

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

**FINANCIAL STATEMENT
MARCH 31, 2018**

North Central Planning Commission

Financial Statement For the Year Ended March 31, 2018

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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), a municipality, as of and for the year ended March 31, 2018 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 the 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, 2018, 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, 2018, 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, 2, and 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 20, 2018, 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 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 Commission's control over financial reporting and compliance.

Adjustments to the Prior Period Financial Statement

As part of our audit of the 2018 financial statement, we also audited the adjustments described in Note 1 that were applied to restate the 2017 financial statement. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statement of the Commission other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statement as a whole.

James Gordon & Associates CPA, P.A.

James Gordon & Associates CPA, P.A.

Manhattan, Kansas

August 20, 2018



STATEMENT 1

North Central Regional Planning Commission
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended March 31, 2018

<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>
General Fund	\$ 393,197	\$ 4,102,820	\$ 4,360,864	\$ 135,153	\$ 371,386	\$ 506,539
Special Purpose:						
Revolving Loan	214,479	146,076	113,026	247,529	-	247,529
Total	<u>\$ 607,676</u>	<u>\$ 4,248,896</u>	<u>\$ 4,473,890</u>	<u>\$ 382,682</u>	<u>\$ 371,386</u>	<u>\$ 754,068</u>

Composition of Cash:

Checking account	\$ 547,223
Certificate of deposit	<u>206,845</u>
Total	<u>\$ 754,068</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, 2018

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. 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 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, 2018 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 funds – 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, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Prior Period Restatement

Accounts payable was incorrectly omitted from the 2017 financial statement. The effect of the restatement is a decrease in beginning unencumbered cash of \$61,611 and a decrease of \$61,611 in current year expenditures.

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.

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.

North Central Regional Planning Commission
Notes to the Financial Statement
March 31, 2018

Note 3 - Deposits and Investments (continued)

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 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 2018, and therefore the Commission did not designate peak periods. All deposits were legally secured at March 31, 2018.

At March 31, 2018, the carrying amount of the Commission's deposits including certificates of deposit was \$754,068 and the bank balance was \$1,066,755. 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 of the fund, 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.

North Central Regional Planning Commission
Notes to the Financial Statement
March 31, 2018

Note 4 – Revolving Loan Fund (continued)

No more than 100% of the interest received from these loans may be used for documented administrative costs. The Commission cannot leave more than 25% of the funds idle for more than two consecutive semi-annual reporting periods or the overage amount exceeding \$5,000 may be sequestered unless a six-month extension is granted.

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, 2018, there were 11 loans outstanding totaling \$726,529, with interest rates of 5.00%.

Note 5 – Compliance, Stewardship and Accountability

K.S.A. 79-2935 requires that expenditures be controlled so that no indebtedness is created in excess of budgeted limit. The General Fund exceeded the adopted budget by \$383,709.

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, 2018 of \$37,997.

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 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.

North Central Regional Planning Commission
Notes to the Financial Statement
March 31, 2018

Note 7 – Defined Benefit Pension Plan (continued)

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 and 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% with a moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan were \$67,653 for the year ended March 31, 2018.

At December 31, 2017, the proportionate share of the collective net pension liability reported by KPERS was \$626,486. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. 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 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 – 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, 2018

<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>\$ 3,977,155</u>	<u>\$ -</u>	<u>\$ 3,977,155</u>	<u>\$ 4,360,864</u>	<u>\$ 383,709</u>

North Central Regional Planning Commission

General Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended March 31, 2018

	Actual	Budget	Variance Over (Under)
Receipts			
Grant income and contracts	\$ 3,640,373	\$ 3,459,638	\$ 180,735
Local contributions and dues	62,200	56,000	6,200
Rural tax credit program	17,739	20,000	(2,261)
EDA grant local match	70,000	-	70,000
USDA pass through	16,398	16,398	-
Business finance program	65,044	39,000	26,044
Interest income	1,840	2,000	(160)
Reimbursement/fees	213,478	395,100	(181,622)
Miscellaneous revenue	15,748	-	15,748
Total Receipts	<u>4,102,820</u>	<u>\$ 3,988,136</u>	<u>\$ 114,684</u>
Expenditures			
Homeland security	2,191,738	\$ 1,944,700	\$ 247,038
Salaries and wages	794,581	1,030,155	(235,574)
Payroll taxes and benefits	213,634	-	213,634
Audit	23,067	23,000	67
Building repairs and maintenance	4,928	2,500	2,428
Insurance	30,383	30,000	383
Office supplies	17,872	10,000	7,872
Dues and subscriptions	6,996	9,500	(2,504)
Postage	7,576	9,000	(1,424)
Occupancy	13,483	14,000	(517)
Utilities	54,846	63,000	(8,154)
Equipment rental and maintenance	16,070	11,000	5,070
Materials and supplies	461,907	398,000	63,907
Professional fees	60,267	65,000	(4,733)
Travel	39,163	51,000	(11,837)
Contract labor	331,114	290,000	41,114
Local match for EDA	70,000	-	70,000
Conferences and seminars	16,716	17,000	(284)
Miscellaneous	6,523	9,300	(2,777)
Total Expenditures	<u>\$ 4,360,864</u>	<u>\$ 3,977,155</u>	<u>\$ 383,709</u>
Receipts Over (Under) Expenditures	(258,044)		
Unencumbered Cash, Beginning	<u>393,197</u>		
Unencumbered Cash, Ending	<u>\$ 135,153</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, 2018**

	General	Homeland Security	Weatherization				Economic Development	Health	USDA Food Hub	Total
			LIEAP	DOE	KS15	KCC				
Receipts:										
Grant income and contracts	\$ 218,311	\$ 2,148,486	\$ 659,497	\$ 285,361	\$ 86,969	\$ 107,342	\$ 70,000	\$ 63,034	\$ 1,373	\$ 3,640,373
Local contributions and dues	55,700	-	-	-	-	-	-	6,500	-	62,200
Rural tax credit program	17,739	-	-	-	-	-	-	-	-	17,739
EDA grant local match	-	-	-	-	-	-	70,000	-	-	70,000
USDA pass through	-	-	-	-	-	-	-	-	16,398	16,398
Business finance program	65,044	-	-	-	-	-	-	-	-	65,044
Interest	1,701	139	-	-	-	-	-	-	-	1,840
Reimbursement/fees	213,478	-	-	-	-	-	-	-	-	213,478
Miscellaneous	15,748	-	-	-	-	-	-	-	-	15,748
Total receipts	\$ 587,721	\$ 2,148,625	\$ 659,497	\$ 285,361	\$ 86,969	\$ 107,342	\$ 140,000	\$ 69,534	\$ 17,771	4,102,820
Expenditures:										
Homeland security expenses	\$ -	\$ 2,191,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,191,738
Salaries and wages	361,298	73,693	128,339	80,597	9,371	11,519	90,492	38,330	942	794,581
Payroll taxes and benefits	98,001	24,363	36,745	18,504	4,647	2,483	23,333	5,307	251	213,634
Audit	1,017	11,800	-	9,000	-	-	1,000	250	-	23,067
Building repair and maintenance	4,654	-	194	13	2	-	65	-	-	4,928
Insurance	11,213	257	9,303	5,040	1,385	288	2,810	85	2	30,383
Office supplies	9,800	670	3,893	688	430	127	1,952	312	-	17,872
Dues/subscriptions	3,472	-	264	62	26	-	3,172	-	-	6,996
Postage	4,835	353	1,205	552	185	68	378	-	-	7,576
Occupancy	6,824	-	2,666	1,079	346	192	1,596	780	-	13,483
Utilities	44,387	250	4,259	1,712	562	279	1,752	1,645	-	54,846
Equipment rental/maintenance	4,839	1,471	3,915	1,972	745	314	1,254	1,560	-	16,070
Materials and supplies	57,503	-	223,257	119,924	40,595	19,213	1,415	-	-	461,907
Professional fees	33,590	-	1,310	285	209	50	700	1,393	22,730	60,267
Travel	20,670	8,538	5,541	(9,810)	821	438	9,005	3,960	-	39,163
Contract labor	55,705	-	176,198	58,705	27,708	11,187	486	1,125	-	331,114
Local match for EDA	70,000	-	-	-	-	-	-	-	-	70,000
Conferences and seminars	2,195	-	-	13,928	-	-	543	50	-	16,716
Miscellaneous	5,417	544	410	86	11	8	47	-	-	6,523
Total Expenditures	\$ 795,420	\$ 2,313,677	\$ 597,499	\$ 302,337	\$ 87,043	\$ 46,166	\$ 140,000	\$ 54,797	\$ 23,925	4,360,864
Receipts Over (Under) Expenditures										(258,044)
Unencumbered Cash, Beginning										393,197
Unencumbered Cash, Ending										<u>\$ 135,153</u>

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

North Central Regional Planning Commission

Revolving Loan Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended March 31, 2018

Receipts

Principal payments	\$ 107,819
Interest on loans	36,710
Other income fees/closing cost reimbursement	990
Interest income	557

Total Receipts	146,076
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Expenditures

Salaries and wages	25,160
Payroll taxes and benefits	7,480
Audit	1,000
Building repairs and maintenance	14
Insurance	496
Office supplies	435
Dues and subscriptions	29
Postage	37
Occupancy	378
Telephone	416
Equipment rental and maintenance	205
Materials and supplies	102
Professional fees	1,464
Travel	323
Loans granted	75,000
Loan closing costs	353
Contract labor	116
Miscellaneous expense	18

Total Expenditures	113,026
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Receipts Over (Under) Expenditures	33,050
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Unencumbered Cash, Beginning	214,479
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Unencumbered Cash, Ending	\$ 247,529
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See independent auditor's report on regulatory-required supplementary information.

SINGLE AUDIT SECTION

**North Central Regional Planning Commission
Beloit, Kansas**

**Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Expenditures
Department of Agriculture			
Rural Development			
Rural Business Development Grant	10.351	RBDG 17	\$ 16,398
Total Department of Agriculture			<u>16,398</u>
Department of Commerce			
Economic Development Administration (EDA)			
Support for Planning Organization	11.302	05-83-05338	70,000
EDA - Economic Adjustment Assistance			
Revolving Loan Fund	11.307	05-390-2438	699,835
Total Department of Commerce			<u>769,835</u>
Department of Energy			
Passed through Kansas Housing Resources Corporation			
Weatherization Assistance for Low Income Persons	81.042	DOE 16	138,940
Weatherization Assistance for Low Income Persons	81.042	DOE 17	148,425
Total Department of Energy			<u>287,365</u>
Department of Health and Human Services			
Passed through Kansas Department of Health and Environment			
Public Health Emergency Preparedness	93.069	PHEP 17	18,549
Public Health Emergency Preparedness	93.069	PHEP 18	36,248
Passed through Kansas Housing Resources Corporation			
Low Income Home Energy Assistance Program	93.568	2017-LIEAP-17	594,714
Total Department of Health and Human Services			<u>649,511</u>
Department of Homeland Security			
Passed through the Kansas Highway Patrol			
Homeland Security Grant Program	97.067	SHSP FY15	515,178
Homeland Security Grant Program	97.067	SHSP FY16	1,106,367
Homeland Security Grant Program	97.067	SHSP FY17	570,189
Total Department of Homeland Security			<u>2,191,734</u>
Total Expenditures of Federal Awards			<u>\$ 3,914,843</u>

**North Central Regional Planning Commission
Beloit, Kansas**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2018**

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, 2018	\$ 726,529
Cash and investment balance in RLF as of March 31, 2018	247,529
Administrative expense paid out of RLF income during the fiscal year	<u>38,435</u>
Subtotal	1,012,493
Federal share of the RLF	<u>69.12%</u>
Expenditures of federal awards	<u><u>\$ 699,835</u></u>

**North Central Regional Planning Commission
Beloit, Kansas**

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

Section I – Summary of Independent Auditor’s Results

Financial Statement

Type of auditor’s report issued: **Unmodified**

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
Beloit, Kansas**

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

Section II – Financial Statement Findings

2018-001

- 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 \$3,724,137.
- Context – While performing procedures to form an opinion on whether the SEFA is fairly stated, it was noted that the accounts payable as of March 31, 2018 was not recorded.
- 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 year end for federal award expenditures, to ensure the expenditures are recorded in the correct fiscal year.
- Views of Responsible Officials (Unaudited):

Management will reconcile the general ledger expenditures including the appropriate accounts payables (yearend encumbrances} to the submitted grant reports prior to preparing the Schedule of Expenditures of Federal Awards so to ensure the expenditures and obligated expenditures are recorded in the appropriate fiscal year as they pertain to all federal awards.

Section III – Finding and Questioned Costs – Major Federal Award Programs

None

**North Central Regional Planning Commission
Beloit, Kansas**

**Summary of Prior Year Audit Findings
For the Year Ended March 31, 2018**

2017-001

- Condition – Management reported SEFA detailed expenditures of \$3,833,863.
- Effect – Federal award expenditures were understated by \$32,259, Rural Business Development Grant of \$11,577 was omitted, and the Weatherization Assistance for Low Income Person DOE 15 was understated by \$20,682.
- Recommendation – Management should reconcile the general ledger expenditures to the submitted grant reports prior to preparing the SEFA to ensure that expenditures are recorded in the correct fiscal year and include all programs for each grant.
- Current status – Management implemented their plan and has included all grant programs.



**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, 2018, 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 20, 2018.

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 opinion 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. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, 2018-001.

Compliance and Other Matters

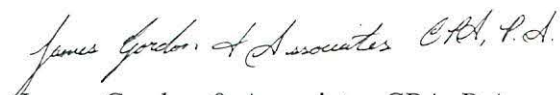
As part of obtaining reasonable assurance about whether the Commission's financial statement are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


James Gordon & Associates CPA, P.A.
Manhattan, Kansas
August 20, 2018





**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 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, 2018. 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, 2018.

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 20, 2018

