

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

Hill City, Kansas

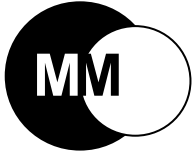
Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report
For the Year Ended December 31, 2017

MAPES & MILLER LLP
Certified Public Accountants
Norton, Kansas

**NORTHWEST KANSAS PLANNING AND
DEVELOPMENT COMMISSION**
Hill City, Kansas
Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report
For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

General Board
Northwest Kansas Planning and Development Commission
319 N. Pomeroy
Hill City, Kansas 67642

We have audited the accompanying summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Northwest Kansas Planning and Development Commission, Hill City, Kansas, as of and for the year ended December 31, 2017, and the related notes to the financial statement.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Northwest Kansas Planning and Development Commission 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 the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the 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 Northwest Kansas Planning and Development Commission as of December 31, 2017, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Northwest Kansas Planning and Development Commission, as of December 31, 2017, 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.

Other Matters

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-actual and budget and regulatory basis summary of receipts and disbursements-agency funds (Schedules 1 and 2 as listed in the table of contents) are presented for 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 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.

Mapes & Miller, LLP

Certified Public Accountants

Norton, Kansas
August 29, 2018

NORTHWEST KANSAS PLANNING AND DEVELOPMENT COMMISSION

STATEMENT 1

Hill City, Kansas
 Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 20,928	0	497,315	515,779	2,464	0	2,464
Special Purpose Funds:							
Economic Development Grant	0	0	80,780	80,780	0	0	0
Trust Funds:							
Revolving Loan	<u>73,862</u>	<u>0</u>	<u>31,315</u>	<u>37,414</u>	<u>67,763</u>	<u>0</u>	<u>67,763</u>
Total Financial Reporting Entity (Excluding Agency Funds)	<u>\$ 94,790</u>	<u>0</u>	<u>609,410</u>	<u>633,973</u>	<u>70,227</u>	<u>0</u>	<u>70,227</u>

Composition of Cash

Cash on Hand	\$ 30
First State Bank, Hill City, Kansas	
Checking Accounts	1,854
NOW Accounts	67,763
Money Market Accounts	<u>580</u>
Total Cash	70,227
Agency Funds per Schedule 2	<u>0</u>
Total Financial Reporting Entity (Excluding Fiduciary Funds)	<u>\$ 70,227</u>

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

NORTHWEST KANSAS PLANNING AND DEVELOPMENT COMMISSION

Hill City, Kansas

Notes to the Financial Statement

December 31, 2017

1. Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The Northwest Kansas Planning and Development Commission was created under provisions of K.S.A. 12-744 and was organized in an eighteen county area of Northwest Kansas. The purposes of the Commission are: (1) to encourage and permit local units of government to join and cooperate with one another to improve the health, safety and general welfare of their citizens; (2) to plan for the future development of the region to the end that transportation Commissions may be more carefully planned; that the communities, areas and regions grow with adequate streets, utilities and health, educational, recreational and other essential facilities; that needs of agriculture, business and industry be recognized; that historical and cultural value be preserved; and that the growth of the communities, areas and regions is commensurate with and promotive of the efficient and economical use of public funds; and (3) to eliminate duplication and promote economy and efficiency in the coordinated development of the area.

The Commission was officially recognized as the Regional Planning Commission for the area in November 1972. Membership consists of county and/or city governmental units that may join upon passage of a resolution or ordinance. The General Board is composed of one representative of each county commission or municipality that has agreed to pay the support levy. In addition, serving on the General Board are a number of directors of Pioneer Country Development, Inc. who were appointed by said corporation, not to exceed one-third of the total Commission Board membership. One member of the office of the Kansas Department of Human Resources is also included in the Commission's General Board.

This regulatory financial statement presents Northwest Kansas Planning and Development Commission (the municipality).

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the Commission for the year 2017.

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

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipts sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Trust fund – funds used to report assets held in trust for benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

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

The *Kansas Municipal Audit and Accounting 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 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 regularly 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.

Budgetary Information

The Commission has prepared an operating budget, which is shown on Schedule 1. The Commission is not required to have a statutory budget under K.S.A. 79-2925, as they are not a taxing municipality.

2. Stewardship, Compliance and Accountability

There were no statutory violations noted during 2017.

3. Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Commission. The statute requires banks eligible to hold the Commission's funds have a main or branch bank in the county in which the Commission 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 the funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Commission has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk. State statutes place no limit on the amount the Commission 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 Commission's deposits may not be returned to it. State statutes require the Commission'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 Commission has not designated any "peak periods". All deposits were legally secured at December 31, 2017.

At December 31, 2017, the Commission's carrying amount of deposits was \$70,197 and the bank balance was \$80,531. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$80,531 was covered by federal depository insurance.

4. Other Long-Term Obligations from Operations

Other Post Employment Benefits. As provided by K.S.A. 12-5040, the Commission allows retirees to participate in the group health insurance plan. Each retiree would pay the full amount of the applicable premium, conceptually; the Commission would be subsidizing the retirees because each participant would be charged a level premium regardless of age. At December 31, 2017, the Commission had no retirees participating in the group health insurance plan.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Commission 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. There is no cost to the Commission under this program.

Compensated Absences. The Commission's compensated absence policy permits full time permanent employees are allowed to earn one to one and one-half days of vacation for each month worked depending on length of service. An employee is not allowed to accumulate more than twelve days or an amount equal to his/her annual accrual rate, whichever is larger.

Sick leave is granted to the employees at the rate of one day per calendar month, starting with the first month of service and may be accumulated up to sixty days. Temporary or part-time employees scheduled to work eighty hours per month or less do not receive sick leave. The cost of accumulated sick leave is not payable upon termination.

5. **Pioneer Country Development Inc. Reimbursements**

Northwest Kansas Planning and Development Commission, Hill City, Kansas, shares personnel, office space, and other general and administrative expenditures with Pioneer Country Development, Inc., a private non-profit corporation operating as a Certified Development Company. All shared expenditures between the Commission and Pioneer Country Development, Inc. are paid by the Commission with Pioneer Country Development, Inc. reimbursing the Commission for their portion of expenditures based on an amount agreed upon by both the Commission and the Pioneer Country Development Inc. Board.

6. **Revolving Loan Fund**

The U.S. Department of Commerce awarded, in 1992, a \$500,000 Revolving Loan Fund grant to Northwest Kansas Planning and Development Commission. In addition, matching funds of \$168,261 were obtained during 1992 from various counties either through the local municipalities or through local economic development groups. The purpose of the grant is to enhance job creation and job preservation in the region through a public loan program. The balance of loans receivable under this program as of December 31, 2017 was \$110,908.

7. **Related Party Transactions**

The Executive Director of Northwest Kansas Planning and Development Commission held a position on the board of directors with Northwest Kansas Housing, Inc. during the year ended December 31, 2017.

The commission advances Northwest Kansas Housing, Inc. funds for operating capital. Payments totaling \$89,677 were made during 2017.

8. **Operating Leases**

Copier

On December 18, 2013, the Commission entered into an agreement with Recoh USA, Inc. for the lease of a copier. The agreement calls for sixty monthly payments of \$229 through December 31, 2018. Payments totaling \$2,519 were made during the year ended December 31, 2017. The amounts due under this agreement in future periods are as follows:

<u>Year</u>	<u>Payment</u>
2018	<u>2,977</u>
Total	<u>\$ 2,977</u>

Integrated Mailing System

On October 7, 2009, On November 21, 2014, the Commission entered into an agreement with Pitney Bowes for the lease of an integrated mailing system. The agreement calls for sixty monthly payments of \$75 through December 31, 2019. Payments totaling \$905 were made during the year ended December 31, 2017. The amounts due under this agreement in future periods are as follows:

<u>Year</u>	<u>Payment</u>
2018	905
2019	905
Total	<u>\$ 1,810</u>

9. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries property and casualty, general liability, and worker's compensation insurance coverage from commercial insurance carriers. Settled claims resulting from these risks of loss have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

**NORTHWEST KANSAS PLANNING AND DEVELOPMENT COMMISSION
REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE 1

Page 1

Hill City, Kansas

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	<u>Actual</u>	<u>*Budget</u>	<u>Variance Over (Under)</u>
Receipts:			
Assessments and Fees			
Local Governmental Assessments	\$ 135,578	141,270	(5,692)
Grant Administration Assistance Fees	124,218	117,195	7,023
Revolving Loan Fees	2,414	7,500	(5,086)
Miscellaneous	0	6,200	(6,200)
Pioneer Country Development Reimbursed Expenses (Note 9)	235,100	150,000	85,100
Northwest Kansas Housing, Inc. Reimbursed Expenses	0	46,374	(46,374)
Other Reimbursed Expenses	<u>5</u>	<u>0</u>	<u>5</u>
Total Receipts	<u>497,315</u>	<u>468,539</u>	<u>28,776</u>
Expenditures:			
Administration and General			
Salaries and Benefits	319,609	384,746	(65,137)
Annual Banquet	2,171	3,000	(829)
Audit	0	9,750	(9,750)
Building Repairs	131	5,000	(4,869)
Car Repair	2,803	3,600	(797)
Contract Labor	2,100	2,100	0
Consultant	0	5,000	(5,000)
Copier Lease	4,741	5,120	(379)
Gas	4,096	4,500	(404)
Insurance	7,859	12,500	(4,641)
Legal	119	0	119
Memberships	1,080	4,250	(3,170)
Miscellaneous	1,192	2,000	(808)
Office Equipment Repair	1,500	2,400	(900)
Postage	5,266	5,600	(334)
Printing	107	300	(193)
Property Taxes	867	750	117
Publications	0	500	(500)
Rent	400	450	(50)

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE 1

Page 2

Hill City, Kansas

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

	Actual	*Budget	Variance Over (Under)
Expenditures: (continued)			
Supplies	\$ 4,398	5,000	(602)
Telephone	6,898	6,888	10
Training and Conferences	1,879	3,600	(1,721)
Travel	9,351	10,000	(649)
Utilities	5,929	6,000	(71)
Total Administration and General	382,496	483,054	(100,558)
Advances to Northwest Kansas Housing	89,677	0	89,677
Capital Outlay	3,216	0	3,216
Transfer to Economic Development Grant	40,390	40,390	0
Total Expenditures	515,779	523,444	(7,665)
Receipts Over (Under) Expenditures	(18,464)		
Unencumbered Cash, Beginning	20,928		
Unencumbered Cash, Ending	\$ 2,464		

* Exempt from Budget Law (Note 1)

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE 1
Page 3

Hill City, Kansas

Any Nonbudgeted Fund

Schedule of Receipts and Expenditures - Actual

Regulatory Basis

For the Year Ended December 31, 2017

	Economic Development Grant	Revolving Loan
Receipts:		
Federal Grant	\$ 40,390	0
Note Principal	0	10,989
Note Interest	0	7,609
Loan Recovery	0	12,000
Loan Fees	0	700
Interest on Idle Funds	0	17
Transfer from General	40,390	0
Total Receipts	80,780	31,315
Expenditures:		
Salaries	80,780	0
Loan Advances	0	35,000
Fees	0	2,414
Total Expenditures	80,780	37,414
Receipts Over (Under) Expenditures	0	(6,099)
Unencumbered Cash, Beginning	0	73,862
Unencumbered Cash, Ending	\$ 0	67,763