

**BIG BEND GROUNDWATER
MANAGEMENT DISTRICT NO. 5
Stafford, Kansas**

**FINANCIAL STATEMENT
For the Year Ended December 31, 2021**

**VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Larned, Kansas 67550**

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5
STAFFORD, KANSAS

Financial Statement
Regulatory Basis
For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Big Bend Groundwater Management District No. 5
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, 2021 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 matter 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 Big Bend Groundwater Management District No. 5 as of December 31, 2021, 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 Big Bend Groundwater Management District No. 5 as of December 31, 2021, 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 Big Bend Groundwater Management District No. 5 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 Big Bend Groundwater Management District No. 5 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.

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 Big Bend Groundwater Management District No. 5'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 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 Big Bend Groundwater Management District No. 5'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 Big Bend Groundwater Management District No. 5'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 schedule 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*. The graphical analysis (Schedule 3 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement nor 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 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Big Bend Groundwater Management District No. 5, Stafford, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated February 12, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedule of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and

was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

VonFeldt, Bauer & VonFeldt, Chtd.

VONFELDT, BAUER & VONFELDT, CHTD.

Certified Public Accountants

Larned, Kansas

February 11, 2022

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, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
General Funds:		
General	\$ 4,096,749.43	\$ 0.00
Total Reporting Entity	<u>\$ 4,096,749.43</u>	<u>\$ 0.00</u>
Composition of Cash:		

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

Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<u>\$ 1,682,332.83</u>	<u>\$ 2,835,165.13</u>	<u>\$ 2,943,917.13</u>	<u>\$ 26,771.86</u>	<u>\$ 2,970,688.99</u>
<u><u>\$ 1,682,332.83</u></u>	<u><u>\$ 2,835,165.13</u></u>	<u><u>\$ 2,943,917.13</u></u>	<u><u>\$ 26,771.86</u></u>	<u><u>\$ 2,970,688.99</u></u>
		NOW Checking Account		\$ 7,544.00
		Savings Account		2,158,633.09
		Petty Cash		50.00
		Certificates of Deposit		<u>804,461.90</u>
		Total Reporting Entity		<u><u>\$ 2,970,688.99</u></u>

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENT
December 31, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MUNICIPAL FINANCIAL REPORTING ENTITY

Big Bend Groundwater Management District No. 5, Stafford, Kansas (District) is a municipal corporation governed by an elected nine member board. This financial statement presents Big Bend Groundwater Management District No. 5 (the municipality). The District has no related municipal entities.

B. 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.

C. 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 municipality to use the regulatory basis of accounting.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of an interest bearing checking account, savings account and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

E. REIMBURSED EXPENSES

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 accounting.

F. USE OF ESTIMATES

The preparation of the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

The Board shall submit the proposed budget for the ensuing year to the eligible voters of the District at a hearing called for that purpose by one publication in a newspaper or newspapers of general circulation within the District at least 28 days prior to the meeting. Following the meeting, the Board shall, by resolution, adopt either the proposed budget or a modified budget and determine the amount of land assessment or a user charge, or both, needed to support such budget.

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 regulatory basis of accounting, in which regulatory basis receipts 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 municipality 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 - COMPLIANCE WITH KANSAS STATUTES

1. Funds on deposit at SJN Bank of Kansas were under secured during the year in violation of K.S.A. 9-1402.

Management is aware of no other statutory violations for the period covered by the audit.

Note 4 - DEPOSITS

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 investments of idle funds to time deposits, open accounts, and certificates 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 District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

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, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2021.

Note 4 - DEPOSITS (Cont'd.)

At December 31, 2021 the District's carrying amount of deposits was \$2,970,589.89 and the bank balance was \$2,978,970.04. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$2,728,970.04 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Note 5 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits. As provided by K.S.A. 12-5040, the District 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.

Compensated Absences. Full time employees accrue leave at the rate of 8 hours per month for years of employment one through nine, ten hours per month for years ten through nineteen, and 13 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. The potential liability for unused vacation leave at December 31, 2021 and 2020 is \$9,698.06 and \$11,625.05, respectively, which is a net change of (\$1,926.99). The costs of accumulated vacation benefits are not recorded in the financial statement at the time the benefits are earned by the employee.

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, therefore there is no potential liability for accumulated sick leave as of December 31, 2021.

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.

Note 6 - CONTINGENCIES

During the ordinary course of its operations the District is a party to potential claims, legal actions and complaints. It is the opinion of the District's management that these matters are not anticipated to have a material effect on the District's financial statement.

Note 7 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The District does not participate in a public entity risk pool.

Note 8 - COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the District to assist with the risks and help offset incurred costs of the District.

Note 9 - SUBSEQUENT EVENTS

The District has evaluated events subsequent to year end through February 11, 2022 and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding COVID-19 as discussed in Note 8 above.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5
STAFFORD, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Certified Budget	Adjustment for Qualifying Budget Credits
General Funds:		
General	\$ 3,191,500.00	\$ 0.00

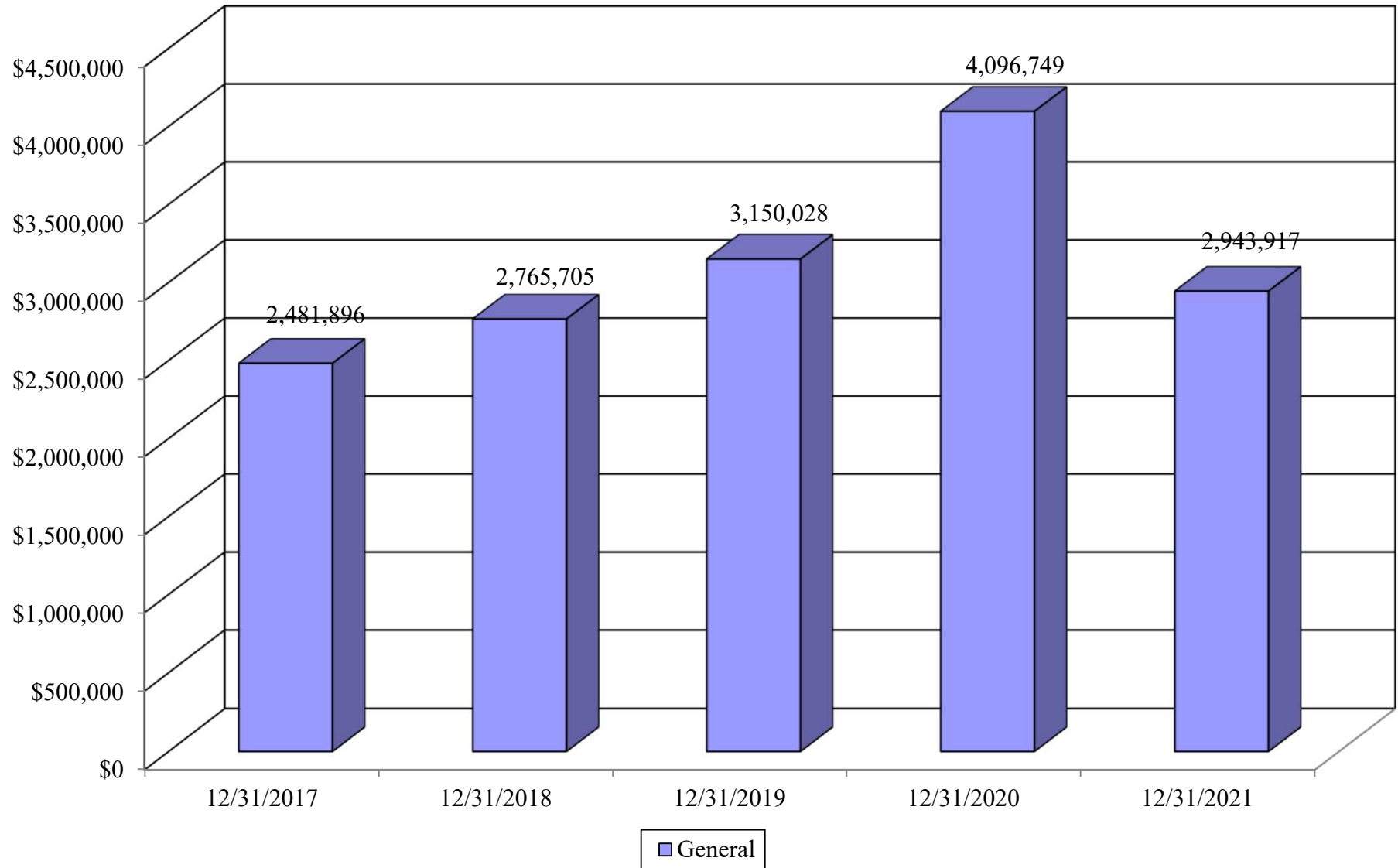
<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 3,191,500.00	\$ 2,835,165.13	\$ (356,334.87)

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, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

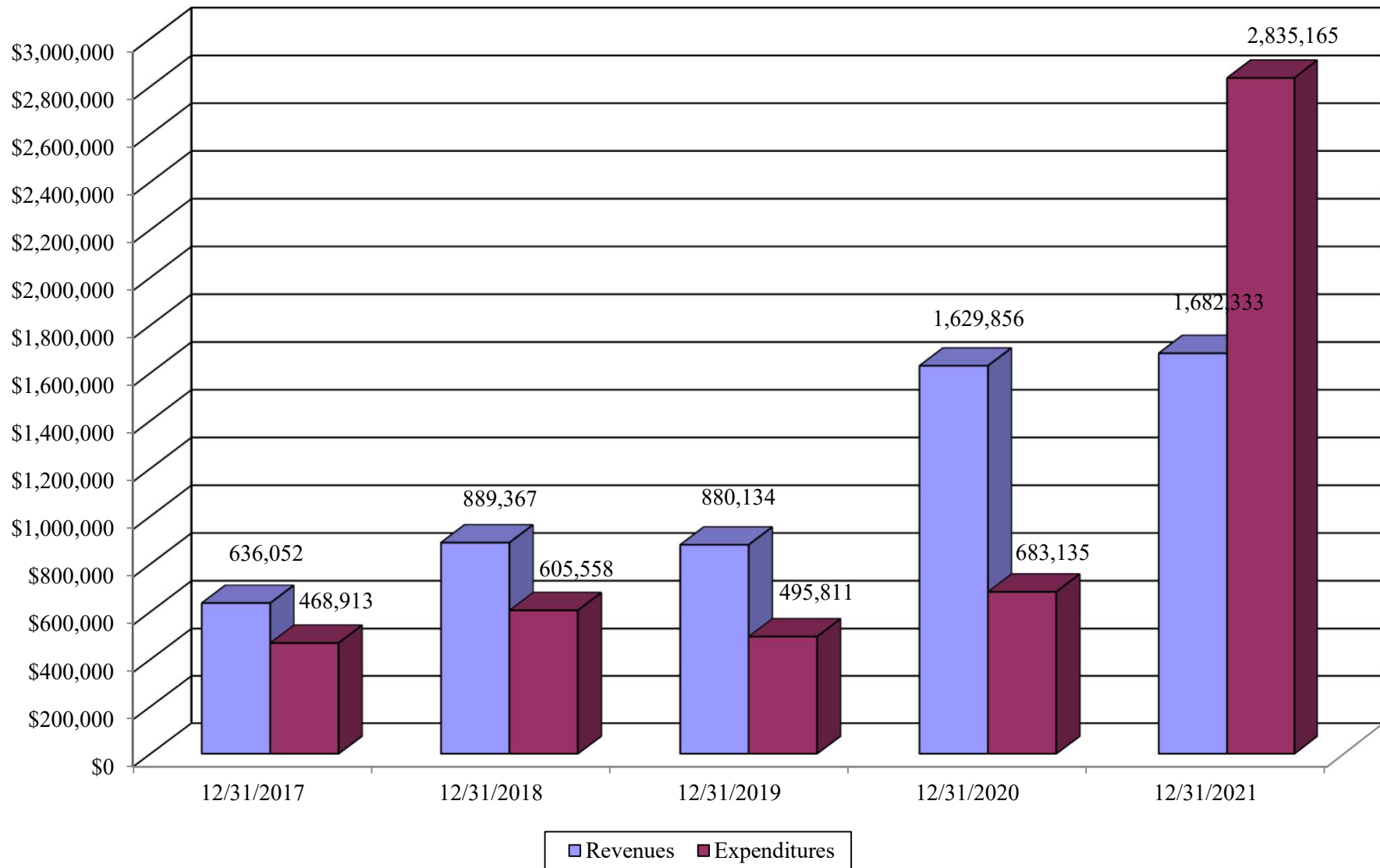
	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts:				
Tax Revenue	\$ 1,582,120.24	\$ 1,627,579.74	\$ 1,650,000.00	\$ (22,420.26)
Interest on Idle Funds	19,693.22	14,340.17	0.00	14,340.17
CIG Grant	0.00	18,874.25	0.00	18,874.25
Other	28,042.19	21,538.67	0.00	21,538.67
Total Receipts	<u>1,629,855.65</u>	<u>1,682,332.83</u>	<u>\$ 1,650,000.00</u>	<u>\$ 32,332.83</u>
Expenditures				
Payroll Expenses	215,282.14	225,908.93	292,500.00	(66,591.07)
Building Expense	343.00	173.44	3,000.00	(2,826.56)
Field Equipment	95.48	1,519.98	10,000.00	(8,480.02)
Office Equipment	1,450.06	3,388.47	7,000.00	(3,611.53)
Office Supplies	2,174.64	672.71	5,000.00	(4,327.29)
Printing & Publication	4,767.58	4,762.81	8,000.00	(3,237.19)
Travel & Conference	6,198.85	4,884.69	20,000.00	(15,115.31)
Utilities	7,360.13	7,932.03	12,000.00	(4,067.97)
Weather Station Expense	8,797.12	10,883.80	15,000.00	(4,116.20)
Water Management Programs	296,507.11	2,248,323.58	2,300,000.00	(51,676.42)
Professional Fees	126,452.22	224,708.54	500,000.00	(275,291.46)
Dues & Memberships	550.00	200.00	500.00	(300.00)
Business Dinners	778.61	818.45	1,500.00	(681.55)
Insurance	10,293.00	12,455.00	13,000.00	(545.00)
Postage	1,412.13	995.45	2,000.00	(1,004.55)
CIG Grant Expense	0.00	16,677.61	0.00	16,677.61
Watershed Planning	0.00	70,228.14	0.00	70,228.14
Other	672.48	631.50	2,000.00	(1,368.50)
Total Expenditures	<u>683,134.55</u>	<u>2,835,165.13</u>	<u>\$ 3,191,500.00</u>	<u>\$ (356,334.87)</u>
Receipts Over (Under) Expenditures	946,721.10	(1,152,832.30)		
Unencumbered Cash, Beginning	<u>3,150,028.33</u>	<u>4,096,749.43</u>		
Unencumbered Cash, Ending	<u>\$ 4,096,749.43</u>	<u>\$ 2,943,917.13</u>		

SUPPLEMENTARY INFORMATION

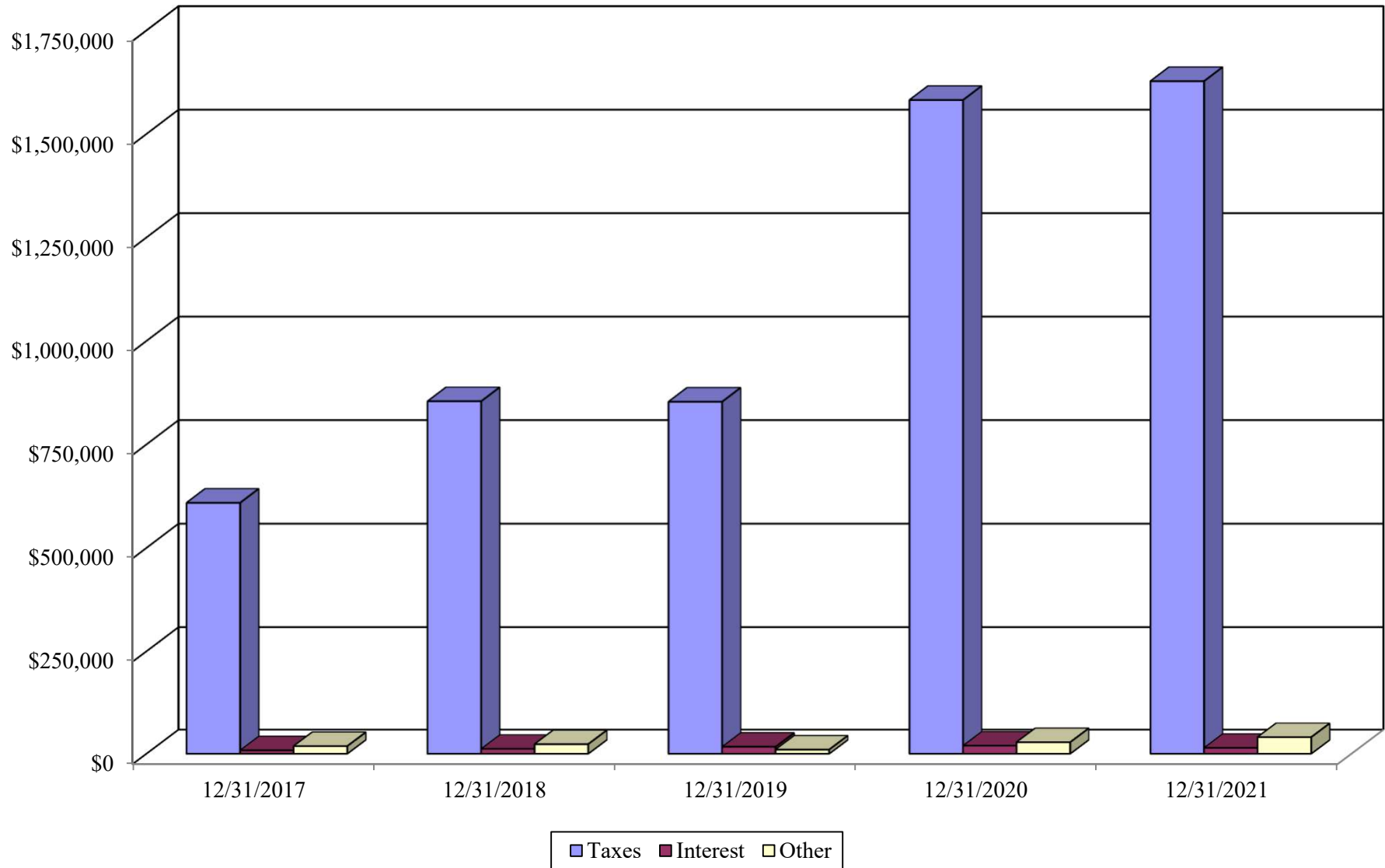
Big Bend Groundwater Management District No. 5
Stafford, Kansas
Unencumbered Cash Balances



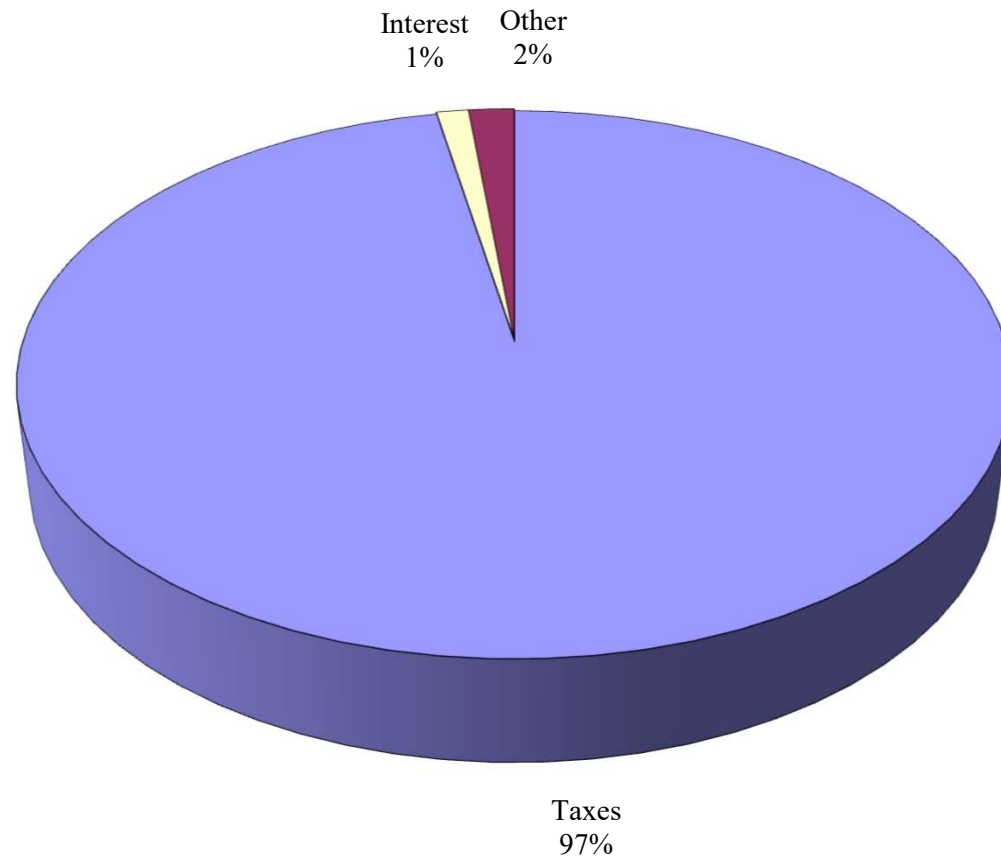
Big Bend Groundwater Management District No. 5
Stafford, Kansas
Revenues vs Expenditures



Big Bend Groundwater Management District No. 5
Stafford, Kansas
General Fund Revenues

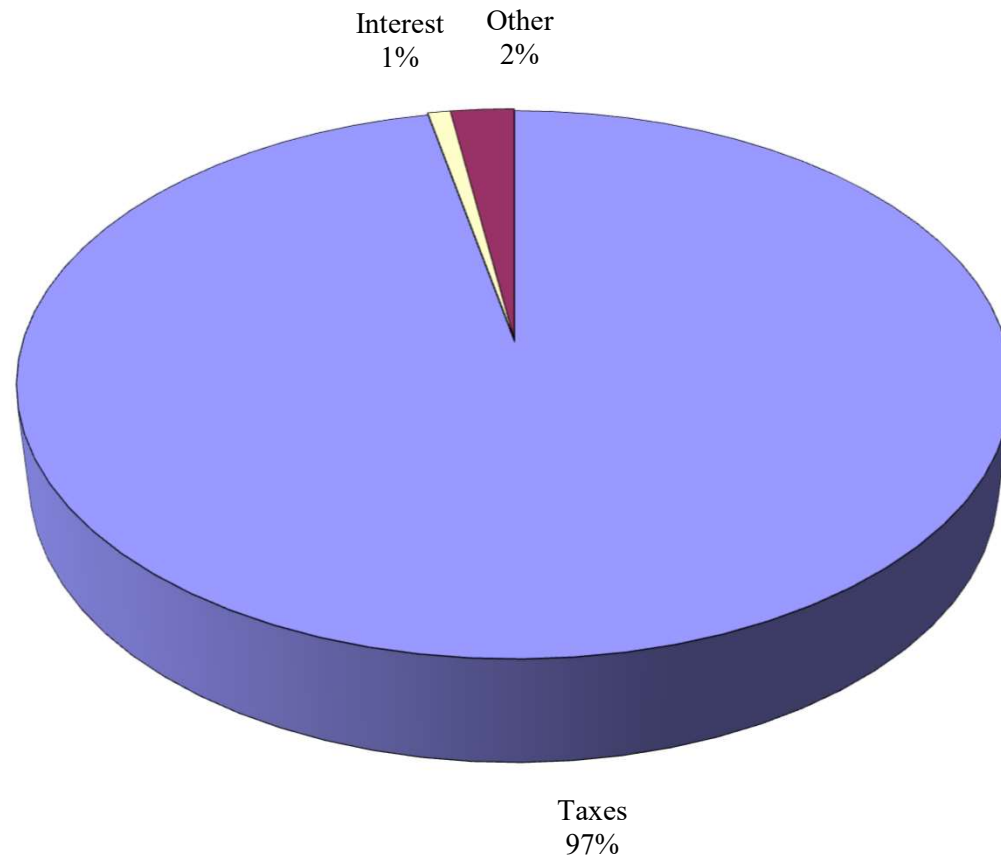


**Big Bend Groundwater Management District No. 5
Stafford, Kansas
General Fund Receipts**



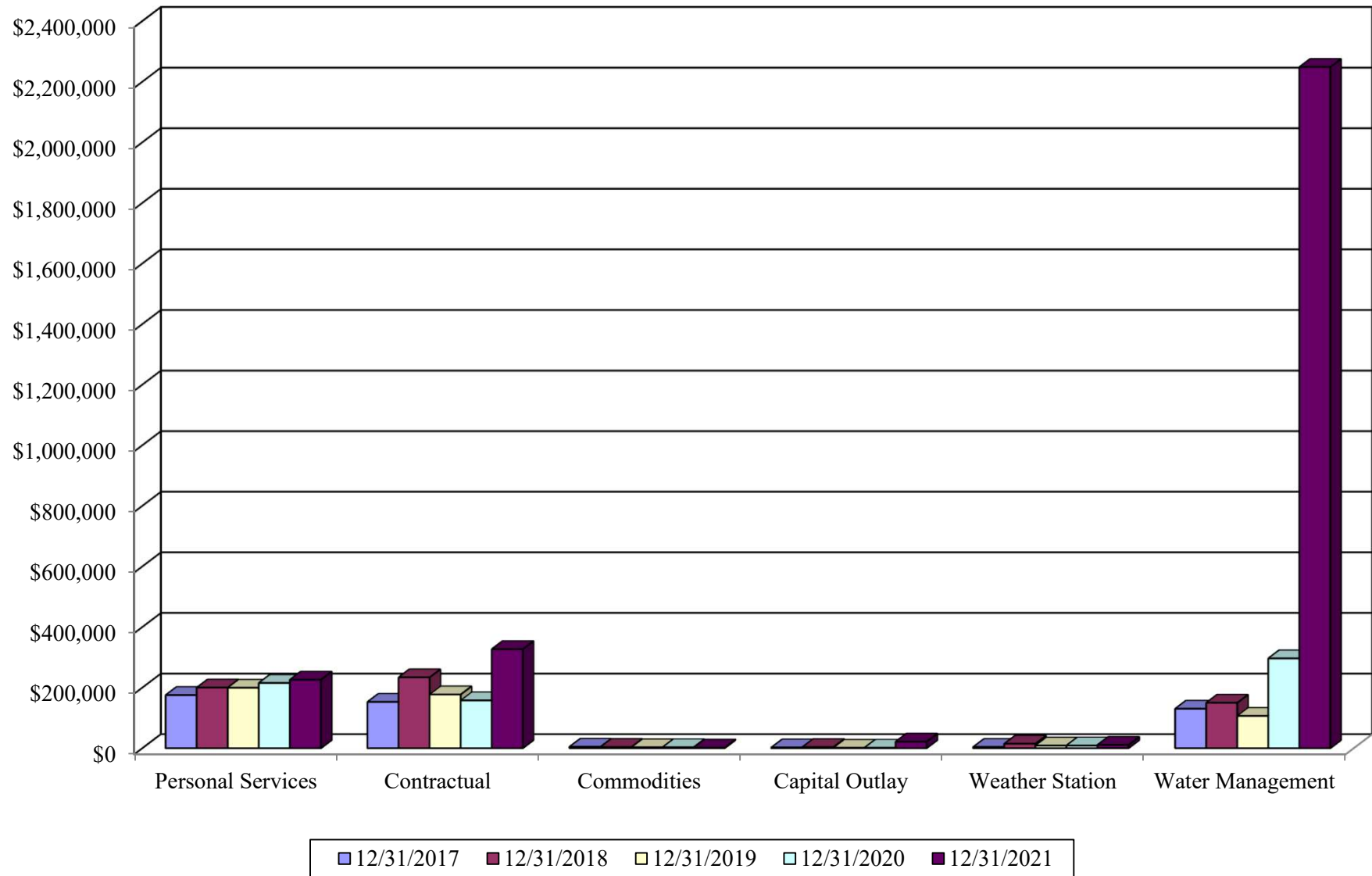
12/31/2020

**Big Bend Groundwater Management District No. 5
Stafford, Kansas
General Fund Receipts**

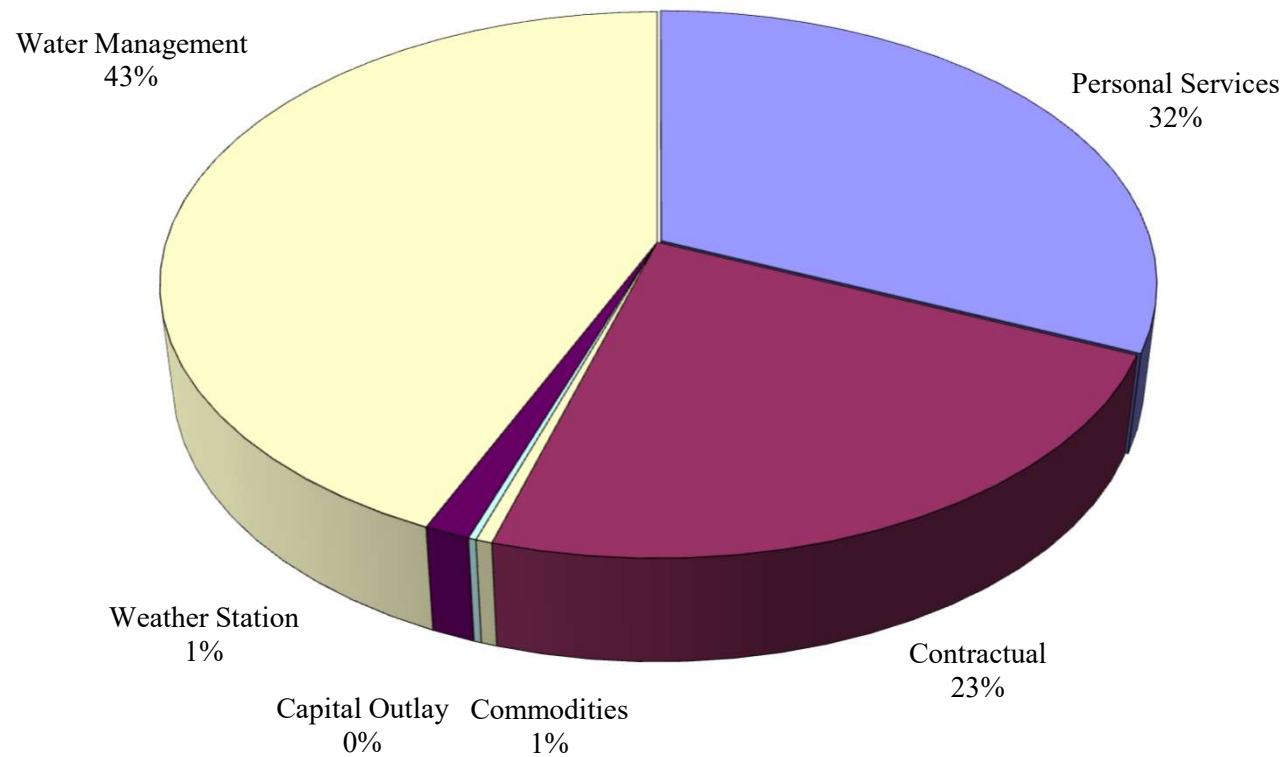


12/31/2021

Big Bend Groundwater Management District No. 5
Stafford, Kansas
General Fund Expenditures

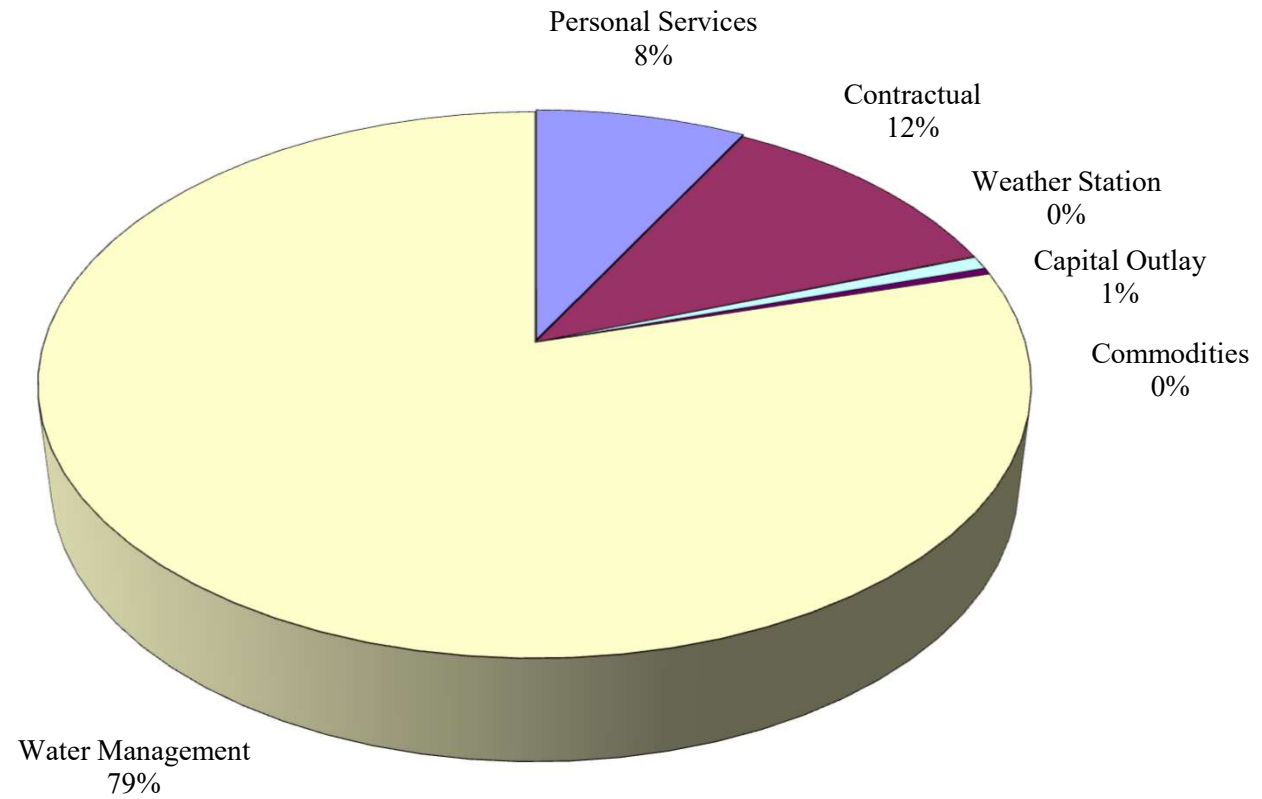


**Big Bend Groundwater Management District No. 5
Stafford, Kansas
General Fund Expenditures**



12/31/2020

**Big Bend Groundwater Management District No. 5
Stafford, Kansas
General Fund Expenditures**



12/31/2021