# NORTH CENTRAL REGIONAL PLANNING COMMISSION
# BELOIT, KANSAS

## FINANCIAL STATEMENT
## MARCH 31, 2022

# North Central Regional Planning Commission

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## INDEPENDENT AUDITOR'S REPORT

Executive Board
North Central Regional Planning Commission
Beloit, Kansas

**Adverse and Unmodified Opinions**
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of North Central Regional Planning Commission, (the Commission) as of and for the year ended March 31, 2022, and the related notes to the financial statement.

*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 and Unmodified Opinions section of my report, the accompanying 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 as of March 31, 2022, 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 accompanying 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, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

**Basis for Adverse and Unmodified Opinions**
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *the Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

**Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles**
As discussed in Note 1 of the financial statement, the financial statement is prepared by the Commission on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances.

Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, We:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and the schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 January 26, 2023, 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 internal control over financial reporting and compliance.

James Gordon & Associates CPA, P.A.

James Gordon & Associates CPA, P.A.
Manhattan, Kansas
January 26, 2023

**STATEMENT 1**

**North Central Regional Planning Commission**
**Summary Statement of Receipts, Expenditures, and Unencumbered Cash**
**Regulatory Basis**
**For the Year Ended March 31, 2022**

| Funds | Beginning Unencumbered Cash Balance | Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Encumbrances And Accounts Payable | Ending Cash Balance |
|---|---|---|---|---|---|---|
| **General Fund** | $ 368,517 | $ 4,746,652 | $ 4,890,630 | $ 224,539 | $ 340,594 | $ 565,133 |
| **Special Purpose:** | | | | | | |
| Revolving Loan 1990 | 39,501 | 336,081 | 375,582 | - | - | - |
| Revolving Loan 2020 | (43,866) | 161,749 | 58,976 | 58,907 | - | 58,907 |
| **Total** | $ 364,152 | $ 5,244,482 | $ 5,325,188 | $ 283,446 | $ 340,594 | $ 624,040 |

| **Composition of Cash:** | |
|---|---|
| Checking account | $ 412,240 |
| Certificate of deposit | 211,800 |
| **Total** | $ 624,040 |

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, 2022

## Note 1 – Summary of Significant Accounting Policies

### Municipal Financial Reporting Commission

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, 2022 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 the regulatory basis of accounting.

## 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 Commission 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.

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 if the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

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

*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 2022, therefore the Commission did not designate peak periods. All deposits were legally secured at March 31, 2022.

At March 31, 2022, the carrying amount of the Commission's deposits including certificates of deposit was $624,040 and the bank balance was $655,702. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. 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. EDA utilized the report for the year ended March 31, 2022, to process the defederalization of the program. The federal portion of the program (69.12%) was defederalized on June 14, 2021, requiring a program-specific audit thru that date (see Schedule 2-2). The Commission obtained permission from EDA to transfer the defederalized portion of the program to the North Central Kansas Community Network Co. (NCKCN) to operate a regional business loan pool restricted to the NCPRC's core 12-county service area. On March 31, 2022, the Commission assigned the remaining loan balances totaling $618,025 and cash held of $343,947 to the NCKCN.

In 2020, the Commission received a CARES Economic Development Administration (EDA) grant of $1,078,000 to be used as a $64,000 administration grant and $1,014,000 as loan capital for a business revolving loan fund program covering its entire twelve-county service area. The CARES grant's final disbursement was August 26, 2021, and the program moved to the revolving phase. The federal portion of the program is 100%. 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. No more than 100% of the interest income received from these loans may be used for documented administrative costs. The EDA annually calculates the regional capitalization rate for its 10-state district (typically around 25%) in idle funds and an action plan to resolve or reduce will be required if the Commission exceeds this rate. As of March 31, 2022, there were 16 loans outstanding totaling $955,603, the loans are interest-free.

## Note 5 – 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, 2022 of $42,000.

## Note 6 – Concentration Risk

During 2022, the Commission received approximately 95% of its receipts from grants, of that approximately 50% of it was received from the Kansas Highway Patrol as a pass-thru from Home Land Security.

## 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. 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% for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended March 31, 2022. Contributions to the pension plan were $80,051 for the year ended March 31, 2022.

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

At December 31, 2021, the proportionate share of the collective net pension liability reported by KPERS was $570,111. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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, 2022**

| Funds | Certified Budget | Adjustments for Qualifying Budget Credits | Total Budget | Expenditures Chargeable to Current Year | Variance Over (Under) |
|---|---|---|---|---|---|
| General Fund | $ 5,248,439 | $ - | $ 5,248,439 | $ 4,890,630 | $ (357,809) |

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

SCHEDULE 2

## North Central Regional Planning Commission

### General Fund
### Schedule of Receipts and Expenditures – Actual and Budget
### Regulatory Basis
### For the Year Ended March 31, 2022

| | Actual | Budget | Variance Over (Under) |
|---|---|---|---|
| **Receipts** | | | |
| Grant income and contracts | $ 4,299,431 | $ 4,928,227 | $ (628,796) |
| Local contributions and dues | 56,100 | 56,200 | (100) |
| Rural tax credit program | 15 | 15,000 | (14,985) |
| EDA grant local match | 70,000 | 70,000 | - |
| Business finance program | 49,144 | 62,350 | (13,206) |
| Interest income | 1,072 | 2,625 | (1,553) |
| Reimbursement/fees | 262,611 | 248,843 | 13,768 |
| Miscellaneous | 8,279 | 12,960 | (4,681) |
| **Total Receipts** | 4,746,652 | $ 5,396,205 | $ (649,553) |
| **Expenditures** | | | |
| Homeland security | 2,395,915 | $ 2,505,888 | $ (109,973) |
| Salaries and wages | 890,576 | 885,550 | 5,026 |
| Payroll taxes and benefits | 287,608 | 289,401 | (1,793) |
| Audit | 16,000 | 20,000 | (4,000) |
| Capital purchases | 18,500 | 53,000 | (34,500) |
| Building repairs and maintenance | 147 | 8,700 | (8,553) |
| Insurance | 30,974 | 26,500 | 4,474 |
| Office supplies | 25,939 | 12,000 | 13,939 |
| Dues and subscriptions | 8,272 | 9,000 | (728) |
| Postage | 6,424 | 8,000 | (1,576) |
| Occupancy | 14,342 | 14,000 | 342 |
| Utilities | 30,674 | 34,000 | (3,326) |
| Equipment rental and maintenance | 12,510 | 12,000 | 510 |
| Materials and supplies | 423,346 | 562,000 | (138,654) |
| Professional fees | 218,472 | 179,500 | 38,972 |
| Travel | 45,503 | 57,500 | (11,997) |
| Contract labor | 344,870 | 465,000 | (120,130) |
| Local match for EDA | 70,000 | 70,000 | - |
| Conferences and seminars | 2,137 | 21,000 | (18,863) |
| Transfer Out | 30,068 | - | 30,068 |
| Miscellaneous | 18,353 | 15,400 | 2,953 |
| **Total Expenditures** | 4,890,630 | $ 5,248,439 | $ (357,809) |
| **Receipts Over (Under) Expenditures** | (143,978) | | |
| **Unencumbered Cash, Beginning** | 368,517 | | |
| **Unencumbered Cash, Ending** | $ 224,539 | | |

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, 2022

| | | | Weatherization | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Receipts:** | **General** | **Homeland Security** | **LIEAP** | **DOE** | **KS15** | **Economic Development** | **Health** | **Other Grants** | **Total** |
| Grant income and contracts | $ 192,097 | $ 2,589,398 | $ 688,140 | $ 468,378 | $ 58,612 | $ 202,500 | $ 38,460 | $ 61,846 | $ 4,299,431 |
| Local contributions and dues | 56,100 | - | - | - | - | - | - | - | 56,100 |
| Rural tax credit program | 15 | - | - | - | - | - | - | - | 15 |
| EDA grant local match | - | - | - | - | - | 70,000 | - | - | 70,000 |
| Business finance program | 49,144 | - | - | - | - | - | - | - | 49,144 |
| Interest income | 1,032 | 40 | - | - | - | - | - | - | 1,072 |
| Reimbursement/fees | 262,611 | - | - | - | - | - | - | - | 262,611 |
| Miscellaneous | 8,228 | - | - | - | - | - | - | 51 | 8,279 |
| **Total Receipts** | $ 569,227 | $ 2,589,438 | $ 688,140 | $ 468,378 | $ 58,612 | $ 272,500 | $ 38,460 | $ 61,897 | 4,746,652 |
| **Expenditures:** | | | | | | | | | |
| Homeland security | $ - | $ 2,395,915 | $ - | $ - | $ - | $ - | $ - | $ - | 2,395,915 |
| Salaries and wages | 318,880 | 85,667 | 153,731 | 143,990 | 8,675 | 155,530 | 22,847 | 1,256 | 890,576 |
| Payroll taxes and benefits | 100,789 | 33,397 | 51,823 | 44,636 | 4,787 | 43,401 | 8,572 | 203 | 287,608 |
| Audit | 4,000 | 8,000 | - | - | - | 4,000 | - | - | 16,000 |
| Capital purchases | 18,500 | - | - | - | - | - | - | - | 18,500 |
| Building repairs and maintenance | 65 | - | - | - | 58 | 24 | - | - | 147 |
| Insurance | 9,244 | 246 | 6,691 | 7,572 | 3,708 | 3,452 | 61 | - | 30,974 |
| Office supplies | 8,002 | 811 | 2,328 | 11,302 | 1,091 | 2,124 | 250 | 31 | 25,939 |
| Dues and subscriptions | 3,424 | 141 | 461 | 127 | 204 | 3,915 | - | - | 8,272 |
| Postage | 3,041 | 227 | 1,451 | 611 | 39 | 1,044 | 11 | - | 6,424 |
| Loan Advances | - | - | - | - | - | - | - | - | - |
| Occupancy | 4,946 | - | 2,963 | 1,719 | 280 | 2,875 | 962 | 597 | 14,342 |
| Utilities | 13,205 | 500 | 6,739 | 3,444 | 693 | 4,970 | 1,096 | 27 | 30,674 |
| Equipment rental and maintenance | 4,045 | 975 | 3,097 | 1,536 | 347 | 1,324 | 1,170 | 16 | 12,510 |
| Materials and supplies | 24,504 | - | 224,888 | 163,794 | 10,085 | 24 | 51 | - | 423,346 |
| Professional fees | 29,660 | 105 | 1,334 | 588 | 95 | 123,749 | 1,080 | 61,861 | 218,472 |
| Travel | 10,059 | 1,611 | 7,204 | 17,469 | 891 | 8,269 | - | - | 45,503 |
| Contract labor | 16,124 | - | 183,290 | 130,793 | 12,868 | 626 | 1,125 | 44 | 344,870 |
| Local match for EDA | 70,000 | - | - | - | - | - | - | - | 70,000 |
| Conferences and seminars | 792 | - | - | - | - | 1,345 | - | - | 2,137 |
| Transfer to RLF | 30,068 | - | - | - | - | - | - | - | 30,068 |
| Miscellaneous | 12,956 | 336 | 220 | 1,896 | 1,177 | 296 | 1,152 | 320 | 18,353 |
| **Total Expenditures** | $ 682,304 | $ 2,527,931 | $ 646,220 | $ 529,477 | $ 44,998 | $ 356,968 | $ 38,377 | $ 64,355 | $ 4,890,630 |

| | |
|---|---|
| Receipts Over (Under) Expenditures | (143,978) |
| Unencumbered Cash, Beginning | 368,517 |
| Unencumbered Cash, Ending | $ 224,539 |

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

SCHEDULE 2-2

# North Central Regional Planning Commission

## Revolving Loan Fund - 1990
## Schedule of Receipts and Expenditures
## Regulatory Basis
## For the Year Ended March 31, 2022

| | April 1, 2021 - June 14, 2021 | June 15, 2021 - March 31, 2022 | Total |
|---|---|---|---|
| **Receipts** | | | |
| Principal payments | $ 46,698 | $ 227,021 | $ 273,719 |
| Interest income - loans | 7,391 | 24,797 | 32,188 |
| Transfer in | - | 30,068 | 30,068 |
| Interest income - bank account | 6 | 100 | 106 |
| **Total Receipts** | 54,095 | 281,986 | 336,081 |
| **Expenditures** | | | |
| Salaries and wages | 2,578 | 17,735 | 20,313 |
| Payroll taxes and benefits | 881 | 6,303 | 7,184 |
| Building repair & maintenance | - | 4 | 4 |
| Insurance | 108 | 518 | 626 |
| Office supplies | 172 | 798 | 970 |
| Dues and subscriptions | 8 | 39 | 47 |
| Postage | 3 | 30 | 33 |
| Occupancy | 143 | 370 | 513 |
| Utilities | 194 | 443 | 637 |
| Equipment rental and maintenance | 61 | 171 | 232 |
| Materials & Supplies | 11 | - | 11 |
| Professional fees | 50 | 568 | 618 |
| Loan closing costs | - | 228 | 228 |
| Contract labor | 17 | 105 | 122 |
| Miscellaneous | 10 | 87 | 97 |
| Release of defederalized cash | - | 343,947 | 343,947 |
| **Total Expenditures** | $ 4,236 | $ 371,346 | 375,582 |
| **Receipts Over (Under) Expenditures** | | | (39,501) |
| **Unencumbered Cash, Beginning as** | | | 39,501 |
| **Unencumbered Cash, Ending** | | | $ - |

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

## North Central Regional Planning Commission

### Revolving Loan Fund - 2020
### Schedule of Receipts and Expenditures
### Regulatory Basis
### For the Year Ended March 31, 2022

| | | |
|---|---|---|
| **Receipts** | | |
| Principal payments | $ | 55,897 |
| Grant Income | | 105,500 |
| Closing costs/fees | | 340 |
| Interest income - bank account | | 12 |
| **Total Receipts** | | 161,749 |
| **Expenditures** | | |
| Salaries and wages | | 16,231 |
| Payroll taxes and benefits | | 5,196 |
| Postage | | 3 |
| Telephone | | 61 |
| Professional fees | | 3,040 |
| Travel | | 10 |
| Conferences and Seminars | | 400 |
| Loans approved | | 34,000 |
| Miscellaneous | | 35 |
| **Total Expenditures** | | 58,976 |
| **Receipts Over (Under) Expenditures** | | 102,773 |
| **Unencumbered Cash, Beginning** | | (43,866) |
| **Unencumbered Cash, Ending** | $ | 58,907 |

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, 2022

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass - Through Entity Identifying Number | Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|
| **Department of Commerce** | | | | |
| Economic Development Administration (EDA) | | | | |
| Support for Planning Organization | 11.302 | ED18DEN3020004 | $ 52,500 | $ - |
| Economic Development Administration (EDA) | | | | |
| COVID-19 Support for Planning Organization | 11.302 | ED20DEN3070070 | 150,000 | - |
| EDA - Economic Adjustment Assistance | | | | |
| Revolving Loan Fund - 1990 (Legacy RLF) | 11.307 | 05-3590-2438 | 652,369 | - |
| COVID-19 Revolving Loan Fund - 2020 (CARES/Covid-19) | 11.307 | 05-79-05995 | 1,014,515 | - |
| **Total Department of Commerce** | | | 1,869,384 | - |
| **Department of Defense** | | | | |
| Community Economic Adjustment Assistance for compatible use and Joint Land Use Study | 12.610 | OEA18 | 42,275 | 42,275 |
| **Total Department of Defense** | | | 42,275 | 42,275 |
| **Department of Energy** | | | | |
| Passed through Kansas Housing Resources Corporation | | | | |
| Weatherization Assistance for Low Income Persons | 81.042 | DOE - 20 | 394,952 | - |
| Weatherization Assistance for Low Income Persons | 81.042 | DOE - 21 | 134,524 | - |
| **Total Department of Energy** | | | 529,476 | - |
| **Department of Health and Human Services** | | | | |
| Passed through Kansas Department of Health and Environment | | | | |
| Public Health Emergency Preparedness | 93.069 | PHEP 20-21 | 12,990 | - |
| Public Health Emergency Preparedness | 93.069 | PHEP 21-22 | 25,387 | - |
| Passed through Kansas Housing Resources Corporation | | | | |
| Low Income Home Energy Assistance Program | 93.568 | LIEAP - 21 | 646,244 | - |
| **Total Department of Health and Human Services** | | | 684,621 | - |
| **Department of Homeland Security** | | | | |
| Passed through the Kansas Highway Patrol | | | | |
| Homeland Security Grant Program | 97.067 | SHSP FY18 | 112,315 | - |
| Homeland Security Grant Program | 97.067 | SHSP FY19 | 1,080,288 | - |
| Homeland Security Grant Program | 97.067 | SHSP FY20 | 1,080,293 | - |
| Homeland Security Grant Program | 97.067 | SHSP FY21 | 229,784 | - |
| **Total Department of Homeland Security** | | | 2,502,680 | - |
| **Total Expenditures of Federal Awards** | | | $ 5,628,436 | $ 42,275 |

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, 2022

### 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 Commission 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 loan - 1990 outstanding as of June 14, 2021* | $ 846,865 |
| Cash and investment balance in RLF as of June 14, 2021 | 93,941 |
| Administrative expense paid out of RLF income from April 1, 2021 thru June 14, 2021 | 3,015 |
| Subtotal | 943,821 |
| Federal share of the RLF | 69.12% |
| Expenditures of federal awards | $ 652,369 |

| | |
|---|---|
| Balance of RLF loan - 2020 outstanding as of March 31, 2022 | $ 955,603 |
| Cash and investment balance in RLF as of March 31, 2022 | 58,907 |
| Administrative expense paid out of RLF income during the fiscal year | 5 |
| Subtotal | 1,014,515 |
| Federal share of the RLF | 100.00% |
| Expenditures of federal awards | $ 1,014,515 |

* On June 14, 2021, the RLF loan - 1990 was defederalized.

## North Central Regional Planning Commission

## Schedule of Findings and Questioned Costs
## For the Year Ended March 31, 2022

**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** |

**Section II – Financial Statement Findings**

None Noted

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

None Noted

JAMES GORDON & ASSOCIATES CPA, P.A.

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

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 statements, 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, 2022, and the related notes to the financial statement, which collectively comprise the Commission's basic financial statement, and have issued our report thereon dated January 26, 2023

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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 statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
January 26, 2023

JAMES GORDON & ASSOCIATES CPA, P.A.

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

To the Executive Board
North Central Regional Planning Commission

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited North Central Regional Planning Commission's (the Commission), compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

#### *Basis for Opinion on Each Major Federal Program*

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

*Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
January 26, 2023