BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5
STAFFORD, KANSAS

Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Bend Groundwater Management District No. 5, Stafford, Kansas
Stafford, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Big Bend Groundwater Management District No. 5, Stafford, Kansas,** as of and for the year ended December 31, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

above+beyond
AdamsBrown, LLC

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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.

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 statement.
- 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget and individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Big Bend Groundwater Management District No. 5, Stafford, Kansas' basic financial statement for the year ended December 31, 2022 (not presented herein), was audited by VonFeldt, Bauer & VonFeldt, Chtd. who merged with AdamsBrown, LLC as of November 1, 2023, whose report dated February 10, 2023, expressed an unmodified opinion on the basic financial statement. The 2022 basic financial statement and the other auditor's report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The report of the other auditors dated February 10, 2023, stated that the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2022 was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in their opinion, was fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.

AdamsBrown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

February 2, 2024

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5, STAFFORD, KANSAS
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Governmental Type Fund							
General Fund	$ 3,839,550	-	2,216,450	1,846,551	**4,209,449**	103,494	**4,312,943**

Composition of Cash	Checking Accounts	$ **14,333**
	Money Market	**298,562**
	Petty Cash	**48**
	Certificates of Deposit	**4,000,000**
	Total Primary Government	$ **4,312,943**

The notes to the financial statement are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Bend Groundwater Management District No. 5, Stafford, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The District is a municipal corporation governed by an elected nine-member board. A related municipal entity is an entity established to benefit the District and/or its constituents. The District has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the District for the years ended December 31, 2023.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Reimbursements

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that before any assessment can be made, the District's board must prepare a budget for the upcoming year to the eligible voters of the **Big Bend Groundwater Management District No. 5, Stafford, Kansas**, at a budget hearing. The budget hearing must be published in the newspaper in the District, at least 28 days prior to the meeting. After the budget hearing, the Board will adopt the proposed budget by resolution as well as determine the amount of land assessment or user charge, or both, that will be needed to support the adopted budget.

The Board can increase the originally adopted budget for previously unbudgeted increases in revenue. There were no budget amendments for this year.

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 schedules 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 regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

NOTE 3 – DEPOSITS AND INVESTMENTS

Big Bend Groundwater Management District No. 5, Stafford, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District 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 District has no other policies that would further limit interest rate risk.

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

Custodial Credit Risk - Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District'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 District does not use "peak periods". All deposits were legally secured at December 31, 2023.

At December 31, 2023, the District's carrying amount of deposits was $4,312,943 and the bank balance was $4,320,715. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $4,320,715 was covered by federal depository insurance.

Custodial Credit Risk- Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had to no investments at December 31, 2023.

NOTE 4 – LITIGATION

Big Bend Groundwater Management District No. 5, Stafford, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the District.

NOTE 5 – RISK MANAGEMENT

Big Bend Groundwater Management District No. 5, Stafford, Kansas is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 6 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Big Bend Groundwater Management District No. 5, Stafford, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

NOTE 7 – GRANTS AND SHARED REVENUES

Big Bend Groundwater Management District No. 5, Stafford, Kansas participates in numerous state and federal programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – COMPENSATED ABSENCES

Annual Leave
Full time employees accrue leave at the rate of eight hours per month for years of employment one through nine, ten hours per month for years ten through nineteen, and thirteen hours for years twenty and

over. Annual leave may accumulate up to fifteen days plus one day for each year of employment. Any leave accumulated over this figure as of January 1 of each year will be lost. Payment of accrued annual leave time will be made at the time of termination providing the employee has been employed for a period of one year or more.

Sick Leave
Full time employees receive sick leave of one status day per full working month of employment. Sick leave will be allowed to accumulate to a maximum of 480 hours. Sick leave accrued in excess of 480 hours as of December 31 of each year shall be paid at one-half the hourly rate of an employee's salary for that calendar year. No payment will be made for accrued sick leave upon termination of employment.

Personal Leave
Full time employees receive three status days of personal leave annually. Personal leave shall not accumulate. Payment of accrued personal leave time will not be made at the time of termination of employment.

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5,
STAFFORD, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5, STAFFORD, KANSAS

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2023

Fund		Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Governmental Type Fund						
General Fund	$	1,929,050	-	1,929,050	**1,846,551**	(82,499)

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5, STAFFORD, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
County Assessments	$ 1,494,558	**1,627,753**	1,583,157	44,596
Interest Income	11,161	**31,857**	-	31,857
Grants	-	**452,245**	-	452,245
Reimbursements	314,866	**-**	-	-
Other	96,347	**104,595**	-	104,595
Total Receipts	1,916,932	**2,216,450**	1,583,157	633,293
Expenditures				
Payroll Expense	262,345	**260,461**	325,000	(64,539)
Building Expense	942	**8,673**	6,000	2,673
Field Equipment	1,072	**10,733**	10,000	733
Office Equipment	9,493	**4,559**	8,000	(3,441)
Office Supplies	1,737	**2,550**	5,000	(2,450)
Printing and Publication	6,413	**6,253**	8,000	(1,747)
Travel and Conference	9,475	**16,154**	17,000	(846)
Utilities	7,966	**7,058**	12,000	(4,942)
Weather Station Expense	13,579	**17,615**	17,000	615
Water Management Programs	115,687	**697,859**	1,000,000	(302,141)
Professional Fees	94,442	**348,902**	500,000	(151,098)
Dues and Memberships	600	**1,250**	550	700
Business Dinners	1,182	**1,330**	1,500	(170)
Insurance	13,171	**14,903**	15,000	(97)
Postage	994	**977**	2,000	(1,023)
Watershed Planning	481,497	**447,052**	-	447,052
Other	704	**222**	2,000	(1,778)
Total Expenditures	1,021,299	**1,846,551**	1,929,050	(82,499)
Receipts Over (Under) Expenditures	895,633	**369,899**		
Unencumbered Cash - Beginning	2,943,917	**3,839,550**		
Unencumbered Cash - Ending	$ 3,839,550	**4,209,449**		