970,508
Prepaid expenses	200,500
Property taxes receivable	11,969
Interest receivable	(2,058)
(Increase) decrease in liabilities	
Accounts payable	228,613
Deposits	(174,180)
Compensated absences payable	(4,075)
Accrued payroll liabilities	(8,316)
Accrued salaries and benefits payable	(2,096)
Deferred revenue	11,907
Funds held for interlocal agreements	65,063
Excess of revenues over expenditures - budget to GAAP	<u>\$ 3,393,666</u>

SUPPLEMENTARY INFORMATION

Lower Platte South Natural Resources District

SCHEDULE OF ADMINISTRATIVE EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2023

	Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
Auto and truck expense	\$ 70,000	\$ 70,860	\$ (860)	\$ (3,027)	\$ 67,833
Directors expense	59,000	43,211	15,789	(11,289)	31,922
Directors per diem	59,000	62,220	(3,220)	-	62,220
Dues and memberships	53,105	54,927	(1,822)	(3,500)	51,427
Personnel expenses	50,000	30,624	19,376	15,380	46,004
Fees and licenses	131,569	126,426	5,143	-	126,426
Bonding expense	1,440	1,045	395	-	1,045
Insurance	129,500	117,876	11,624	(213)	117,663
Legal notices	7,000	5,969	1,031	-	5,969
Office supplies and expense	249,706	210,017	39,689	8,465	218,482
Postage	7,500	7,424	76	-	7,424
Professional services	231,000	151,480	79,520	-	151,480
Telephone	45,000	38,744	6,256	1,671	40,415
Utilities	29,000	25,797	3,203	(407)	25,390
Miscellaneous	4,184	4,183	1	-	4,183
Small equipment	47,500	-	47,500	-	-
Building maintenance	120,000	94,127	25,873	(3,913)	90,214
	<u>\$ 1,294,504</u>	<u>\$ 1,044,930</u>	<u>\$ 249,574</u>	<u>\$ 3,167</u>	<u>\$ 1,048,097</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, 2023

	Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget to GAAP Differences (Over) Under	Actual Amounts GAAP Basis
Fees and licenses	\$ 2,593,833	\$ 1,232,282	\$ 1,361,551	\$ (164,121)	\$ 1,068,161
Information and education	409,500	326,361	83,139	7,248	333,609
Professional services	76,041	42,451	33,590	-	42,451
Project operation and maintenance	4,908,486	1,145,916	3,762,570	(36,257)	1,109,659
Development of district holdings	255,600	102,494	153,106	(1,249)	101,245
Wildlife habitat	360,450	271,370	89,080	(1,100)	270,270
Land and water treatment	1,867,500	699,170	1,168,330	-	699,170
Intergovernmental cost sharing	789,692	176,085	613,607	115,048	291,133
Land	-	250,500	(250,500)	(250,500)	-
Buildings	900,000	-	900,000	-	-
Construction in progress	-	2,685,644	(2,685,644)	(2,685,644)	-
Infrastructure	12,559,717	84,707	12,475,010	(84,707)	-
Machinery	-	49,374	(49,374)	(49,374)	-
Office equipment	-	14,654	(14,654)	(14,654)	-
	<u>\$ 24,720,819</u>	<u>\$ 7,081,008</u>	<u>\$ 17,639,811</u>	<u>\$ (3,165,310)</u>	<u>\$ 3,915,698</u>

Lower Platte South Natural Resources District

SCHEDULE OF PERSONNEL COSTS
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2023

	<u>Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget to GAAP Differences (Over) Under</u>	<u>Actual Amounts GAAP Basis</u>
Employee benefits	\$ 710,850	\$ 635,557	\$ 75,293	\$ (236)	\$ 635,321
Payroll taxes	195,000	178,142	16,858	8,317	186,459
Salaries, administrative	419,474	451,764	(32,290)	(3,396)	448,368
Salaries, clerical	233,531	234,681	(1,150)	3,529	238,210
Salaries, maintenance and construction	255,000	223,512	31,488	(4,121)	219,391
Salaries, technical	1,883,002	1,779,894	103,108	(5,518)	1,774,376
	<u>\$ 3,696,857</u>	<u>\$ 3,503,550</u>	<u>\$ 193,307</u>	<u>\$ (1,425)</u>	<u>\$ 3,502,125</u>

Lower Platte South Natural Resources District

SCHEDULE OF INFORMATION REQUIRED BY NEBRASKA STATUTES - BUDGETARY BASIS

For the year ended June 30, 2023

Gross income from all sources	\$ 12,625,687
Amount expended for maintenance, improvements and other such programs	\$ 7,175,135
Amount of depreciation on property	\$ 784,067
Number of employees as of June 30	29
Salaries paid to employees	\$ 2,689,851

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.

Lower Platte South Natural Resources District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Federal Grantor/Program Title	Pass through Grantor	Assistance Listing Number	Grant Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Natural Resources Conservation Service (NRCS)				
Soil and Water Conservation	National Association of Conservation Districts (NACD)	10.902		\$ 38,481
Watershed Protection and Flood Prevention	National Resources Conservation Service (NRCS)	10.904	NR206526XXXXC014	<u>39,897</u>
				78,378
Environmental Protection Agency				
Federal Clean Water Act	Nebraska Department of Environment and Energy (NDEE)	66.460		21,178
U.S. Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Nebraska Emergency Management Agency (NEMA)	97.036		<u>1,633,516</u>
				<u>\$ 1,733,072</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation. The accompanying schedule of federal awards includes the federal grant activity of Lower Platte South Natural Resources District (the District) and is presented on the accrual basis of accounting. Grant awards are considered expended when the expense transactions associated with the grant occur. 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 preparation of, the financial statements.

Subrecipients. The District provided no federal awards to subrecipients.

Indirect Costs. The District did not elect to use the ten percent de minimis indirect cost rate as allowed in the Uniform Guidance, 2 CFR 200.414.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General fund of the Lower Platte South Natural Resources District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October XX, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 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 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 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 *Governmental Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Lower Platte South Natural Resources District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lincoln, Nebraska
October XX, 2023

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lower Platte South Natural Resources District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2023.

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 the 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 the District's compliance with the compliance requirements referred to above.

Lower Platte South Natural Resources District

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 the District's federal programs.

Auditor's Responsibilities 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 the 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 the 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 the 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 the 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 the 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.

Lower Platte South Natural Resources District

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.

Lincoln, Nebraska
October XX, 2023

Lower Platte South Natural Resources District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

Summary of Auditor's Results

- a) An unmodified audit report was issued on the financial statements of Lower Platte South Natural Resources District.
- b) One material weakness in internal control (2023-001) was disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which would be material to the financial statements.
- d) No deficiencies in internal control over its major federal award programs were disclosed by the audit.
- e) An unmodified audit report was issued on compliance for Lower Platte South Natural Resources District's major federal award programs.
- f) The audit disclosed no audit findings which were required to be reported relative to the major federal award programs.
- g) The programs tested as major programs included:
 - Disaster Grants – Public Assistance (Presidentially Declared Disasters), Assistance Listing #97.036.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Lower Platte South Natural Resources District did not qualify as a low-risk auditee as defined by the Uniform Guidance.

Findings – Financial Statements Audit

2023-001 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 and the schedule of expenditures of federal awards being audited.

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

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

Lower Platte South Natural Resources District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

Findings – Financial Statements Audit - Continued

2023-001 Preparation of the Financial Statements - Continued

Recommendation: The District should continue to rely on the board of director’s review functions to mitigate risks of potential misstatements.

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 and the schedule of expenditures of federal awards, of the District.

Findings - Major Federal Awards Program Audit

None

CORRECTIVE ACTION PLAN
Year ended June 30, 2023

The corrective action plan for the internal control material weakness, financial statement preparation (2023-001), is summarized as follows:

Corrective Action Planned: The District will rely on its system of oversight provided by the board of directors in reviewing the financial statements, including note disclosures and the schedule of expenditures of federal awards, to mitigate this inherent material weakness in its internal control system.

Anticipated Completion Date: Continuous.

Responsible: Management and Board of Directors.

Mike Sousek, General Manager

Client: **1895-000 - Lower Platte South Natural Resources District**
 Engagement: **1895-000 - 2023 Audit**
 Period Ending: **6/30/2023**
 Trial Balance: **Trial Balance**
 Workpaper: **3560 - Passed Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Proposed JE # 201		1220		
To pass on recording lease asset and lease liability for GASB 87.				
999990	Lease Asset - HBE only		62,798.22	
999993	Lease Interest Expense - HBE only		1,787.86	
999991	Lease liability - HBE only			34,275.75
999992	Lease Amort expense - HBE only			1,186.16
999994	Accrued interest - HBE only			133.40
999995	Accum Amort - Lease Asset - HBE only			28,990.77
Total			64,586.08	64,586.08

Client: **1895-000 - Lower Platte South Natural Resources District**
Engagement: **1895-000 - 2023 Audit**
Trial Balance: **Trial Balance**
Workpaper: **3550 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		4610		
To remove disposed assets off the books.				
171010	Less Accumulated Depreciation		13,622.60	
770010	Gain/Loss on Asset Disposal		4,481.41	
165010	Machinery and Equipment			18,104.01
Total			18,104.01	18,104.01
Adjusting Journal Entries JE # 2		4620.01		
To reclass land improvements to CIP for projects not complete.				
161110	Projects - Construction In Progress		167,413.00	
161020	Land Improvement			167,413.00
Total			167,413.00	167,413.00
Adjusting Journal Entries JE # 3		4610		
To adjust depreciation to actual.				
480000	Depreciation Expenses		7,842.22	
171010	Less Accumulated Depreciation			7,842.22
Total			7,842.22	7,842.22
Adjusting Journal Entries JE # 4		5120		
To record invoice in proper period.				
419175	PROJECT COSTS:GROUNDWATER MANAGEMENT:Geophysical Mapping Project.		60,924.25	
201000	Accounts Payable			60,924.25
Total			60,924.25	60,924.25
Adjusting Journal Entries JE # 5		6110.01		
To adjust revenue and expenses recorded in QBO after trial balance was provided to auditors for fiscal year 2022 to balance equity. Kristen DO NOT make this adjustment on your books.				
421023	PROJECT COSTS:INFORMATION & EDUCATION:I & E General Awareness		2,644.45	
431001	Legal Notice		336.81	
435001	PERSONNEL COSTS:Payroll Taxes		1,471.65	
254500	Fund Balance			4,024.38
417001	Personnel Expenses			109.00
433001	Office Supplies			319.53
Total			4,452.91	4,452.91