

**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, 2019

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, 2019

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
<u>Financial Section</u>	
STATEMENT 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statement	5
<u>Regulatory-Required Supplementary Information</u>	
SCHEDULE 1	
Schedule of Receipts and Expenditures - Actual and Budget	
General	10
Schedule of Receipts and Expenditures - Actual	
Economic Development Grant	12
Revolving Loan	12
<u>Single Audit Section</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	16
SCHEDULE 2	
Schedule of Expenditures of Federal Awards	18
SCHEDULE 3	
Schedule of Findings and Questioned Costs	20
SCHEDULE 4	
Summary Schedule of Prior Year Audit Findings	22



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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, 2019, 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2019, 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, 2019, 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 schedule of regulatory basis receipts and expenditures-actual and budget (Schedules 1 as listed in the table of contents) is presented for analysis and is not a required part of the basic financial statement, however is 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise Northwest Kansas Planning and Development Commission's basic financial statement. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statement.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 27, 2022, on our consideration of Northwest Kansas Planning and Development Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Northwest Kansas Planning and Development Commission's internal control over financial reporting and compliance.

Mapes & Miller, LLP

Certified Public Accountants

Norton, Kansas
July 27, 2022

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, 2019

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	\$ 11,466	0	556,379	566,946	899	0	899
Special Purpose Funds:							
Economic Development Grant	0	0	0	0	0	0	0
Trust Funds:							
Revolving Loan	<u>52,500</u>	<u>0</u>	<u>51,672</u>	<u>82,635</u>	<u>21,537</u>	<u>0</u>	<u>21,537</u>
 Total Financial Reporting Entity	 \$ <u>63,966</u>	 <u>0</u>	 <u>608,051</u>	 <u>649,581</u>	 <u>22,436</u>	 <u>0</u>	 <u>22,436</u>

Composition of Cash

Cash on Hand	\$ 30
First State Bank, Hill City, Kansas	
Checking Accounts	865
NOW Accounts	21,537
Money Market Accounts	<u>4</u>
 Total Reporting Entity	\$ <u>22,436</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, 2019

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 2019.

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 2019.

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, 2019.

At December 31, 2019, the Commission's carrying amount of deposits was \$22,406 and the bank balance was \$22,438. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$22,438 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, 2019, 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, 2019 was \$316,194.

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, 2019.

The commission advances Northwest Kansas Housing, Inc. funds for operating capital. Payments totaling \$30,085 were made during 2019.

8. **Operating Leases**

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, 2019.

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. On March 11, 2020, the Novel Coronavirus Disease, COVID-19, was declared a pandemic by the World Health Organization. On March 13, 2020, a national emergency was declared in the United States concerning the COVID-19 Outbreak. The extent of the COVID-19 impact on operational and financial conditions will depend on certain developments, including the duration and speed of the outbreak, impact on utility customers, employees, and vendors – all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial conditions or results of operations is uncertain.

**NORTHWEST KANSAS PLANNING AND DEVELOPMENT COMMISSION
REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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, 2019

	Actual	*Budget	Variance Over (Under)
Receipts:			
Assessments and Fees			
Local Governmental Assessments	\$ 161,193	161,117	76
Grant Administration Assistance Fees	117,310	138,350	(21,040)
Revolving Loan Fees	7,972	4,000	3,972
Miscellaneous	1,105	2,000	(895)
RBDTC Admin Fees	12,450	13,000	(550)
Economic Development Grant	0	70,000	(70,000)
Pioneer Country Development Reimbursed Expenses (Note 5)	152,513	138,500	14,013
Northwest Kansas Housing, Inc. Reimbursed Expenses	103,703	50,000	53,703
Other Reimbursed Expenses	133	1,750	(1,617)
	<u>556,379</u>	<u>578,717</u>	<u>(22,338)</u>
Total Receipts			
Expenditures:			
Administration and General			
Salaries and Benefits	449,741	422,350	27,391
Annual Banquet	1,517	2,000	(483)
Audit	9,900	18,000	(8,100)
Building Repairs	100	500	(400)
Car Repair	2,469	3,000	(531)
Contract Labor	2,405	2,180	225
Copier Lease	4,034	5,000	(966)
Gas	4,776	3,600	1,176
Insurance	10,800	10,500	300
Legal	10	0	10
Consultant	0	5,000	(5,000)
Memberships	3,530	4,350	(820)
Miscellaneous	3,006	3,000	6
Office Equipment Repair	9,606	2,400	7,206
Postage	4,372	5,400	(1,028)
Printing	202	150	52
Property Taxes	872	761	111
Publications	500	100	400
Rent	350	350	0
Supplies	4,630	3,800	830
Telephone	6,736	6,800	(64)
Training and Conferences	2,238	3,000	(762)
Travel	8,903	9,500	(597)
Utilities	6,164	6,200	(36)
	<u>536,861</u>	<u>517,941</u>	<u>18,920</u>
Total Administration and General			

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

Hill City, Kansas

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2019

SCHEDULE 1

Page 2

	Actual	*Budget	Variance Over (Under)
Expenditures: (continued)			
Advances to Northwest Kansas Housing	30,085	0	30,085
Capital Outlay	0	20,000	(20,000)
Transfer to Economic Development Grant	<u>0</u>	<u>0</u>	<u>0</u>
 Total Expenditures	 <u>566,946</u>	 <u>537,941</u>	 <u>29,005</u>
 Receipts Over (Under) Expenditures	 (10,567)		
Unencumbered Cash, Beginning	<u>11,466</u>		
 Unencumbered Cash, Ending	 \$ <u>899</u>		

* Exempt from Budget Law (Note 1)

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

Hill City, Kansas

Any Nonbudgeted Fund

Schedule of Receipts and Expenditures - Actual

Regulatory Basis

For the Year Ended December 31, 2019

SCHEDULE 1

Page 3

	Economic Development Grant	Revolving Loan
Receipts:		
Federal Grant	\$ 0	0
Note Principal	0	22,685
Note Interest	0	5,856
Loan Recovery	0	21,643
Loan Fees	0	1,475
Interest on Idle Funds	0	13
Transfer from General	0	0
	<hr/>	<hr/>
Total Receipts	0	51,672
	<hr/>	<hr/>
Expenditures:		
Salaries	0	0
Loan Advances	0	74,663
Fees	0	7,972
	<hr/>	<hr/>
Total Expenditures	0	82,635
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	0	(30,963)
Unencumbered Cash, Beginning	0	52,500
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 0	21,537
	<hr/>	<hr/>

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION
SINGLE AUDIT SECTION
FOR THE YEAR ENDED DECMEBER 31, 2019**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

General Board
Northwest Kansas Planning and Development Commission
Hill City, Kansas 67642

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Northwest Kansas Planning and Development Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Northwest Kansas Planning and Development Commission's basic financial statements, and have issued our report thereon dated July 27, 2022. Our report on the financial statement disclosed that, as described in Note 1 to the financial statements, Northwest Kansas Planning and Development Commission prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Kansas Planning and Development Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Northwest Kansas Planning and Development Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Kansas Planning and Development Commission's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Kansas Planning and Development Commission's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

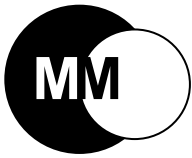
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas
July 27, 2022



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

General Board
Northwest Kansas Planning and Development Commission
Hill City, Kansas 67642

Report on Compliance for Each Major Federal Program

We have audited Northwest Kansas Planning and Development Commission' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Kansas Planning and Development Commission' major federal programs for the year ended December 31, 2019. Northwest Kansas Planning and Development Commission' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest Kansas Planning and Development Commission' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program have occurred. An audit includes examining, on a test basis, evidence about Northwest Kansas Planning and Development Commission' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Northwest Kansas Planning and Development Commission' compliance.

Opinion on Each Major Federal Program

In our opinion, Northwest Kansas Planning and Development Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

Northwest Kansas Planning and Development Commission's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northwest Kansas Planning and Development Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Northwest Kansas Planning and Development Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Northwest Kansas Planning and Development Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Kansas Planning and Development Commission's internal control over compliance.

A deficiency in internal control over compliance 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance*, is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas
July 27, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce			
EDA - Economic Adjustment Assistance			
Revolving Loan Fund	11.307	n/a	<u>259,278</u>
Total Expenditures of Federal Awards			\$ <u><u>259,278</u></u>

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE 2
Page 2

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Northwest Kansas Planning and Development Commission (NWKP&DC), under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NWKP&DC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of NWKP&DC. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule is prepared using the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

NWKP&DC has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Economic Development Administration Revolving Loan Grant

The calculation of expenditures of federal awards for the Economic Development Administration, Economic Adjustment Assistance Revolving Loan Fund (RLF) grant program is as follows:

Balance of RLF loans outstanding as of December 31, 2019	\$ 316,194
Cash and investment balance in RLF as of December 31, 2019	21,537
Administrative expense paid out of RLF income during the fiscal year	<u>7,972</u>
Subtotal	345,703
Federal share of the RLF	<u>75%</u>
Expenditures of federal awards	<u>\$ 259,277</u>

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE 3
Page 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION 1 – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENT

Type of auditors' report issued:

In accordance with Generally Accepted Accounting Principles Adverse

In accordance with the statutory basis of accounting described in Note 1 Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None Reported
- Noncompliance material to financial statement noted? ___ Yes x No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? _x_ Yes ___ No

Identification of major programs:

<u>ALN</u>	<u>NAME OF FEDERAL PROGRAM</u>
11.307	Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ Yes x No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

UNITED STATES DEPARTMENT OF COMMERCE

EDA – Economic Adjustment Assistance, Revolving Loan Fund – ALN 11.307

2019-001 Loan Documents

Condition: Required loan documents could not be located on all RLF loans.

Criteria: Loan documents provide the loan committee with information to decide on whether to issue an RLF loan and ensure recovery.

Effect: The loan committee may not have access to all appropriate information when issuing an RLF loan.

Cause: All loan documents could not be located due to turnover in staff.

Recommendation: All required loan documents should be obtained in accordance with RLF Loan Requirements.

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation. We will obtain all appropriate documentation.

**NORTHWEST KANSAS PLANNING
AND DEVELOPMENT COMMISSION**

SCHEDULE 4
Page 1

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2019

FINANCIAL STATEMENT AUDIT FINDINGS

None

FEDERAL AWARD FINDINGS

None