BIG BEND GROUNDWATER
MANAGEMENT DISTRICT NO. 5
Stafford, Kansas

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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

BIG BEND GROUNDWATER MANAGEMENT
DISTRICT NO. 5, STAFFORD, KANSAS
Financial Statements
For the Year Ended December 31, 2010

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VONFELDT, BAUER & VONFELDT, CHTD.

CERTIFIED PUBLIC ACCOUNTANTS

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Larned, KS 67550

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Big Bend Groundwater Management District No. 5, Stafford, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative financial information has been derived from the District's December 31, 2009 financial statements and, in our report dated February 12, 2010, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, Big Bend Groundwater Management District No. 5, Stafford, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do 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, Stafford, Kansas as of December 31, 2010, or the changes in its financial position for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Big Bend Groundwater Management District No. 5, Stafford, Kansas, as of December 31, 2010 and its cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

The schedules presented as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
February 10, 2011

BIG BEND GROUNDWATER MANAGEMENT
DISTRICT NO. 5, STAFFORD, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Fund:		
General Fund	$ 863,650.40	$ 0.00
Total Reporting Entity (Excluding Agency Funds-Memorandum Only)	$ 863,650.40	$ 0.00

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

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
$ 625,534.39	$ 425,358.45	$ 1,063,826.34	$ 15,761.37	$ 1,079,587.71
$ 625,534.39	$ 425,358.45	$ 1,063,826.34	$ 15,761.37	$ 1,079,587.71

BIG BEND GROUNDWATER MANAGEMENT
DISTRICT NO. 5, STAFFORD, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2010

Balance to be accounted for:	$ 1,079,587.71
Composition of Cash:	
Cash on Hand	$ 50.00
Checking Account - St. John National Bank, St. John, Kansas	9,330.61
Less Outstanding Checks	(6,973.48)
Money Market Account - St. John National Bank, St. John, Kansas	512,693.25
Certificates of Deposit - St. John National Bank, St. John, Kansas	368,244.82
Certificates of Deposit - American State Bank, St. John, Kansas	83,817.66
Certificates of Deposit - Farmers National Bank, Stafford, Kansas	112,424.85
Total Reporting Entity	$ 1,079,587.71

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

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

Summary of Expenditures - Actual and Budget

(Budgeted Funds Only)

For the Year Ended December 31, 2010

Funds	Certified Budget	Adjustment for Qualifying Budget Credits
Governmental Type Fund:		
General Fund	$ 1,000,000.00	$ 0.00

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

Statement 2

Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
$ 1,000,000.00	$ 425,358.45	$ (574,641.55)

BIG BEND GROUNDWATER MANAGEMENT
DISTRICT NO. 5, STAFFORD, KANSAS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Intergovernmental Receipts:				
Tax Revenue	$ 611,675.49	$ 606,834.76	$ 608,000.00	$ (1,165.24)
Interest	21,911.79	10,958.98	0.00	10,958.98
Other	6,765.43	7,740.65	0.00	7,740.65
Total Cash Receipts	640,352.71	625,534.39	$ 608,000.00	$ 17,534.39
Expenditures				
Personal Services	198,125.18	206,142.21	207,000.00	(857.79)
Building	434.31	481.81	2,000.00	(1,518.19)
Equipment	1,304.79	2,152.82	3,000.00	(847.18)
Office Supplies	4,702.84	5,781.04	4,000.00	1,781.04
Printing & Publishing	2,952.49	5,457.34	11,000.00	(5,542.66)
Travel & Conference	8,965.97	8,110.34	12,000.00	(3,889.66)
Utilities	6,521.58	6,027.51	6,000.00	27.51
Weather Station Expense	7,799.21	52,195.97	15,000.00	37,195.97
Water Management Programs	346,787.98	115,822.72	625,000.00	(509,177.28)
Professional Fees	3,591.30	7,448.70	100,000.00	(92,551.30)
Dues & Memberships	1,500.00	1,500.00	0.00	1,500.00
Business Dinners	351.02	292.10	0.00	292.10
Insurance	8,338.00	8,609.00	11,000.00	(2,391.00)
Postage	935.71	823.85	0.00	823.85
Other	380.51	943.04	4,000.00	(3,056.96)
Computer Upgrade	321.22	3,570.00	0.00	3,570.00
Total Expenditures	593,012.11	425,358.45	$ 1,000,000.00	$ (574,641.55)
Receipts Over (Under) Expenditures	47,340.60	200,175.94		
Unencumbered Cash, Beginning	816,309.80	863,650.40		
Unencumbered Cash, Ending	$ 863,650.40	$ 1,063,826.34		

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

BIG BEND GROUNDWATER MANAGEMENT DISTRICT NO. 5
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Big Bend Groundwater Management District No. 5, Stafford, Kansas is a municipal corporation governed by an elected nine member board. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. Big Bend Groundwater Management District No. 5, Stafford, Kansas, has no component units as of December 31, 2010.

B. FUND ACCOUNTING

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 types of funds comprise the financial activities of the District for the year ended December 31, 2010:

GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

C. BASIS OF ACCOUNTING

Statutory Basis of Accounting: The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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 statutory basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

C. BASIS OF ACCOUNTING (Cont'd.)

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, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash 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. Capital assets that account for the land, buildings, and equipment owned by the municipality 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.

D. CASH AND INVESTMENTS

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

E. COMPENSATED ABSENCES

Vacation Policy:
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, 2010 and December 31, 2009 is $2,393.57 and $12,456.45 respectively, which represents a net change of ($10,062.88). The costs of accumulated vacation benefits are not recorded in the financial statements at the time the benefits are earned by the employee.

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, therefore there is no potential liability for accumulated sick leave as of December 31, 2010.

Personal Leave Days:
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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

F. USE OF ESTIMATES

The preparation of financial statements 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 statements and accompanying notes. Actual results may differ from those estimates.

G. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompany individual fund financial statements in order to provide an understanding of changes in the District's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

H. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

I. REIMBURSED EXPENSES

Big Bend Groundwater Management District No. 5, Stafford, Kansas, records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise 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.

Note 2 - BUDGETARY INFORMATION (Cont'd.)

All legal annual operating budgets are prepared using the statutory 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 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

Management is aware of no 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, 2010.

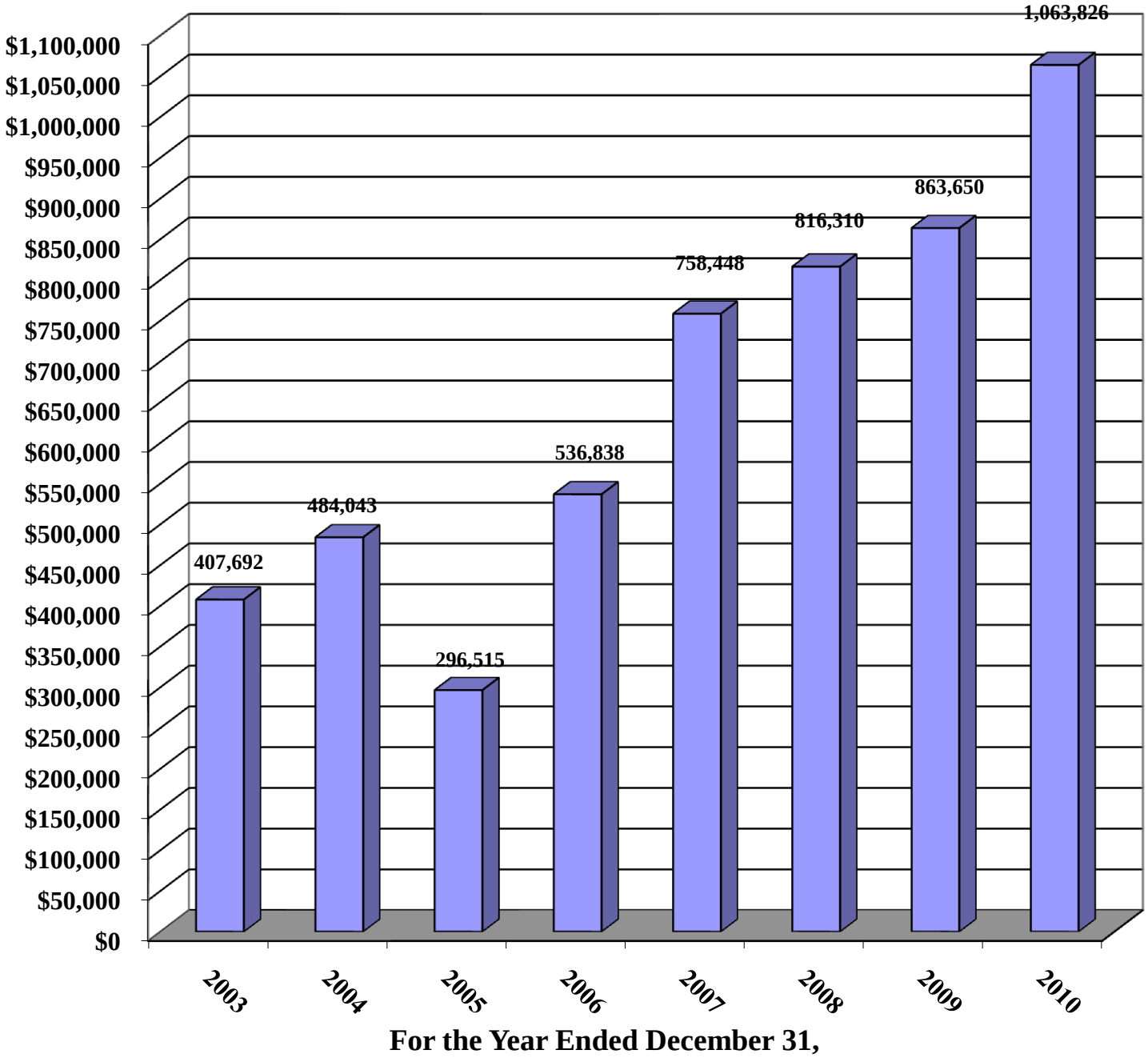
At December 31, 2010 the District's carrying amount of deposits was $1,079,537.71 and the bank balance was $1,086,511.19. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $446,242.51 was covered by federal depository insurance and $640,268.68 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Note 5 - 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.

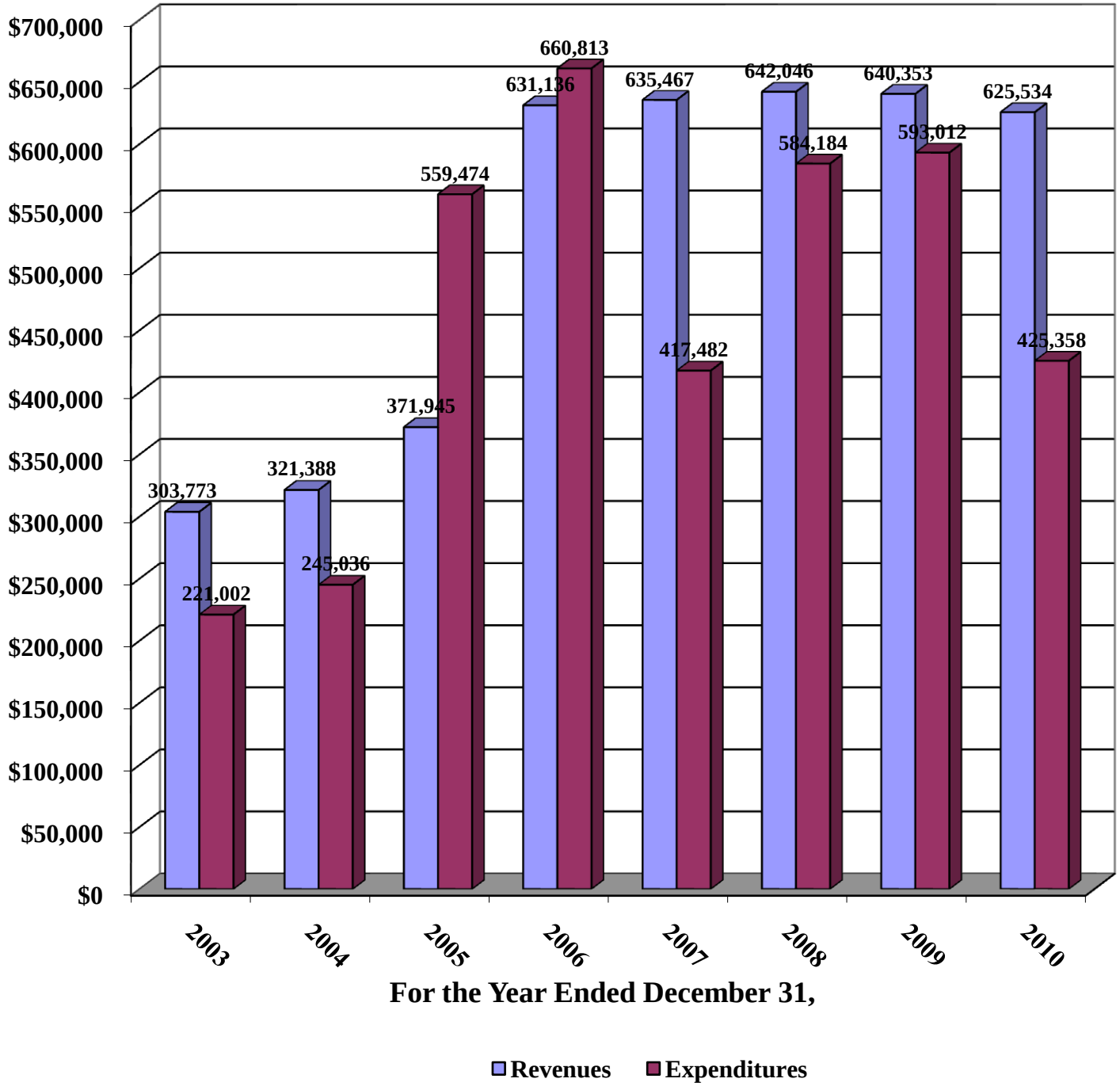
Schedule 1

Big Bend GWMD No. 5
Stafford, Kansas
Unencumbered Cash

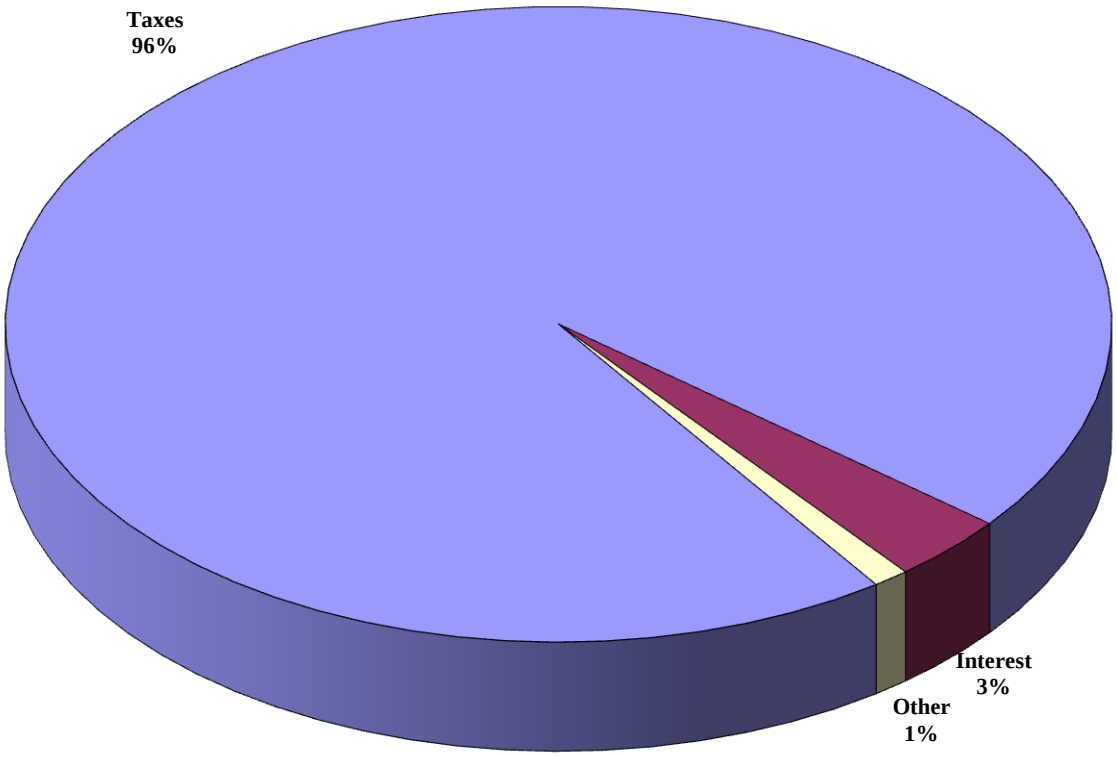


Schedule 1

Big Bend GWMD No. 5
Stafford, Kansas
Revenues vs Expenditures

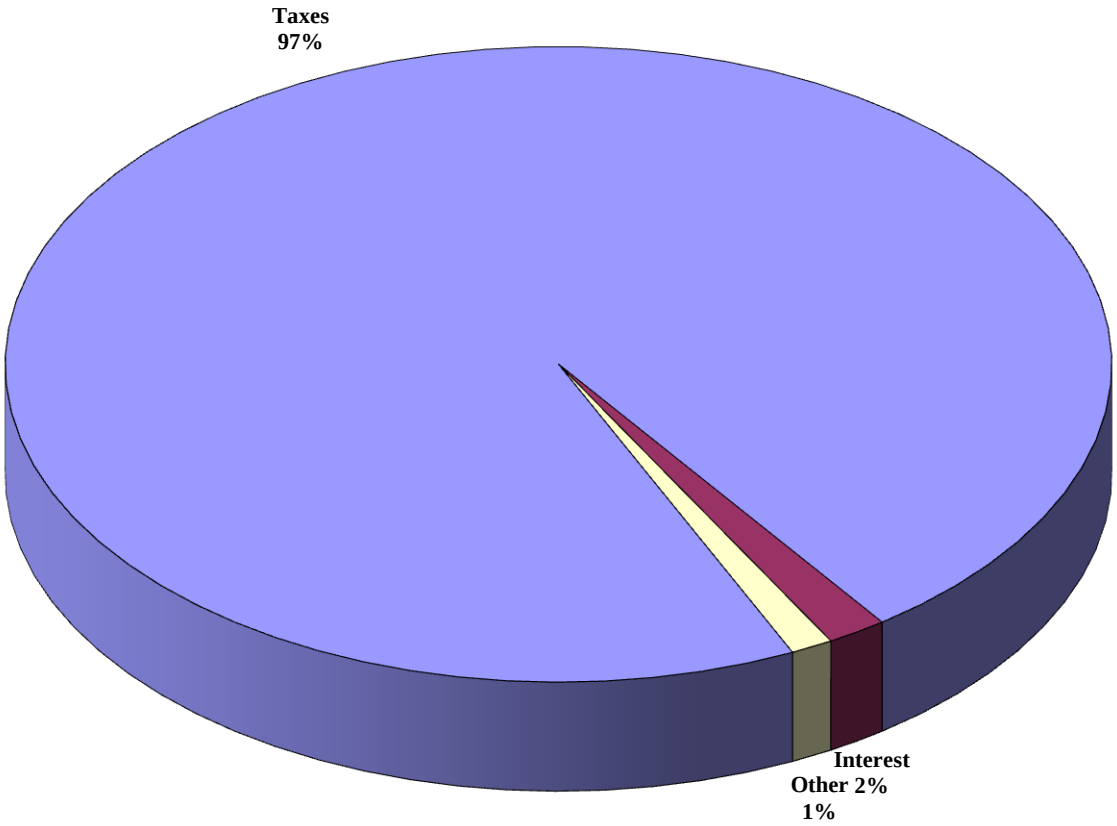


Big Bend GWMD No. 5
Stafford, Kansas
Revenues



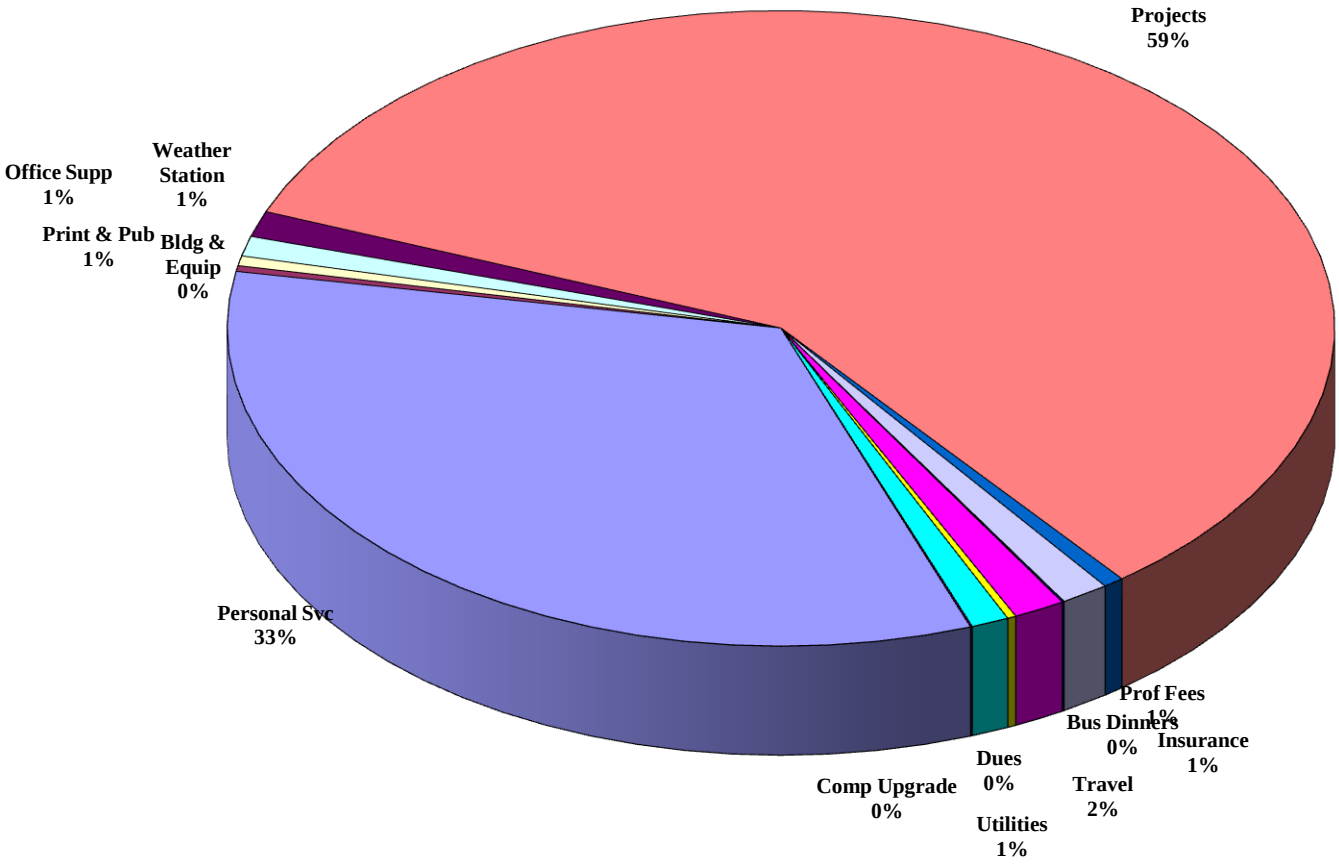
2009

Big Bend GWMD No. 5
Stafford, Kansas
Revenues



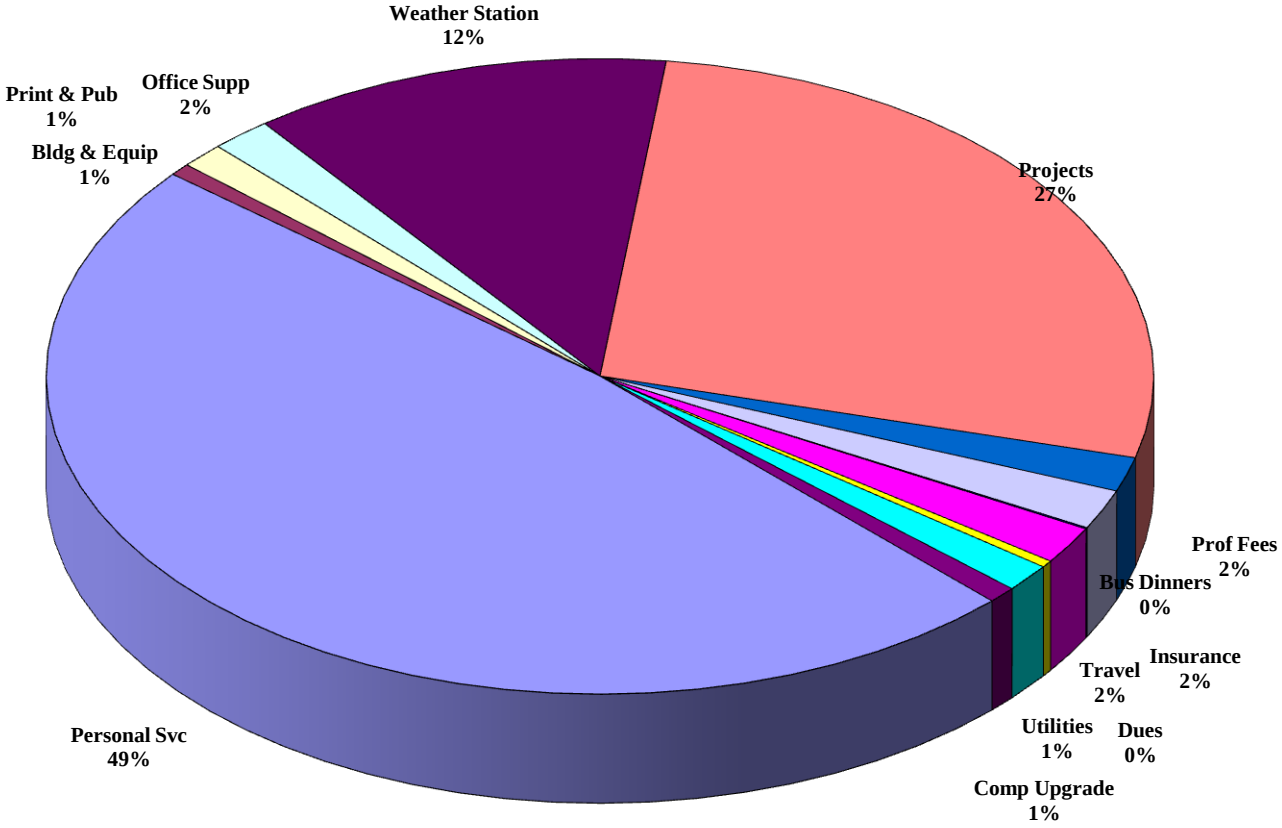
2010

Big Bend GWMD No. 5
Stafford, Kansas
Expenditures



2009

Big Bend GWMD No. 5
Stafford, Kansas
Expenditures



2010