CONSOLIDATED RURAL WATER DISTRICT NO. 1
MONTGOMERY COUNTY, KANSAS

FINANCIAL STATEMENT
with
INDEPENDENT AUDITORS' REPORT
and
SUPPLEMENTARY INFORMATION

December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board
Consolidated Rural Water District No. 1
Havana, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Montgomery County Consolidated Water District #1 (District), Kansas, as of and for the year ended December 31, 2022 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 the District as of December 31, 2022, 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, 2022, 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.

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.

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 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 individual fund schedules of regulatory basis receipts and expenditures 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.

Thomas & Lovell CPA, LLC

Independence, Kansas
February 16, 2024

CONSOLIDATED RURAL WATER DISTRICT NO. 1
MONTGOMERY COUNTY, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For The Year Ended December 31, 2022

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
BUSINESS FUND:							
Water Operations Fund	$ 228,597	$ -	$ 711,707	$ 604,465	$ 335,839	$ 63,346	$ 399,185
TOTAL REPORTING ENTITY	$ 228,597	$ -	$ 711,707	$ 604,465	$ 335,839	$ 63,346	$ 399,185

COMPOSITION OF CASH

RBC Bank:	
Account No. 51888	$ 163,914
Account No. 104043	81,972
Great Plains Federal Credit Union:	
Account No 201518 - Share Account	100,089
Account No 201518 - ID - 51	50,034
Account No 201518 - ID - 52	3,176
Total Reporting Entity	$ 399,185

The notes to the financial statement are an integral part of this financial statement.
See accompanying independent auditors' report.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
MONTGOMERY COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The Consolidated Rural Water District No. 1, of Montgomery County, Kansas, is a municipality governed by a five-member Board of Directors. The members of the Water District elect the Board of Directors. There are no component units. The Water District's purpose is to purchase and sell water to rural patrons.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following type of fund comprises the financial activities of the Water District: *Business Fund* – funds financed in whole or in part by fees charged to users of the goods or services.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Accounting and Auditing Guide (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 revenues 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 municipality 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.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures. Balance sheets that would have shown non-cash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Departure from Accounting Principles Generally Accepted in the United States of America (continued)
Capital assets that account for the land, buildings, and equipment owned by the Water District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information
A legal operating budget is not required for the Water District. Spending in the Water District's fund is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Subsequent Events
Subsequent events have been evaluated through February 16, 2024, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statement would be required.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL MATTERS

Management is not aware of any statutory, finance related or contractual violations.

NOTE 3. DEPOSITS AND INVESTMENTS

As of December 31, 2022, the Water District had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the Water District. The statute requires banks eligible to hold the Water 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 Water District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Water 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 Water District has no investment policy that would further limit its investment choices.

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Water District's deposits may not be returned to it. State statutes require the Water 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 Water District did not designate any "peak periods" for 2022. All deposits were legally secured as of December 31, 2022.

At December 31, 2022 the carrying amount of the Water District's deposits was $399,185 and the bank balance was $409,566. The difference between the bank balance and the carrying amount were due to outstanding checks. The bank deposits were held by 2 banks resulting in a concentration of credit risk. All of the bank balance was covered by federal depository insurance at December 31, 2022.

NOTE 4. COMPENSATED ABSENCES

Sick leave is granted by the Board only on an informal basis. There is no written policy.

The Manager of operations is granted 10 days of paid vacation each year. There are two full-time employees of the Water District.

No liability for accrued vacation and sick pay is reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2022. The cost of vacation and sick pay are recognized as expenditures when paid.

NOTE 5. RISK MANAGEMENT

The Water District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the Water District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

NOTE 6. ECONOMIC DEPENDENCY

The Water District is dependent upon two cities, Coffeyville, Kansas and Independence, Kansas and the Public Wholesale Water Supply District No. 20 (PWWSD) to supply the Water District with all the water it sells.

NOTE 7. COMMITMENTS

The Water District has a contract with the PWWSD to pay for a guaranteed minimum monthly commitment of water. If during the calendar year the Water District pays for more water than it consumed, it receives a credit against future water bills.

SUPPLEMENTARY INFORMATION

CONSOLIDATED RURAL WATER DISTRICT NO. 1
MONTGOMERY COUNTY, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
WATER OPERATIONS FUND

For The Year Ended December 31, 2022

		Actual
RECEIPTS		
Water Sales and Late Charges	$	592,294
Assessments		71,775
Penalties		18,383
New Installations		8,000
Interest Earned		1,265
Net Property Sales		0
Insurance dividends		2,904
Miscellaneous receipts		17,087
TOTAL RECEIPTS		711,707
EXPENDITURES		
Water Purchased		261,012
Contract Labor		32,113
Dues and Fees		919
Insurance, Bonds		19,218
Office Expense		11,485
Professional Fees		8,500
Repairs and Maintenance		99,535
Salaries		110,911
Payroll and Water Taxes		14,422
Travel		428
Truck Expense and Miscellaneous		16,993
Utilities and Phone		28,929
TOTAL EXPENDITURES		604,465
Receipts (Under) Expenditures		107,242
Unencumbered Cash, Beginning		228,597
Unencumbered Cash, Ending	$	335,839

See accompanying independent auditors' report.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
MONTGOMERY COUNTY, KANSAS

AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 31, 2022

Thomas H. Sewell, CPA, LLC

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Thomas H. Sewell, CPA
Keith Stone, Accountant

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To the Board
Consolidated Rural Water District No. 1
Havana, Kansas

Dear Board Members:

We are pleased to present this report related to our audit of the Kansas statutory basis financial statement of the Consolidated Rural Water District No. 1 for the year ended December 31, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Consolidated Rural Water District No. 1's financial reporting process.

This report is intended solely for the information and use of the Water District Board and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Consolidated Rural Water District No. 1.

Thomas H Sewell CPA LLC

Independence, Kansas
February 16, 2024

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Required Communications

Professional Standards require the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letter dated November 1, 2023.
Accounting Practices	**Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Consolidated Rural Water District No. 1. The Water District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Alternative Treatments Discussed with Management** We did not discuss with management any alternative treatments within the Kansas statutory basis for accounting policies and practices related to material items during the current audit period.
Management's Judgments and Accounting Estimates	We did not discuss with management any particularly sensitive accounting estimates related to material items during the current audit period.
Audit Adjustments	We have no audit adjustments to be recorded by Consolidated Rural Water District No. 1.
Uncorrected Misstatements	There were no known passed adjustments or uncorrected misstatements.

Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit for the year ended December 31, 2022.
Letter Communicating Significant Deficiencies and Material Weaknesses	We have communicated the significant deficiencies and material weaknesses identified during our audit of the financial statements for the year ended December 31, 2022.
Certain Written Communications Between Management and Our Firm	We separately communicated other non-material weaknesses to management and we obtained management representations as reported in A-1 attached.
Representation From Management	See our Management Representation Letter on A-1

Exhibit A - Certain Written Communications Between Management and Our Firm

CONSOLIDATED RURAL WATER DISTRICT NO. 1
MONTGOMERY COUNTY, KANSAS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENT

DECEMBER 31, 2022

Thomas H. Sewell, CPA, LLC

P.O. Box 783 • 118 W. Locust • Independence, KS 67301
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Thomas H. Sewell, CPA
Keith Stone, Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENT

Consolidated Rural Water District No. 1
Board Members

We have audited the financial statement of the Consolidated Rural Water District No. 1 as of and for the year ended December 31, 2022, and have issued our report thereon dated February 16, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement of the Rural Water District, in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide, we considered the Consolidated Rural Water District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Rural Water District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consolidated Rural Water District No. 1's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

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

This report is intended solely for the information and use of the Rural Water District Board, management, and others within the Rural Water District's governing body, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas H Sewell CPA LLC

Independence, Kansas
February 16, 2024

CONSOLIDATED RURAL WATER DISTRICT No. 1
MONTGOMERY COUNTY, KANSAS

INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE YEAR ENDED DECEMBER 31, 2022

FINDING 2022-1:

Financial statement preparation:

The District does not have a system of internal control that would provide management with reasonable assurance that the District's financial statement and related disclosures are complete and presented in accordance with the Kansas regulatory basis. As such, management requested us to compile the trial balance from District records and prepare a draft of the financial statement, including the related note disclosures. While this is a significant weakness, the District's management can take responsibility for the financial statement.

RURAL WATER DISTRICT'S RESPONSE:

The District does not have adequate resources to hire additional staff capable of preparing the complete annual financial statement and related disclosures presented in accordance with Kansas' regulatory basis.

OTHER MATTERS NOT CONSIDERED A SIGNIFICANT OR MATERIAL WEAKNESS

Segregation of Duties: Disbursements
Monthly bills for payables are sorted by the manager and bookkeeper each day when the mail is received. The bills are kept in a file until the week of the monthly board meeting. At that time, the bookkeeper prepares a list of bills to be paid and the corresponding checks. The manager reviews the list and checks, and then takes them to the board meeting. At the board meeting, the bills are reviewed by the board members and the checks are signed by two members once the bills are approved for payment. The signed checks are returned to the bookkeeper for mailing.

Mitigating procedures: This risk is mitigated by neither the manager nor bookkeeper having signature authority or cash disbursement authority.

Additional mitigating solution: The bookkeeper could have the envelopes addressed, stamped and prepared for mailing so all the board treasurer would have to do is put the check in the envelope and drop the payments at the post office directly after the board meeting.

RURAL WATER DISTRICT'S RESPONSE:
The recommendation will be considered.

Accounting and Personnel Policies
The District does not have written management and accounting policies manual or a written personnel manual. Developing written manuals would provide the District's management with references for any questions that might arise concerning dealing with transactions, or official policies for vacation, sick leave, employee benefits or the actions of employees.

The quarterly payroll reports, Forms 941 and state unemployment reports appear to be prepared timely by the bookkeeper, but there is no written evidence they are reviewed or proofed by the manager. If they were reviewed, initialed and dated by the manager it would provide further assurance of their accuracy and evidence of management's review.

Consolidated Rural Water District No. 1
Montgomery County, Kansas
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P. O. Box 328
Havana, Ks 67347

(620)-673-5791

February 16, 2024

Thomas H Sewell, CPA, LLC
P. O. Box 783
Independence, Ks 67301

This representation letter is provided in connection with your audit of the Consolidated Rural Water District No. 1, Montgomery County, Kansas, our summary statement of receipts, expenditures, and unencumbered cash, and the supplementary schedule of receipts and expenditures – regulatory basis-Water Operations Fund, as of and for the year ended December 31, 2022, for the purpose of expressing an opinion on whether the financial statement and supplementary schedule presented fairly, in all material respects, in conformity with the regulatory basis of accounting designed to demonstrate compliance with the regulatory basis of the State of Kansas.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 16, 2024.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 1, 2023, for the preparation and fair presentation of the financial statement – Water Operations Fund, in conformity with the regulatory basis of accounting designed to demonstrate compliance with the cash basis and budget laws of

the State of Kansas. We have identified for you all of our funds and governmental functions.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statement and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audit, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party transactions including those with other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of with the cash basis and budget laws of the State of Kansas.
- All events subsequent to the date of the financial statement and for which the cash basis and budget laws of the State of Kansas require adjustments or disclosure have been identified or disclosed.
- We have no known actual or possible litigation or claims that would require disclosure in accordance with the requirements of with the cash basis and budget laws of the State of Kansas.
- All component units, as well as joint ventures with an equity interest, are included and other joint venture and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposits and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.

Information Provided

- We have provided you with:

- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, meeting minutes, and other matters;
- Additional information that you have requested from us for the purpose of the audit;
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
- A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- All minutes of the meetings of the governing board and committees of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

- All transactions have been recorded in the accounting records and are reflected in the financial statement.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of allegations of fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or other.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- We are aware of no communication from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- During the course of the audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

- With respect to the required supplementary information presented as required by the Kansas regulatory basis of accounting in relation to the basic financial statement as a whole:
    - We acknowledge our responsibility for the presentation of such required supplementary information.
    - We believe such required supplementary information is measured and presented in accordance with guideline prescribed by the Kansas regulatory basis of accounting and
    - The methods of measurement or presentation have not changed from those used in the prior period.

Jeremy Russell, District Manager

Rhonda Russell, Bookkeeper