

**GREAT PLAINS
DEVELOPMENT AUTHORITY
PARSONS, KANSAS**

Regulatory Basis Financial Statement and
Independent Auditors' Report with
Regulatory Required Supplemental Information

For the Fiscal Year Ended December 31, 2018

GREAT PLAINS DEVELOPMENT AUTHORITY

PARSONS, KANSAS

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Diehl Banwart Bolton

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Great Plains Development Authority
Parsons, Kansas

We have audited the accompanying summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Great Plains Development Authority (GPDA), Parsons, Kansas, a Municipal Financial Reporting Entity as of and for the year ended December 31, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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 applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards and the *Kansas Municipal Audit and Accounting Guide* 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.

To the Board of Directors
Great Plains Development Authority
Parsons, Kansas

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 GPDA to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 GPDA as of December 31, 2018 or changes in financial position and cash flows thereof for the fiscal year then ended.

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 GPDA as of December 31, 2018, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the December 31, 2018 summary statement of receipts, expenditures, and unencumbered cash – regulatory basis (financial statement) as a whole. The individual fund schedules of receipts and expenditures – regulatory basis, (Schedule 1 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the December 31, 2018 financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also 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 December 31, 2018 financial statement. The December 31, 2018 information has been subjected to the auditing procedures applied in the audit of the December 31, 2018 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the December 31, 2018 financial statement or to the December 31, 2018 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the December 31, 2018 required supplementary information is fairly stated in all material respects in relation to the December 31, 2018 financial statement as a whole, on the basis of accounting described in Note 1.

To the Board of Directors
Great Plains Development Authority
Parsons, Kansas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019 on our consideration of GPDA'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 the GPDA's internal control over financial reporting and compliance.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

September 11, 2019
Pittsburg, Kansas

**GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS, KANSAS**

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	\$ 1,925,046	\$ 869,022	\$ 744,844	\$ 2,049,224	\$ 185,551	\$ 2,234,775
Special Purpose Funds:						
Administrative	4,250	119,685	346,382	(222,447)	-	(222,447)
ESCA	91,400	866,688	719,713	238,375	130,099	368,474
Waterline	-	212,073	1,024,894	(812,821)	124,215	(688,606)
Total Entity (Excluding Agency Funds)	<u>\$ 2,020,696</u>	<u>\$ 2,067,468</u>	<u>\$ 2,835,833</u>	<u>\$ 1,252,331</u>	<u>\$ 439,865</u>	<u>\$ 1,692,196</u>

Composition of Cash	
Operations and Maintenance Checking	1,420,627
Administrative Checking	5,418
ESCA Checking	<u>266,151</u>
Total Cash	<u>\$ 1,692,196</u>
Total Reporting Entity	<u>\$ 1,692,196</u>

**GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS, KANSAS**

**NOTES TO THE FINANCIAL STATEMENT
For the Year Ended December 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The GPDA is a quasi-municipality established by the authority of the Labette County, Kansas, Commission pursuant to the requirements of the Base Realignment and Closure Act to provide the functions, services and facilities authorized by law. GPDA is governed by a nine member Board which is appointed by the Labette County Commission.

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the GPDA:

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 Funds – to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

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

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

GPDA 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), debt service funds, and enterprise funds. GPDA is not required to adopt or publish a budget for any of its funds.

Cash and Investments

Cash and investments include interest bearing checking accounts. Kansas Statutes permit investment in savings accounts, certificates of deposit, and, in certain cases, obligations of the U.S. Treasury.

Compensated Absences

Employees accrue six sick days per year. Unused amounts are accumulated up to 800 hours. Upon termination unused sick leave is forfeited. Employees accrue between 80 and 120 hours of vacation time per year based on years of service. Up to 80 hours of vacation time may be carried over to the next year. Any amounts in excess of this are forfeited.

GPDA determines a liability for compensated absences when the following conditions are met:

1. GPDA's obligation relating to the employee's rights to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, GPDA has not accrued a liability for sick pay or vacation pay.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Compliance with Kansas Statutes

Statement 1 and the regulatory required supplemental schedules have been prepared in order to show compliance with the cash-basis and budget laws of Kansas. The negative unencumbered cash balance in the Administrative and Waterline Funds are not a cash basis violation as these amounts will be reimbursed. There were no other apparent violations of the cash basis and budget laws of Kansas.

3. **CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

K.S.A. 9-1401 establishes the depositories which may be used by the GPDA. The statute requires banks eligible to hold the GPDA's funds have a main or branch bank in the county in which the GPDA 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 GPDA has no other policies that would further limit interest rate risk.

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

3. **CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**
(Continued)

Concentration of credit risk. State statutes place no limit on the amount the GPDA 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 GPDA's deposits may not be returned to it. State statutes require the GPDA'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%. At December 31, 2018, the GPDA's deposits were adequately secured.

At December 31, 2018 the GPDA's carrying amount of deposits was \$1,692,196 and the bank balance was \$1,763,502. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$250,000 was covered by federal depository insurance. \$1,513,502 was collateralized by securities held by the pledging financial institution's agents in GPDA's name, with a market value of \$1,548,553.

4. **CAPITAL LEASE**

In February 2018, GPDA entered into a lease-purchase for a period of 23 months for the land to construct improvements to water supply and wastewater lines. Payments in the amount of \$2,083.33 per month with 0% interest will commence on January 1, 2019, with the final payment due on December 31, 2019.

5. **RISK MANAGEMENT**

The GPDA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions, injuries to employees; employees' health and life; and natural disasters. The GPDA continues to carry commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

6. **PENSION PLAN**

General Information about the Pension Plan

Plan description. The GPDA 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 publically 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 or by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

6. **PENSION PLAN (Continued)**

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.

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 1.0% contribution rate 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 from GPDA were \$33,054 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the GPDA's proportionate share of the collective net pension liability reported by KPERS was \$279,873. 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 GPDA's proportion of the net pension liability was based on the ratio of the GPDA's contributions to KPERS, relative to the total employer and non-employer 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 these financial statements.

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 or can be obtained as described above.

7. **SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to December 31, 2018 through the date of the issuance of the financial statements on September 11, 2019. During this period, there were no other subsequent events requiring recognition in the financial statements or disclosure in the notes to the financial statements during this period.

8. CONTINGENT LIABILITY

GPDA purchased 6,229 acres from the Department of Defense for \$49,999 in 2012. If any of this real estate is sold in the next ten years, 25% of the sale proceeds must be paid to the Department of Defense. In addition to this 20% of any income generated from leasing, farming, etc. of the land in years six through ten must be paid to the Department of Defense. Also, 25% of any revenue from railroad operations in years seven and eight, and 50% of any revenue from railroad operations in years nine and ten must be paid to the Department of Defense. If any railroad right-of-way is sold during the ten year period, 50% of the proceeds must be paid to the Department of Defense. The total payments to the Department of Defense under this agreement are capped at \$3,450,000. This cap is reduced to \$3,000,000 if it is paid within seven years.

**REGULATORY REQUIRED
SUPPLEMENTAL INFORMATION**

GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual

Regulatory Basis

For the Year Ended December 31, 2018

Cash Receipts	
Local Sources	
ESCA administration	\$ 12,500
Agricultural leases	102,001
Interest	15,804
Other	286,811
Rent Income	92,510
Rail Income	270,000
Utility sales	89,396
	<hr/>
Total Cash Receipts	869,022
	<hr/>
Expenditures	
Office	8,201
Wages and Benefits	274,925
Professional Fees	44,790
Supplies and Maintenance	143,099
Insurance	37,163
Travel and Entertainment	2,155
Utilities	43,461
Capital Equipment Purchases	14,551
Property Taxes	176,499
	<hr/>
Total Expenditures	744,844
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Receipts Over (Under) Expenditures	124,178
Unencumbered Cash, Beginning	1,925,046
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Unencumbered Cash, Ending	\$ 2,049,224
	<hr/>

GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS, KANSAS
ADMINISTRATIVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2018

Cash Receipts	
Federal Sources	
Office of Economic Adjustment Grant	\$ 119,685
Total Cash Receipts	<u>119,685</u>
Expenditures	
Wages and benefits	241,853
Professional fees	48,559
Insurance	10,075
Office	45,577
Travel	<u>318</u>
Total Expenditures	<u>346,382</u>
Receipts Over (Under) Expenditures	(226,697)
Unencumbered Cash, Beginning	<u>4,250</u>
Unencumbered Cash, Ending	<u>\$ (222,447)</u>

GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS, KANSAS
ESCA FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2018

Cash Receipts	
Federal Sources	
ESCA Grant	\$ 866,688
Total Cash Receipts	<u>866,688</u>
Expenditures	
Environmental Cleanup	710,321
ESCA Grant Administration	<u>9,392</u>
Total Expenditures	<u>719,713</u>
Receipts Over (Under) Expenditures	146,975
Unencumbered Cash, Beginning	<u>91,400</u>
Unencumbered Cash, Ending	<u><u>\$ 238,375</u></u>

GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS, KANSAS
WATERLINE FUND

Schedule of Receipts and Expenditures - Actual

Regulatory Basis

For the Year Ended December 31, 2018

Cash Receipts	
Federal Sources	
Department of Commerce Grant	\$ 212,073
Total Cash Receipts	<u>212,073</u>
Expenditures	
Waterline Expenditures	<u>1,024,894</u>
Total Expenditures	<u>1,024,894</u>
Receipts Over (Under) Expenditures	(812,821)
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ (812,821)</u></u>

GREAT PLAINS DEVELOPMENT AUTHORITY									
PARSONS, KANSAS									
Schedule of Expenditures of Federal Awards									
For the Year Ended December 31, 2018									
FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE				FEDERAL CFDA NUMBER		AMOUNT RECEIVED		AMOUNT EXPENDED	
U.S. Department of Defense									
Community Economic Adjustment				12.607		\$ 119,685		\$ 344,138	
	Assistance for Establishment, Expansion, Realignment, or Closure of a Military Institution								
Environmental Services				12.599					
	Cooperative Agreement					866,688		719,713	
						986,373		1,063,851	
U.S. Department of Commerce									
	Investments for Public Works & Economic Development Facilities			11.300		212,073		500,000	
TOTALS						1,198,446		1,563,851	
Note:	The Schedule of Expenditures of Federal Awards has been prepared using the regulatory basis of accounting as established in the Kansas Municipal Audit and Accounting Guide. Under the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of GPDA for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.								
Note:	GPDA did not elect to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.								

Diehl Banwart Bolton

Certified Public Accountants P.A.

INDEPENDENT AUDITORS' 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*

Board of Directors
Great Plains Development Authority
Parsons, Kansas 67357

We have audited, in accordance with 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 and related notes to the financial statement of Great Plains Development Authority (GPDA) as of the year ended December 31, 2018, and have issued our report thereon dated September 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the GPDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the GPDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the GPDA'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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 the GPDA's financial statement is free of 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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to Management of the GPDA in a separate letter dated September 11, 2019.

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 organization'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 organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

September 11, 2019
Pittsburg, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Directors
Great Plains Development Authority
Parsons, Kansas 67357

Report on Compliance for Each Major Federal Program

We have audited the Great Plains Development Authority's (GPDA) 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 GPDA's major federal programs for the year ended December 31, 2018. The GPDA'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.

Auditors' Responsibilities

Our responsibility is to express an opinion on compliance for each of the GPDA'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 GPDA'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 GPDA's compliance.

Opinion on Each Major Federal Program

In our opinion, GPDA 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, 2018.

Report on Internal Control Over Compliance

Management of the GPDA 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 GPDA'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 GPDA'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 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.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

September 11, 2019
Pittsburg, Kansas

**GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS KANSAS**

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the statutory basis of accounting.
- Unqualified opinion on the statutory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? __ YES X NO
- Significant deficiency(ies) identified that
are not considered to be material weaknesses? NONE
__ YES X REPORTED

Noncompliance material to financial statements noted? __ YES X NO

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? __ YES X NO
- Significant deficiency(ies) identified that
are not considered to be material weaknesses? NONE
__ YES X REPORTED

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR Section 200.516 (a) __ YES X NO

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
12.599	Environmental Services Cooperative Agreement

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

Auditee qualified as low-risk auditee? __ YES X NO

**GREAT PLAINS DEVELOPMENT AUTHORITY
PARSONS KANSAS**

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs required to be disclosed under the Uniform Guidance.