

**GREAT PLAINS  
DEVELOPMENT AUTHORITY  
PARSONS, KANSAS**

Statutory Basis Financial Statements and  
Independent Auditors' Report with  
Supplemental Information and  
Federal Compliance Section

For the Fiscal Year Ended December 31, 2011

**GREAT PLAINS DEVELOPMENT AUTHORITY**

**PARSONS, KANSAS**

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# Diehl Banwart Bolton

*Certified Public Accountants PA*

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the Great Plains Development Authority (GPDA), as of and for the year ended December 31, 2011. This financial statement is the responsibility of the GPDA's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the GPDA prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting practices generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the GPDA, as of December 31, 2011, or the respective changes in financial position and changes in cash flows, where applicable.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and unencumbered cash balance of GPDA, as of December 31, 2011, and the aggregate cash receipts and expenditures for the year then ended on the basis of accounting described in Note 1.

In accordance with **Government Auditing Standards**, we have also issued reports dated July 27, 2012 on our consideration of GPDA's internal control structure and on its compliance with certain provisions of laws, regulations, contracts and grants. These reports are an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the financial statement of GPDA. Also the individual fund schedules of cash receipts and expenditures presented on pages 9-11 is presented for purposes of analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and related 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 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 statements as a whole.

*Diehl Banwart Bolton CPA's PA*

DIEHL, BANWART, BOLTON, CPAs PA

July 27, 2012  
Pittsburg, Kansas



**GREAT PLAINS DEVELOPMENT AUTHORITY  
PARSONS, KANSAS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Great Plains Development Authority (GPDA), have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the GPDA's accounting policies follow.

Nature of Operations

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

Basis of Presentation - Fund Accounting

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

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

PROPRIETARY FUNDS

Enterprise Funds -- to account for operations that are financed and operated in a manner similar to private business enterprises -- where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges -- or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Special Revenue Funds -- to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

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

Basis of Presentation - Statutory Basis Financial Statements

The GPDA obtained a waiver from accounting principles generally accepted in the United States of America as provided by K.S.A. 1982 Sup. 75-1120a (c) for the year ended December 31, 2011. Accordingly, these financial statements are presented in compliance with the cash-basis and budget laws of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recognized when cash is received and include cash receipts and transfers, expenditures include cash disbursements, transfers, accounts payable and encumbrances -- that is, commitments related to unperformed (executory) contracts for goods or services.

Departures from Accounting Principles Generally Accepted in the United States of America

The basis of presentation described above results in a statement of revenues on the cash basis and expenditures on a modified accrual basis further modified by the inclusion of encumbrances. Balance Sheets that would have shown non-cash assets such as receivables, inventories, prepaid and fixed assets expense, liabilities such as deferred revenue and principal and interest payable, and reservations of the fund balance are not presented. Under U.S. generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with U.S. generally accepted accounting principles. In addition, General Fixed Assets that account for the land, buildings and equipment owned by the GPDA, are not recorded.

The required balance sheet, income statement, and the statement of cash flows are not presented for the proprietary fund types. U.S. generally accepted accounting principles require these fund types to be accounted for by the full accrual method of accounting.

Budgetary Information

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

Cash and Investments

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

Compensated Absences

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

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

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

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

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

**Comparative Data**

Comparative cash balances and composition of cash for the prior year have been presented in the accompanying financial statement in order to provide an understanding of the changes in the City's financial position and operations. However, complete comparative data in the financial statement has not been presented since its inclusion would make the statements unduly complex and difficult to read.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with Kansas Statutes**

Statement 1 has been prepared in order to show compliance with the cash-basis and budget laws of Kansas. As shown in this statement, it appears the GPDA was in compliance with the cash basis and budget laws of Kansas. The apparent cash basis violations in the Administrative Fund and ESCA Fund are not violations since these amounts will be reimbursed by Federal Grants.

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

K.S.A. 9-1401 establishes the depositories which may be used by the GPDA. The statute requires banks eligible to hold the GPDA's funds have a main or branch bank in the county in which the GPDA is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The GPDA has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the GPDA's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The GPDA has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the GPDA may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

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

(Continued)

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the GPDA's deposits may not be returned to it. State statutes require the GPDA's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. At December 31, 2011, the GPDA's deposits were adequately secured.

At December 31, 2011 the GPDA's carrying amount of deposits was \$3,230,477 and the bank balance was \$3,242,978. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$300,295 was covered by federal depository insurance. \$2,942,683 was collateralized by securities held by the pledging financial institution's agents in GPDA's name, with a market value of \$4,249,841.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the GPDA 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.

### 4. RISK MANAGEMENT

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

### 5. PENSION PLAN

#### Plan Description

The GPDA participates in the Kansas Public Employees Retirement System ("KPERs"), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, Kansas 66603) or by calling 1-888-275-5737.

#### Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salaries for employees hired before July 1, 2009 and 6% of covered salary for those hired after July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an actual annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets the limitation on annual increases in the employer contribution rate. The employer rate established by statute for the period from January 1, 2011 to December 31, 2011, was 7.74%. GPDA contributions for KPERs for the years ending December 31, 2011 and 2010 were \$22,417 and \$19,768.

**6. SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to December 31, 2011 through the date of the issuance of the financial statements as shown in the Independent Auditors' Report on page two of these financial statements. During this period, there were no subsequent events requiring recognition in the financial statements or disclosure in the notes to the financial statements.

**7. LONG-TERM DEBT**

GPDA executed a contract with the Kansas State University Advanced Marketing Institute (AMI) on February 7, 2011. The contract calls for AMI to support business redevelopment at Great Plains Industrial Park for three years. AMI is to receive \$40,000 per year for the three years of the contract. The final payment will be due in February 2013.

## **SUPPLEMENTAL INFORMATION**

**GREAT PLAINS DEVELOPMENT AUTHORITY**  
**OPERATIONS AND MAINTENANCE FUND**  
 Schedule of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2011

	Current Year
	<u>Actual</u>
Cash Receipts	
Local Sources	
ESCA administration	-
Agricultural leases	45,365
Interest	17,508
Other	315
Sale of Property to KS Wildlife & Parks	1,999,899
Local match from Labette County	99,387
Equity transfer from Labette County	-
	<u>2,162,475</u>
Total Cash Receipts	
Expenditures	
Office	28,875
Wages and Benefits	18,869
Professional fees	19,631
Insurance	15,724
Travel and entertainment	52,751
Agricultural lease shares	39,746
Other	10,739
	<u>186,336</u>
Total Expenditures	
Receipts Over (Under) Expenditures	1,976,139
Unencumbered Cash, Beginning	<u>212,054</u>
Unencumbered Cash, Ending	<u><u>\$2,188,192</u></u>

**GREAT PLAINS DEVELOPMENT AUTHORITY  
ADMINISTRATIVE FUND**

Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2011

	Current Year Actual
Cash Receipts	
Federal Sources	
Office of Economic Adjustment Grant	\$429,559
Other	-
	<hr/>
Total Cash Receipts	429,559
	<hr/>
Expenditures	
Wages and benefits	348,712
Professional fees	50,207
Office	16,226
Travel	16,894
	<hr/>
Total Expenditures	432,039
	<hr/>
Receipts Over (Under) Expenditures	(2,480)
Unencumbered Cash, Beginning	<hr/> (1,127)
Unencumbered Cash, Ending	<hr/> <hr/> (3,607)

**GREAT PLAINS DEVELOPMENT AUTHORITY**  
**ESCA FUND**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2011

	Current Year
	<u>Actual</u>
Cash Receipts	
Federal Sources	
ESCA Grant	\$3,883,726
Interest	\$6,662
	<u>3,890,388</u>
Total Cash Receipts	
Expenditures	
Environmental cleanup	2,731,722
ESCA Grant administration	-
Survey	240,000
	<u>2,971,722</u>
Total Expenditures	
Receipts Over (Under) Expenditures	918,666
Unencumbered Cash, Beginning	<u>(282,173)</u>
Unencumbered Cash, Ending	<u><u>\$636,494</u></u>

**GREAT PLAINS DEVELOPMENT AUTHORITY  
PARSONS, KANSAS**

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Defense</u>			
Community Economic Adjustment Assistance for Establishemnt, Expansion, Realignment, or Closure of a Military Institution	12.607	\$ 429,559	\$ 432,039
Environmental Services Cooperative Agreement	12.599	<u>3,883,726</u>	<u>2,971,722</u>
TOTALS		<u>\$ 4,313,285</u>	<u>\$ 3,403,761</u>

*Diehl  
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*Certified Public Accountants PA*

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL AWARDS PROGRAMS**

Board of Directors  
Great Plains Development Authority  
Parsons, Kansas 67357

**Compliance**

We have audited the compliance of Great Plains Development Authority (GPDA) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The GPDA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the GPDA's management. Our responsibility is to express an opinion on the compliance of the GPDA based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the GPDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the GPDA's compliance with those requirements.

In our opinion, GPDA complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2011.

## Internal Control Over Compliance

The management of GPDA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the GPDA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the GPDA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

*Diehl Banwart Bolton CPA's PA*

DIEHL, BANWART, BOLTON, CPAs PA

July 27, 2012  
Pittsburg, Kansas

*Diehl  
Banwart  
Bolton*

*Certified Public Accountants PA*

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON THE  
AUDIT OF THE FINANCIAL STATEMENTS IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Great Plains Development Authority  
Parsons, Kansas 67357

We have audited the financial statements of Great Plains Development Authority (GPDA) as of the year ended December 31, 2011, and have issued our report thereon dated July 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of GPDA is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the GPDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GPDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the GPDA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to Management of the GPDA in a separate letter dated July 27, 2012.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Diehl Banwart Bolton CPAs PA*

DIEHL, BANWART, BOLTON, CPAs P.A.

July 27, 2012  
Pittsburg, Kansas

**GREAT PLAINS DEVELOPMENT AUTHORITY  
PARSONS KANSAS**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2011

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS:**

Type of auditors' report issued:

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? \_\_ YES X NO

**FEDERAL AWARDS:**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_ YES X NO

**IDENTIFICATION OF MAJOR PROGRAMS:**

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
12.607	Community Economic Adjustment for Establishment, Expansion, Realignment, or Closure of a Military Institution
12.599	Environmental Services Cooperative Agreement

Auditee qualified as low-risk auditee? \_\_ YES X NO

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.