Pottawatomie Creek Watershed
Joint District Number 90
Garnett, Kansas

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2021 & 2020

Pottawatomie Creek Watershed
Joint District Number 90
Garnett, Kansas

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pottawatomie Creek Watershed Joint District Number 90
Garnett, Kansas

We have audited the accompanying financial statements of the governmental activities, one major fund of Pottawatomie Creek Watershed Joint District Number 90, Garnett, Kansas, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Watershed's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, one major fund of Pottawatomie Creek Watershed Joint District Number 90, as of December 31, 2021 and 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INPACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Pottawatomie Creek Watershed Joint District Number 90 has decided not to present a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 22 and 23 and pension information on pages 24 and 25 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for forming opinions on the financial statements that collectively comprise the Pottawatomie Creek Watershed Joint District Number 90's basic financial statements. The other supplementary information of detailed expenses on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additions procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Harold K. Mayes Jr

Harold K. Mayes Jr CPA
Agler & Gaeddert Chartered
Ottawa, Kansas
March 11, 2022

Pottawatomie Creek Watershed Joint District Number 90

STATEMENTS OF NET POSITION

December 31,

	Governmental Activities	
	2021	2020
ASSETS		
Current assets		
Cash	$ 4,926	$ 5,371
Money market accounts	260,013	348,121
Certificates of deposit	340,007	340,000
Taxes receivable	133,791	133,791
Total current assets	738,737	827,283
Property and equipment		
Equipment	8,898	8,898
Less accumulated depreciation	(8,449)	(8,000)
Net property and equipment	449	898
Deferred outflow of resources- KPERS	12,512	21,270
Deferred outflow of resources- OPEB	33	39
Total deferred outflows	12,545	21,309
Total assets	$ 751,731	$ 849,490
LIABILITIES AND NET POSITION		
Pension liability - KPERS	$ 26,291	$ 62,302
OPEB Liability	333	683
Deferred inflows of resources- deferred taxes	133,790	133,790
Deferred inflows of resources- KPERS	28,967	1,714
Deferred inflows of resources- OPEB	1,163	403
Total liabilities and deferred inflows of resources	190,544	198,892
Net Position		
Net investment in capital assets	898	898
Committed for Watershed reconstruction	0	0
Unrestricted - Unassigned	560,289	649,700
Total net positions	561,187	650,598
Total liabilities & net position	$ 751,731	$ 849,490

The accompanying notes are an integral part of these statements.

Pottawatomie Creek Watershed Joint District Number 90

STATEMENTS OF ACTIVITIES

December 31,

	Governmental Activities	
	2021	2020
EXPENDITURES		
Personnel services	$ 50,604	$ 65,341
Contracted services	25,066	24,421
Commodities	9,305	10,579
Maintenance and equipment	6,655	4,644
Investigation, design construction, and miscellaneous	143,796	115,408
Depreciation	449	449
Total expenditures	235,875	220,842
Excess (loss) of operating revenues over expenditures	(235,875)	(220,842)
GENERAL REVENUES		
Property taxes	142,037	148,163
Interest	3,417	6,984
Other Income	1,010	1,545
Total general revenues	146,464	156,692
Net increase (decrease) in net assets	(89,411)	(64,150)
NET ASSETS, BEGINNING OF YEAR - Before adjustment	650,598	710,443
PRIOR PERIOD ADJUSTMENT	0	4,305
NET ASSETS, BEGINNING OF YEAR - Restated	650,598	714,748
NET ASSETS, END OF YEAR	$ 561,187	$ 650,598

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pottawatomie Creek Watershed Joint District Number 90 (Watershed) conform to generally accepted accounting principles as applicable to government units. The following is a summary of the more significant policies.

1. Reporting entity

A volunteer board governs Pottawatomie Creek Watershed Joint District Number 90. Pottawatomie Creek Watershed Joint District Number 90 is an organization formed under KSA 24-1201 for controlling serious problems of water management resulting from erosion, floodwater or sediment damage to watersheds of rivers and streams. The Watershed operates in Anderson, Coffey, Franklin, Linn and Miami counties of Kansas.

As required by generally accepted accounting principles, these financial statements include all the accounts for which Pottawatomie Creek Watershed Joint District Number 90 is considered financially accountable. Pottawatomie Creek Watershed Joint District Number 90 has no component units.

2. Summary of significant accounting policies

The Watershed has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34), GASB Statement 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation of GASB Statement 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities. However, management has elected not to present "Management's Discussion and Analysis".

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that Watershed-wide financial statements are needed to allow a user of financial reports to assess a government's operational accountability. The GASB model integrates fund-based financial reporting and Watershed-wide financial reporting as complementary components of a single comprehensive financial reporting model. However, the Watershed has elected to forgo the fund based statements due to the fact that the fund basis statements and the District wide do not have any differences.

3. Government-wide and fund financial statements

Pottawatomie Creek Watershed Joint District Number 90 government-wide financial statements include the statements of net assets, the statements of activities and, if applicable, statements of cash flow for proprietary funds. These statements report financial information for the Watershed as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from the business-types activities (of which the Watershed does not have any), generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities, expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services that report fees, fines and forfeitures, and other charges to users of the Watershed's services; and (2) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues would be reported as general revenues.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – continued

4. Measurement focus, basis of accounting, and financial statement presentation

The Watershed-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized when grantor eligibility requirements are met.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the Watershed. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Watershed's policy to use restricted resources first, then unrestricted resources as needed.

5. Fund types and major funds

The fund financial statements provide information about the Watershed's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Any remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds
The Watershed has one governmental fund.

Proprietary funds
The Watershed has no enterprise funds.

6. Assets, liabilities and equity

a. Property taxes receivable

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20th prior to the fiscal year for which they are budgeted, and the second half is due the following May 20th and is distributed to the Watershed by June 5. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes.

Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the Watershed. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2021 and 2020 respectively.

It is not practicable to apportion delinquent taxes held by the County Treasurer and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

6. **Assets, liabilities and equity - continued**

b. Accounts Receivable

The Watershed considers all receivables fully collectible. Therefore, there is no allowance for doubtful accounts and bad debts, if any, would be written off in the year they become uncollectible.

c. Property and Equipment

The Watershed capitalizes all expenditures for property and equipment with an initial cost of $500 or more and depreciates these assets using straight-line depreciation over 5 to 7 years. Repairs that do not significantly increase the useful life of an asset are expensed as incurred.

2021	Beginning of year	Additions	Deletions	End of year
Cost				
Equipment	$ 8,898	$ 0	$ 0	$ 8,898
Accumulated depreciation				
Equipment	$ 8,000	$ 449	$ 0	$ 8,449

2020	Beginning of year	Additions	Deletions	End of year
Cost				
Equipment	$ 7,551	$ 1,347	$ 0	$ 8,898
Accumulated depreciation				
Equipment	$ 7,551	$ 449	$ 0	$ 8,000

d. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in Pottawatomie Creek Watershed Joint Watershed Number 90 funds. Encumbrances outstanding at year-end are reported as Restricted-assigned net position and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no encumbrances as of years ended December 31, 2021 and 2020.

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

f. Fund Balances – Governmental Funds

The Watershed has elected to implement GASB No, 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In the fund financial statements, governmental funds report the following classifications of fund balance:

- **Non-spendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at December 31, 2021 and 2020, by the Watershed are contractually required to be maintained intact. The Watershed had no non-spendable funds as of December 31, 2021 or 2020.

- **Expendable** – includes amounts restricted by external sources (creditors, grantors, contributors, laws of other governments, etc.) or by constitutional provisions or enabling legislation. These amounts are expendable once the restriction has been met. The Watershed had no restricted funds as of December 31, 2021 or 2020.

- **Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Watershed's Board of Directors, the Watershed's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Watershed's Board of Directors. The Watershed had no committed funds as of December 31, 2021 or 2020.

- **Assigned** – includes amounts that the Watershed intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. According to the Watershed's policy, amounts may be assigned by the Director under the authorization of the Watershed's Board of Directors. The Watershed had no assigned funds as of December 31, 2021 or 2020.

- **Unassigned** – includes amounts that have not been assigned to other funds or restricted, committed, or assigned to specific purpose within the fund.

When expenditures are incurred for purposes for which either restricted or unrestricted fund balances are available, the Watershed uses restricted funds first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Watershed considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Watershed's Board of Directors has provided otherwise in its commitment or assignment actions. There are no differences between governmental funds presented under GASB 34 and fund accounting so fund accounting is not presented as part of these statements. Therefore, unrestricted net position and unassigned fund balance are the same.

g. Fair Values of Financial Instruments

The Watershed's financial instruments are cash and cash equivalents, accounts receivable, accounts payable. The recorded values of the above listed financial instruments approximate their fair values based on their short-term nature.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

Budgetary information – (continued)

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the years presented

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the Watershed for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits - K.S.A. 9-1401 establishes the depositories which may be used by Pottawatomie Creek Watershed Joint District Number 90. The statute requires banks eligible to hold the Watershed's funds have a main or branch bank in the county in which the Watershed is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Watershed has no other policies that would further limit interest rate risk.

Custodial credit risk for deposits - Custodial credit risk is the risk that in the event of a bank failure, the Watershed's deposits may not be returned to it. State statutes require the Watershed's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Watershed did not have any designated "peak periods" for the current year.

The Watershed's carrying amount of deposits was $604,946 and $693,492 as of December 31, 2021 and 2020, respectively. The bank balance was $605,959 and $694,060 as of December 31, 2021 and 2020. The difference between the carrying amount and the bank balance is due to outstanding deposits and checks. Of the bank balance, $500,000 and $590,000 was covered by FDIC insurance and $105,959 and $104,060 respectively was covered by collateral held under joint custody receipts issued by a third party bank in the Watershed's name.

NOTE C – DEPOSITS AND INVESTMENTS – continues

Investment policy - K.S.A. 12-1675 limits the Watershed's investment of idle funds to time deposits, open accounts, and certificate of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Watershed has no investment policy that would further limit its investment choices.

Interest rate risk - Per Kansas Statutes, maturities of investments shall not exceed two years. The Watershed's investments are in compliance with this statute.

Concentration of credit risk - State statutes place no limit on the amount the Watershed may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Watershed's investments as of December 31, 2021 and 2020 include checking accounts, money market and certificates of deposit.

Custodial credit risk for investments - For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Watershed will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statute requires investments be adequately secured. The Watershed had no such investments at year-end.

NOTE D - VACATION AND SICK PAY

Policies regarding vacation and sick pay permit employees to accumulate a maximum of 20 days of vacation and 60 days of sick pay. Policies prohibit payment of vacation time in lieu of time-off and restrict sick pay compensation to a maximum of 60 days on date of employment termination. The vacation and sick leave payout has not been accrued in theses financial statements as amounts will not be paid until the employee terminates employment at which time the expenses will be recognized.

NOTE E - DEFINED BENEFIT PENSION PLAN

Description of plan – The District participates in a cost-sharing multiple-employer pension plan (Pension Plan) known as Kansas public Employees Retirement System (KPERS) KPERS is administrator of the cost sharing multiple employer defined benefit plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans.* KPERS financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS www.kpers.org.

KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
    - State/School employees
    - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the District are included in the local employee group.

NOTE E - DEFINED BENEFIT PENSION PLAN - continued

Benefits - Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55, (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85 "points" (Police and Firemen normal retirements ages are 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service) have a different criteria).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A 744922.

Contributions - Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rate and the statutory contribution rates are as follows for Pottawatomie Creek Watershed Joint District Number 90:

	2021		2020	
	Actuarial Employer Rate	Statutory Employer capped rate	Actuarial Employer Rate	Statutory Employer capped rate
Local government employees	8.87 %	8.87 %	8.61 %	8.61 %

Member contribution rates as a percentage of eligible compensation for fiscal year 2021 and 2020 were 6.00% and 6.00% respectively.

NOTE E - DEFINED BENEFIT PENSION PLAN - continued

Employer and Non-employer Allocations - Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
  School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedules of employer and non-employer allocations are applied to totals presented in the schedules of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2021 and 2020 (rolled forward to December 31, 2021 and 2020 respectively) are based on the ratio of each employer's contributions to total employer and non-employer contributions of the group for the fiscal year ended June 30, 2021 and 2020 (rolled forward to December 31, 2021 and 2020 respectively). The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to recalculate individual employer amounts presented in the schedules of pension amounts by employer and non-employer may result in immaterial differences due to rounding.

Net Pension Liability - The components of the collective net position liability of the participating employers by each group at June 30, 2021 were as follows:

	Total Pension Liability	Less Fiduciary Net Position	Net Pension Liability
State/School	$ 22,490,931,300	$ 16,856,922,061	$ 5,634,009,239
Local	6,360,883,973	5,160,927,769	1,199,956,204
Police & Firemen	3,990,360,545	3,036,116,085	954,244,460
Judges	211,869,786	200,629,404	11,240,382
	$ 33,054,045,604	$ 25,254,595,319	$ 7,799,450,285
Pottawatomie Creek Watershed Joint District Number 90			$ 26,291

NOTE E - DEFINED BENEFIT PENSION PLAN - continued

The components of the collective net position liability of the participating employers by each group at June 30, 2020 were as follows:

	December 31, 2020		
	Total Pension Liability	Less Fiduciary Net Position	Net Pension Liability
State/School	$ 21,231,215,202	$ 13,759,282,718	$ 7,471,932,484
Local	5,931,407,823	4,197,753,841	1,733,653,982
Police & Firemen	3,715,609,163	2,482,472,216	1,233,136,947
Judges	202,206,885	167,365,230	34,841,655
	$ 31,080,439,073	$ 20,606,874,005	$ 10,473,565,068
Pottawatomie Creek Watershed Joint District Number 90			$ 66,607

At December 31, 2021 and 2020, Pottawatomie Creek Watershed Number 90 reported a liability of $43,235 and $44,113, respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement was unchanged for the two years presented:

Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary increase	3.50 to 12.00 percent, including price inflation
Investment Rate of Return	7.25 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

NOTE E - DEFINED BENEFIT PENSION PLAN – continued

Asset Class	Long-term Target Allocation	Long-term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short-term investments	4.00%	0.25%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability at the measurement date of June 30, 2021 was 7.75%. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2020 was 7.75 percent. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate was based on member and employer contributions. In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase more than the statutory cap. The statutory cap for Fiscal Year 2021 and 2020 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School Statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to $100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 S Sub. for Sub. HB 2052 delayed $64.1 million in Fiscal Year State/School contributions, to be repaid over 20 years in level dollar installments. The first payment of $6.4 million was paid in full at the beginning of Fiscal year 2020, and appropriations for Fiscal Year 2020 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2020. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2021. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2020 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of $56 million and $82 million be made to the System. The $56 million payment was received by the System on June 30, 2018, and recorded as Fiscal Year 2018 contributions. The $82 million was received July 1, 2020, and was recorded as Fiscal Year 2020 contributions. The 2020 Legislative session passed Senate Bill 9 which authorized a transfer of $115 million to KPERS, received in Fiscal year 2019. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in Fiscal Year 2020 of $51 million.

NOTE E - DEFINED BENEFIT PENSION PLAN – continued

The 201 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School Group's unfunded actuarial liability, assuming certain criteria are met. As a result, the State/School contribution rate was recertified for Fiscal Years 2022 and 2023, lowering them respectively to 13.86 and 13.11 percent. The bond proceeds were received on August 26, 2021 and were reflected in the projected cash flows.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid depletion date.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate - The following presents the net pension liability of the Pension plan as of June 30, 2021, calculated using the discount rate of 7.25%, as well as what the pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

December 31, 2021			
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
State/School	$ 8,278,153,106	$ 5,634,009,239	$ 3,410,812,605
Local	1,973,811,456	1,199,956,204	550,980,523
Police & Firemen	1,432,229,642	954,244,460	554,409,747
Judges	30,739,614	11,240,382	(5,612,848)
Total	$ 11,714,933,818	$ 7,799,450,285	$ 4,510,590,027
Pottawatomie Creek Watershed Joint District Number 90	$ 43,246	$ 26,291	$ 12,072

December 31, 2020			
	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
State/School	$ 9,907,295,373	$ 7,471,932,484	$ 5,418,722,502
Local	2,439,945,028	1,733,653,982	1,139,847,330
Police & Firemen	1,687,784,977	1,233,136,947	853,440,810
Judges	53,160,721	34,841,655	18,972,356
Total	$ 14,088,186,099	$ 10,473,565,068	$ 7,430,982,998
Pottawatomie Creek Watershed Joint District Number 90	$ 93,743	$ 66,607	$ 43,793

NOTE E - DEFINED BENEFIT PENSION PLAN – continued

Pension Expense - For the year ended December 31, 2021 and 2020, the Pottawatomie Creek Watershed Number 90 recognized pension expense of $7,976 and $3,986 respectively, which include the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2021 and 2020, Pottawatomie Creek Watershed Number 90 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 1,038	$ 238
Net differences between projected annual actual earnings on investments	0	9,335
Changes of Assumptions	5,175	19,394
Changes in proportion	6,299	0
Total	$ 12,512	$ 28,967

December 31, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 1,112	$ 856
Net differenced between projected annual actual earnings on investments	7,771	0
Changes in proportion	4,012	0
Total	8,375	858
	$ 21,270	$ 1,714

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	June 30,2022	$ 3,115
	2023	3,092
	2024	3,146
	2025	6,473
	2025	630
	Thereafter	0

NOTE E - DEFINED BENEFIT PENSION PLAN – continued

Through December 31, 2021 and as of the date of the report the above amounts have not changed for December 31, 2021.

NOTE F – OTHER EMPLOYEE BENEFIT PLANS

Plan Description - Pottawatomie Creek Watershed Joint District Number 90 participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits - Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the Member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability from any other sources by reason of employment, and earnings from any of employment. If disability begins before age, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses art limited the shorter of the term of disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate compensation at the time of the disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees - Pottawatomie Creek Watershed Joint District Number 90 has the following employees covered by the Plan as of December 31,

	2021	2020
Inactive employees or beneficiaries currently receiving benefit payments	0	0
Active employees	1	2
Total	1	2

NOTE F – OTHER EMPLOYEE BENEFIT PLANS - continued

Total OPEB Liability - Pottawatomie Creek Watershed Joint District Number 90 total OPEB liability of $683 and $504 reported as of December 31, 2021 and 2020 respectively was measured as of June 30, 2021 and 2020 (the measurement date), and was determined by an actuarial valuation as of June 30, 2021 and 2020 which was rolled forward to December 31, 2021 and 2020 respectively, using the following actuarial assumptions:

Price inflation	2.75%	2.75%
Wage inflation	3.00%	3.00%
Salary increases, including wage increases	3.0% to 11.5%	3.0% to 11.5%
Discount rate (based on the 20 year municipal bond rate with an average training of AA/Aa or better, obtained from the Municipal Bond index	2.16%	2.21%

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2015.

Changes in Total OPEB Liability		
Balance at beginning of year	$ 683	$ 504
Changes for the year		
Service Cost	527	176
Interest	27	24
Changes in benefits terms	0	0
Differences between actual and expected experience	(904)	29
Changes in assumptions or other inputs	0	(50)
Benefits payments	0	0
Net changes	(350)	179
Balance at end of year	$ 333	$ 683

Sensitivity Analysis - The following presents the Pottawatomie Creek Watershed Joint District Number 90's total OPEB liability calculated using the discount rate of 3.50%, and 3.87% as of December 31, 2021 and 2020 respectively as well as what the Pottawatomie Creek Watershed Joint District Number 90's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

December 31, 2021		
1% Decrease (1.16%)	Discouunt Rate (2.16%)	1% Increase (3.16%)
$ 359	$ 333	$ 307

December 31, 2020		
1% Decrease (1.21%)	Discouunt Rate (2.21%)	1% Increase (3.21%)
$ 646	$ 683	$ 713

NOTE F – OTHER EMPLOYEE BENEFIT PLANS - continued

OPEB Expense - For the year ended December 31, 2020, Pottawatomie Creek Watershed Joint District Number 90 recognized OPEB expenses of $504 , which includes the changes in the total OPEB liability, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources - At June 30, 2020, Pottawatomie Creek Watershed Joint District Number 90 reported deferred inflows of resources related to OPEB from the following sources for December 31, 2021

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 23	$ (1,120)
Changes in assumptions	10	(43)
Benefit payments subsequent to the measurement date	0	0
Total	$ 33	$ (1,163)

For Dece3mber 31, 2020

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 26	$ (354)
Changes in assumptions	13	(49)
Benefit payments subsequent to the measurement date	0	0
Total	$ 39	$ (403)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $252 consist of payments made to KPERS for benefits and administrative costs, and will be recognized as reduction in the total OPEB liability during the year ended December 31, 2021. Other amounts reported as deferred outflows resources and deferred inflows of resources related to OPEB
will be recognized in OPEB expenses as follows:

Year Ended December 31:	
2022	$ (138)
2023	(138)
2024	(138)
2025	(138)
2026	(141)
Thereafter	(437)

NOTE G - OPERATING LEASES

Rental payments included in the financial statements for years ended December 31, 2021 and 2020 were $4,800 and $4,800 respectively. The lease runs out July 2022 and payments for the subsequent year amount to $2,800.

NOTE H - HEALTH INSURANCE

The Watershed pays for the health insurance on the one employee the Watershed has, the amount paid for December 31, 2021 and 2020 was $9,477 and $9,138 respectively.

NOTE I - RISK MANAGEMENT

The Watershed is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Watershed carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

NOTE J – PRIOR PERIOD REINSTATEMENT

For the year ended December 31, 2020, the beginning net position has been restated to adjust for a change in the KPERS pension liability in the amount of $4,305.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated events through March 11, 2022 the date the financial statements were available for issue. There were no subsequent events which required disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Pottawatomie Creek Watershed Joint District Number 90

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
General Fund

For the year ended December 31, 2021

	Original & Final Budget	Actual	Variance-Over (under)
REVENUES			
Property taxes	$ 145,995	$ 142,037	$ (3,958)
Interest	3,475	3,417	(58)
Other Income	0	1,010	1,010
Total revenues	149,470	146,464	(3,006)
EXPENDITURES			
Personnel services	74,000	50,604	(23,396)
Contracted services	65,000	25,066	(39,934)
Commodities	14,000	9,305	(4,695)
Maintenance and equipment	17,000	6,655	(10,345)
Investigation, design & construction	650,303	143,796	(506,507)
Depreciation	0	449	449
Total expenditures	820,303	235,875	(584,428)
Excess (deficiency) of revenues over (under) expenditures	(670,833)	(89,411)	581,422
NET ASSETS, BEGINNING OF YEAR	710,441	650,598	(59,843)
NET ASSETS, END OF YEAR	$ 39,608	$ 561,187	$ 521,579

Pottawatomie Creek Watershed Joint District Number 90

Schedule 2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
General Fund

For the year ended December 31, 2020

	Original & Final Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES			
Property taxes	$ 141,982	$ 148,163	$ 6,181
Interest	3,000	6,984	3,984
Other Income	0	1,545	1,545
Total revenues	144,982	156,692	11,710
EXPENDITURES			
Personnel services	76,000	65,341	(10,659)
Contracted services	60,000	24,421	(35,579)
Commodities	13,000	10,579	(2,421)
Maintenance and equipment	25,000	4,644	(20,356)
Investigation, design & construction	496,833	115,408	(381,425)
Depreciation	0	449	449
Total expenditures	670,833	220,842	(449,991)
Excess (deficiency) of revenues over (under) expenditures	(525,851)	(64,150)	461,701
NET ASSETS, BEGINNING OF YEAR	710,441	714,748	4,307
NET ASSETS, END OF YEAR	$ 184,590	$ 650,598	$ 466,008

Pottawatomie Creek Watershed Joint District Number 90

SCHEDULE OF PENSION LIABILITY

For The Years Ending December 31,

	2013	2014	2015	2016	2017
Employers proportion (percentage) of the collective net position liability	0.0000051	0.0000060	0.0000047	0.0000054	0.0000050
Employer's proportionate share (amount) of the collective net pension liability	$ 49,483	$ 39,275	$ 42,070	$ 49,613	$ 45,336
Employer's covered-employee payroll	$ 52,368	$ 52,368	$ 54,766	$ 54,984	$ 56,088
Employer's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll	0.94	0.75	0.77	0.90	0.81
Total pension liability as a percentage of net position	6.56%	5.10%	4.89%	6.21%	5.61%

* Information is only available for 8 of the 10 years to be presented.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Total OPEB Liability	2017	2018	2019	2020	2021*
Service costs	$ 192	$ 178	$ 180	$ 176	$ 527
Interest total OPEB liability	15	26	29	24	27
Changes of benefit terms	0	0	0	0	0
Effect of economic/demographic gains of (losses)	0	(216)	(256)	29	(135)
Effect of assumption charges or inputs	17	7	(6)	(50)	(3)
Benefits payments	0	0	0	0	(766)
Net change in total OPEB liability	224	(5)	(53)	179	(350)
Total OPEB liability, beginning	338	562	557	504	683
Total OPEB liability, ending	$ 562	$ 557	$ 504	$ 683	$ 333
Covered payroll	$ 54,984	$ 56,088	$ 57,204	$ 51,504	$ 42,852
Total OPEB liability as a % of covered payroll	1.02%	0.99%	0.88%	1.33%	0.78%

* Information is only available for 4 of the 10 years to be presented.

Schedule 3

2018	2019	2020	2021*
0.0000050	0.0000049	0.0000063	0.0000219
$ 44,113	$ 43,235	$ 66,067	$ 26,291
$ 57,204	$ 79,871	$ 51,504	$ 42,852
0.77	0.54	1.28	0.61
5.81%	6.09%	10.15%	4.68%

OTHER INFORMATION

Pottawatomie Creek Watershed Joint District Number 90

Schedule 4

SCHEDULE OF EXPENDITURES

For The Years Ending December 31,

	2021	2020
PERSONNEL SERVICES		
Manager's salary	$ 42,852	$ 51,504
Payroll taxes	3,278	3,940
KPERS	4,015	9,704
OPEB	416	152
State unemployment	43	41
Total Personnel Services	50,604	65,341
CONTRACTUAL SERVICES		
Professional fees	3,108	3,049
Secretarial service	1,600	1,600
Rent	4,800	4,800
Insurance	15,558	14,972
Total Contract Services	25,066	24,421
COMMODITIES		
Office supplies	257	56
Dues and fees	2,040	1,975
Telephone	2,043	2,012
Legal notices	676	681
Meeting expense	3,311	5,314
Utilities	0	0
Other	978	541
Total Commodities	9,305	10,579
MAINTENANCE & EQUIPMENT		
Repairs	6,655	1,250
Mowing	0	3,394
Total Maintenance & Equipment	6,655	4,644
INVESTIGATION, DESIGN & CONSTRUCTION		
Engineering services	22,698	21,639
Pipes & supplies	18,204	0
Construction	102,894	93,769
Total Investigation, Design & Construction	143,796	115,408
DEPRECIATION	449	449
Total expenditures	$ 235,875	$ 220,842