

**NORTH CENTRAL REGIONAL  
PLANNING COMMISSION  
BELOIT, KANSAS**

**FINANCIAL STATEMENT  
MARCH 31, 2019**

# North Central Planning Commission

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## INDEPENDENT AUDITOR'S REPORT

Executive Board  
North Central Regional Planning Commission  
Beloit, Kansas

We have audited the accompanying summary financial statement of regulatory basis receipts, expenditures and unencumbered cash balances of the North Central Regional Planning Commission (the Commission), as of and for the year ended March 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* (KMAAG) as described in Note 1; this included 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 KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to the financial statement, the financial statement is prepared by the Commission on the basis of the financial reporting provisions of the KMAAG, 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 variance between the regulatory basis of accounting described Note 1 and 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 the Commission of March 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 the Commission, as of March 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with financial reporting provision of the KMAAG described in Note 1.

### **Other Matters**

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and, individual fund schedules of regulatory basis receipts and expenditures-actual and budget (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 KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.





### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statement. 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 financial statement. The 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 financial statement or to the 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 financial statement as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of the 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 solely 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 the effectiveness of the Commission's 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 the Commission's internal control over financial reporting and compliance.

*James Gordon & Associates CPA, P.A.*

James Gordon & Associates CPA, P.A.  
Manhattan, Kansas  
August 14, 2019



## STATEMENT 1

**North Central Regional Planning Commission**  
**Summary Statement of Receipts, Expenditures, and Unencumbered Cash**  
**Regulatory Basis**  
**For the Year Ended March 31, 2019**

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances And Accounts Payable</u>	<u>Ending Cash Balance</u>
<b>General Fund</b>	\$ 135,153	\$ 4,286,933	\$ 4,433,172	\$ (11,086)	\$ 387,393	\$ 376,307
<b>Special Purpose:</b>						
Revolving Loan	<u>247,529</u>	<u>145,990</u>	<u>190,984</u>	<u>202,535</u>	<u>-</u>	<u>202,535</u>
<b>Total</b>	<u>\$ 382,682</u>	<u>\$ 4,432,923</u>	<u>\$ 4,624,156</u>	<u>\$ 191,449</u>	<u>\$ 387,393</u>	<u>\$ 578,842</u>

**Composition of Cash:**

Checking account	\$ 370,868
Certificate of deposit	<u>207,974</u>
<b>Total</b>	<u>\$ 578,842</u>

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

**North Central Regional Planning Commission**  
**Notes to the Financial Statement**  
**March 31, 2019**

**Note 1 – Summary of Significant Accounting Policies**

Municipal Financial Reporting Entity

The North Central Regional Planning Commission (the Commission) was created under provisions of K.S.A. 12-2901 *et seq.* per resolutions, and presently serves a twelve-county area of North Central Kansas as part of an economic development district. The purposes of the Commission are to support the activities of member counties and cities, giving local leadership access to information and technical expertise, which would otherwise be unavailable in a truly rural setting.

The Commission was officially recognized as the North Central Regional Planning Commission for the area in March 1972. Membership consists of county and/or city governmental units. The Executive Board is composed of one representative of each county commission or municipality, as well as private sector and at-large representatives. Total executive board membership on March 31, 2019 was sixteen.

Regulatory Basis Fund Types

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

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

Basis of Accounting

*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 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 Commission 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 Commission to use regulatory basis of accounting.



**North Central Regional Planning Commission**  
**Notes to the Financial Statement**  
**March 31, 2019**

**Note 1 – Summary of Significant Accounting Policies (continued)**

Reimbursed Expenses

The Commission records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Encumbrances for Grants

The Commission is a quasi-governmental entity that is not required to prepare a legal budget. Due to the Commission having federal awards that cover multiple years and contracts that are signed in advance of work, encumbrances are not recorded for these items. In addition, expenditures made prior to the start of the grant are not allowed for reimbursement.

**Note 2 – Budgetary Information**

The Commission's management prepares a budget of estimated receipts and expenditures annually for the ensuing fiscal year. The annual operating budget is adopted, but is for internal management use only. State of Kansas statutes do not require the Commission to prepare or submit a legal budget. At March 31, 2019, the Commission exceeded the budgeted amount in the General Fund by \$44,121.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Note 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 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 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.

**North Central Regional Planning Commission**  
**Notes to the Financial Statement**  
**March 31, 2019**

**Note 3 – Deposits and Investments (continued)**

*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 Government'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 did not have a peak period pledge agreement during 2019, and therefore the Commission did not designate peak periods. All deposits were legally secured at March 31, 2019.

At March 31, 2019, the carrying amount of the Commission's deposits including certificates of deposit was \$578,842 and the bank balance was \$815,147. The bank balance was held at two banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks. Of the bank balance, \$500,000 was covered by FDIC insurance and the remaining was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Commission's name, or letters of credit.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**Note 4 – Revolving Loan Fund**

In 1990, the Commission received an Economic Development Administration (EDA) grant of \$472,650 to be used in a revolving loan fund program matched with \$158,377 in local funds. On September 5, 2013, the EDA approved the expansion of the service area from 9 counties to 12. Each of the new counties provided \$17,600 of local matching funds for a total of \$52,800 being added to the capital base of the fund in perpetuity resulting in a total local match of \$211,177.

No more than 100% of the interest received from these loans may be used for documented administrative costs. The EDA annually calculates the regional capitalization rate (typically around 25%) in idle funds and an action plan to resolve or reduce will be required if the Commission does not meet this rate. The EDA reviews the Commission's program by requiring semi-annual reports for periods ending March 31 and September 30 and periodic on-site monitoring. As of March 31, 2019, there were twelve loans outstanding totaling \$771,630, with interest rates of 5.00% on all loans, except one at 5.5% and one at a default rate of 15%.



**North Central Regional Planning Commission**  
**Notes to the Financial Statement**  
**March 31, 2019**

**Note 5 – Compliance, Stewardship and Accountability**

K.S.A. 10-1113 requires that expenditures be made in compliance with the cash basis law which requires that no indebtedness be created for a fund in excess of available monies in that fund. At March 31, 2019, the General Fund had an ending unencumbered cash balance of (\$11,086).

**Note 6 – Other Long – Term Obligations from Operations**

**Compensated Absences**

The Commission's policy is to recognize the costs of compensated absences when actually paid. The Commission's policy regarding vacation leave allows full-time permanent employees to earn one day of vacation for each month of continued employment. An employee may accumulate a maximum of 15 days at a time. Management estimated a dollar amount of accrued vacation at March 31, 2019 of \$40,866.

**Note 7 – Defined Benefit Pension Plan**

*Plan description.* The Commission participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.



**North Central Regional Planning Commission**  
**Notes to the Financial Statement**  
**March 31, 2019**

**Note 7 – Defined Benefit Pension Plan (continued)**

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan were \$67,983 for the year ended March 31, 2019.

At December 31, 2018, the proportionate share of the collective net pension liability reported by KPERS was \$628,376. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The proportion of the net pension liability was based on the ratio of the Commission's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

**Note 8 – Risk Management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. To insure against risk of these types of losses, the Commission has purchased commercial insurance coverage. In the past three years, the Commission has not had any claims.

**Note 9 – Concentration Risk**

During 2019, the Commission received 54% of its receipts from the Department of Homeland Security.

**Note 10 – Evaluation of Subsequent Events**

The Commission has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report which is the date the financial statement was available for issue.

## **Regulatory-Required Supplementary Information**

**SCHEDULE 1**

**North Central Regional Planning Commission**

**Summary of Expenditures – Actual and Budget  
Regulatory Basis  
For the Year Ended March 31, 2019**

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Fund	<u>\$ 4,389,051</u>	<u>\$ -</u>	<u>\$ 4,389,051</u>	<u>\$ 4,433,172</u>	<u>\$ 44,121</u>



## North Central Regional Planning Commission

**General Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget**  
**Regulatory Basis**  
**For the Year Ended March 31, 2019**

	Actual	Budget	Variance Over (Under)
<b>Receipts</b>			
Grant income and contracts	\$ 3,767,895	\$ 3,875,500	\$ (107,605)
Local contributions and dues	55,750	55,000	750
Rural tax credit program	33,232	30,000	3,232
EDA grant local match	70,000	70,000	-
USDA pass through	14,318	6,000	8,318
Business finance program	71,972	67,900	4,072
Interest income	1,898	1,500	398
Reimbursement/fees	265,992	271,352	(5,360)
Miscellaneous	5,876	7,795	(1,919)
<b>Total Receipts</b>	<u>4,286,933</u>	<u>\$ 4,385,047</u>	<u>\$ (98,114)</u>
<b>Expenditures</b>			
Homeland security	2,528,106	\$ 2,400,000	\$ 128,106
Salaries and wages	819,811	844,432	(24,621)
Payroll taxes and benefits	245,783	253,319	(7,536)
Audit	13,250	15,000	(1,750)
Building repairs and maintenance	2,230	3,000	(770)
Insurance	30,739	31,000	(261)
Office supplies	16,311	15,000	1,311
Dues and subscriptions	6,657	7,000	(343)
Postage	9,597	10,000	(403)
Occupancy	15,577	15,000	577
Utilities	47,659	56,000	(8,341)
Equipment rental and maintenance	17,287	17,000	287
Materials and supplies	248,380	270,000	(21,620)
Professional fees	112,834	116,000	(3,166)
Travel	39,057	42,000	(2,943)
Equipment - small purchases	-	15,000	(15,000)
Contract labor	182,662	249,000	(66,338)
Local match for EDA	70,000	-	70,000
Conferences and seminars	17,561	18,000	(439)
Miscellaneous	9,671	12,300	(2,629)
<b>Total Expenditures</b>	<u>\$ 4,433,172</u>	<u>\$ 4,389,051</u>	<u>\$ 44,121</u>
<b>Receipts Over (Under) Expenditures</b>	(146,239)		
<b>Unencumbered Cash, Beginning</b>	<u>135,153</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ (11,086)</u>		

See independent auditor's report on regulatory-required supplementary information.

# SCHEDULE 2-1

## North Central Regional Planning Commission

### General Fund Detail Schedule of Receipts and Expenditures Regulatory Basis For the Year Ended March 31, 2019

	Weatherization						Economic	Health	USDA Food	Other	Total
Receipts:	General	Homeland Security	LIEAP	DOE	KACAP	KS15	Development		Hub	Grants	
Grant income and contracts	\$ 33,536	\$ 2,690,564	\$ 550,000	\$ 280,547	\$ -	\$ 42,030	\$ 96,489	\$ 44,708	\$ 1,738	\$ 28,283	\$ 3,767,895
Local contributions and dues	55,750	-	-	-	-	-	-	-	-	-	55,750
Rural tax credit program	33,232	-	-	-	-	-	-	-	-	-	33,232
EDA grant local match	-	-	-	-	-	-	70,000	-	-	-	70,000
USDA pass through	-	-	-	-	-	-	-	-	5,755	8,563	14,318
Business finance program	71,972	-	-	-	-	-	-	-	-	-	71,972
Interest	1,723	175	-	-	-	-	-	-	-	-	1,898
Reimbursement/fees	265,992	-	-	-	-	-	-	-	-	-	265,992
Miscellaneous	4,635	1,241	-	-	-	-	-	-	-	-	5,876
<b>Total Receipts</b>	<b>\$ 466,840</b>	<b>\$ 2,691,980</b>	<b>\$ 550,000</b>	<b>\$ 280,547</b>	<b>\$ -</b>	<b>\$ 42,030</b>	<b>\$ 166,489</b>	<b>\$ 44,708</b>	<b>\$ 7,493</b>	<b>\$ 36,846</b>	<b>4,286,933</b>
Expenditures:											
Homeland security	\$ -	\$ 2,528,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,528,106
Salaries and wages	333,241	130,717	142,730	68,604	-	10,148	90,170	40,128	71	4,002	819,811
Payroll taxes and benefits	98,801	45,075	38,100	23,244	-	3,371	30,016	5,998	21	1,157	245,783
Audit	-	6,000	-	6,000	-	-	1,000	250	-	-	13,250
Building repairs and maintenance	1,591	74	296	132	-	30	107	-	-	-	2,230
Insurance	10,053	1,982	12,938	2,132	-	890	2,638	94	-	12	30,739
Office supplies	7,622	2,590	2,897	1,104	-	236	1,562	300	-	-	16,311
Dues and subscriptions	3,656	271	292	96	-	14	2,328	-	-	-	6,657
Postage	7,295	705	960	347	-	64	224	2	-	-	9,597
Occupancy	5,774	2,646	2,688	1,033	-	230	1,976	1,230	-	-	15,577
Utilities	36,530	1,615	4,906	1,324	-	371	1,504	1,409	-	-	47,659
Equipment rental and maintenance	4,602	2,227	5,875	1,180	-	525	1,276	1,560	-	42	17,287
Materials and supplies	26,330	2,577	117,532	86,271	75	15,466	28	101	-	-	248,380
Professional fees	9,937	32,744	980	470	-	125	30,660	1,294	-	36,624	112,834
Travel	15,491	7,921	6,032	-	-	793	6,644	1,970	-	206	39,057
Contract labor	12,734	298	85,292	70,514	75	11,126	373	2,250	-	-	182,662
Local match for EDA	70,000	-	-	-	-	-	-	-	-	-	70,000
Conferences and seminars	2,900	1,179	211	13,046	-	-	125	100	-	-	17,561
Miscellaneous	5,093	4,018	362	130	-	7	49	12	-	-	9,671
<b>Total Expenditures</b>	<b>\$ 651,650</b>	<b>\$ 2,770,745</b>	<b>\$ 422,091</b>	<b>\$ 275,627</b>	<b>\$ 150</b>	<b>\$ 43,396</b>	<b>\$ 170,680</b>	<b>\$ 56,698</b>	<b>\$ 92</b>	<b>\$ 42,043</b>	<b>4,433,172</b>

Receipts Over (Under) Expenditures (146,239)  
Unencumbered Cash, Beginning 135,153  
Unencumbered Cash, Ending \$ (11,086)

## North Central Regional Planning Commission

Revolving Loan Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended March 31, 2019

**Receipts**

Principal payments	\$ 104,899
Interest income - loans	40,396
Interest income - bank account	695

<b>Total Receipts</b>	<b>145,990</b>
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**Expenditures**

Salaries and wages	23,566
Payroll taxes and benefits	7,542
Audit	1,000
Building repairs and maintenance	25
Insurance	619
Office supplies	388
Dues and subscriptions	39
Postage	16
Occupancy	359
Utilities	462
Equipment rental and maintenance	248
Materials and supplies	256
Professional fees	5,436
Travel	564
Conferences and seminars	255
Loans approved	150,000
Loan closing costs	35
Contract labor	81
Miscellaneous	93

<b>Total Expenditures</b>	<b>190,984</b>
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<b>Receipts Over (Under) Expenditures</b>	<b>(44,994)</b>
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<b>Unencumbered Cash, Beginning</b>	<b>247,529</b>
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<b>Unencumbered Cash, Ending</b>	<b>\$ 202,535</b>
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See independent auditor's report on regulatory-required supplementary information.



**SINGLE AUDIT SECTION**

# North Central Regional Planning Commission

## Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Expenditures
<b>Department of Agriculture</b>			
Rural Development			
Rural Business Development Grant	10.351	RBDG 17	\$ 5,755
Ag Marketing Service Specialty Crop	10.170	KDA 18	8,562
<b>Total Department of Agriculture</b>			<u>14,317</u>
<b>Department of Commerce</b>			
Economic Development Administration (EDA)			
Support for Planning Organization	11.302	05-83-05338	96,489
EDA - Economic Adjustment Assistance			
Revolving Loan Fund	11.307	05-390-2438	699,011
<b>Total Department of Commerce</b>			<u>795,500</u>
<b>Department of Defense</b>			
Joint Land Use Study Project	12.610	OEA18	26,533
<b>Total Department of Defense</b>			<u>26,533</u>
<b>Department of Energy</b>			
Passed through Kansas Housing Resources Corporation			
Weatherization Assistance for Low Income Persons	81.042	DOE 17	144,938
Weatherization Assistance for Low Income Persons	81.042	DOE 18	127,266
<b>Total Department of Energy</b>			<u>272,204</u>
<b>Department of Health and Human Services</b>			
Passed through Kansas Department of Health and Environment			
Public Health Emergency Preparedness	93.069	PHEP 17	14,271
Public Health Emergency Preparedness	93.069	PHEP 18	18,082
Passed through Kansas Housing Resources Corporation			
Low Income Home Energy Assistance Program	93.568	2017-LIEAP-17	64,783
Low Income Home Energy Assistance Program	93.568	2018-LIEAP-18	458,726
<b>Total Department of Health and Human Services</b>			<u>555,862</u>
<b>Department of Homeland Security</b>			
Passed through the Kansas Highway Patrol			
Homeland Security Grant Program	97.067	SHSP FY15	129,000
Homeland Security Grant Program	97.067	SHSP FY16	560,878
Homeland Security Grant Program	97.067	SHSP FY17	1,176,896
Homeland Security Grant Program	97.067	SHSP FY18	681,803
<b>Total Department of Homeland Security</b>			<u>2,548,577</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,212,993</u>

See independent auditor's report on the financial statement and notes to the schedule of expenditures of federal awards.

## North Central Regional Planning Commission

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended March 31, 2019

#### **Note 1. General**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs for the North Central Regional Planning Commission (the Commission). The reporting entity is defined in Note 1 of the Commission's basic financial statement. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the Schedule.

#### **Note 2. Basis of Presentation**

The accompanying Schedule is presented on a basis which is the same basis of accounting as the financial statement. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Commission.

The Commission did not elect to use the 10% de minimis cost rate.

#### **Note 3. 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 follows:

Balance of RLF loans outstanding as of March 31, 2019	\$ 771,630
Cash and investment balance in RLF as of March 31, 2019	202,535
Administrative expense paid out of RLF income during the fiscal year	37,136
Subtotal	1,011,301
Federal share of the RLF	69.12%
Expenditures of federal awards	<u>\$ 699,011</u>

**North Central Regional Planning Commission**

**Schedule of Findings and Questioned Costs  
For the Year Ended March 31, 2019**

**Section I – Summary of Independent Auditor's Results**

**Financial Statement**

Type of auditor's report issued: **Unmodified (Regulatory Basis)**  
**Adverse (GAAP)**

Internal control over financial reporting:

Material weakness(es) identified? **No**

Significant deficiencies identified? **None Reported**

Noncompliance material to financial statement noted? **No**

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? **No**

Significant deficiencies identified? **None Reported**

Type of auditor's report issued on compliance for major programs: **Unmodified**

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

Identification of Major Federal Programs:

**CFDA Number**

**Name of Federal Program or Cluster**

97.067

Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? **No**



## **North Central Regional Planning Commission**

### **Schedule of Findings and Questioned Costs For the Year Ended March 31, 2019**

#### **Section II – Financial Statement Findings**

##### **2019-001**

- Criteria – Preparation of the schedule of expenditures of federal awards (SEFA) should include all federal expenditures for the fiscal year.
- Condition – Management reported SEFA detailed expenditures of \$4,141,399.
- Context – While performing procedures to form an opinion on whether the SEFA is fairly stated, it was noted that all accounts payable and related expenditures as of March 31, 2019 was not recorded.
- Effect – Federal award expenditures on the SEFA were understated by \$125,069 for the year ending March 31, 2019.
- Cause – Management was preparing the SEFA without recording all accounts payable.
- Recommendation – Although progress was made and certain accounts payable was tracked, not all accounts payable and related expenditures were identified for all grants. Management should record accounts payable at yearend for all federal award expenditures, to ensure the expenditures are recorded in the correct fiscal year.
- Views of Responsible Officials (Unaudited): See attached Corrective Action Plan.

#### **Section III – Federal Award Findings and Questioned Costs**

None Noted

## North Central Regional Planning Commission

### Summary of Prior Year Audit Findings For the Year Ended March 31, 2019

#### 2018-001

- Condition – Management reported SEFA detailed expenditures of \$3,724,137.
- Effect – Federal award expenditures on the SEFA were understated by \$203,604 for the year ending March 31, 2018.
- Cause – Management was preparing the SEFA without recording accounts payable.
- Recommendation – Management should record accounts payable at yearend for federal award expenditures, to ensure the expenditures are recorded in the correct fiscal year.
- Current status – Management began tracking accounts payable, however, they did not record the information in the accounting records. In addition, additional accounts payable not identified by the Commission were discovered during audit fieldwork.



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

To the Executive Board  
North Central Regional Planning Commission

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, the financial statement, Summary Statement of Receipts, Expenditures, and Unencumbered Cash of the North Central Regional Planning Commission (the Commission), as of and for the year ended March 31, 2019, and the related notes to the financial statement, which collectively comprise the Commission's basic financial statement, and have issued our report thereon dated August 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 statement 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be significant deficiencies.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statement are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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*.

## North Central Regional Planning Commission's Response to Findings

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

## 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 results 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.

*James Gordon & Associates CPA, P.A.*

James Gordon & Associates CPA, P.A.  
Manhattan, Kansas  
August 14, 2019





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

To the Executive Board  
North Central Regional Planning Commission

**Report on Compliance for Each Major Federal Program**

We have audited North Central Regional Planning Commission's (the 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 the Commission's major federal programs for the year ended March 31, 2019. The Commission's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Commission's 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 Administrative 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 occurred. An audit includes examining, on a test basis, evidence about the Commission's 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 of the Commission's compliance.



## *Opinion on Each Major Federal Program*

In our opinion, the 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 March 31, 2019.

## **Report on Internal Control Over Compliance**

Management of the 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 of compliance, we considered the 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 the 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 the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 a 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 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 of 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.

*James Gordon & Associates CPA, P.A.*

James Gordon & Associates CPA, P.A.  
Manhattan, Kansas  
August 14, 2019







# North Central Regional Planning Commission

109 N. Mill • P.O. Box 565 • Beloit, KS 67420 [www.ncrpc.org](http://www.ncrpc.org)  
Telephone: (785) 738-2218 • Facsimile: (785) 738-2185

Corrective Action Plan  
And Summary of Schedule of Prior Audit Findings  
Relating to the Federal Award Programs  
March 31, 2019

August 10, 2019

North Central Regional Planning Commission respectfully submits the following corrective action plan for the fiscal year ended March 31, 2019.

Name and address of independent accounting firm: James Gordon & Associates, P.A.  
727 Poyntz Ave.  
Manhattan KS 66502

Audit period: April 1, 2018 through March 31, 2019

The findings from the March 31, 2019, Schedule of Findings and Questioned Costs pertaining to the award of federal programs are discussed below. The findings are placed consistent with the assigned number in the Audit Schedule. Section I of the Schedule, Summary of Auditors' Results, does not include findings and is not spoken of.

## II. Financial Statement Findings

### Finding 2019-001:

#### Planned Corrective Action:

Management will reconcile the general ledger expenditures including the proper accounts payables (year end encumbrances) to the submitted grant reports prior to preparing the Schedule of Expenditures of Federal Awards so to confirm the expenditures and obligated expenditures are recorded in the appropriate fiscal year as they pertain to all federal awards. The challenge for management are the definitions of encumbrances versus contractual obligations from project and program commencements. Auditor instruction is requested.

## III. Federal Awards Findings and Questioned Costs

None reported.

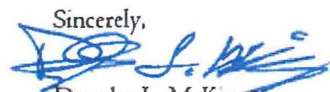
## IV. Summary of Prior Audit Findings

### Finding 2018-001:

Management prepared SEFA and the Homeland Security Management fees, certain Weatherization receipts, and other awarded monies as Federal amounts on the SEFA in a slightly understated fashion as it was not finding all encumbrances. Management took the same action as stated above to reconcile general ledger amounts to the submitted grant reports.

If there are any questions regarding this plan, please contact Doug McKinney or Pepper Roberg at (785) 738-2218.

Sincerely,

  
Douglas L. McKinney  
Executive Director

Subsequent Note: This plan is to be activated per the NCRPC Executive Board on August 22, 2019