

**GREAT PLAINS  
DEVELOPMENT AUTHORITY  
PARSONS, KANSAS**

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

For the Fiscal Year Ended December 31, 2012

**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 accompanying summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Great Plains Development Authority (GPDA), Parsons, Kansas, a Municipal Financial Reporting Entity as of and for the year ended December 31, 2012 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards and the *Kansas Municipal Audit and Accounting Guide* require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by GPDA to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the GPDA as of December 31, 2012 or changes in financial position and cash flows thereof for the fiscal year then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the GPDA as of December 31, 2012, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the December 31, 2012 summary statement of receipts, expenditures, and unencumbered cash – regulatory basis (financial statement) as a whole. The individual fund schedules of receipts and expenditures – regulatory basis, (Schedule 1 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the December 31, 2012 financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the December 31, 2012 financial statement. The December 31, 2012 information has been subjected to the auditing procedures applied in the audit of the December 31, 2012 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the December 31, 2012 financial statement or to the December 31, 2012 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the December 31, 2012 supplementary information is fairly stated in all material respects in relation to the December 31, 2012 financial statement as a whole, on the basis of accounting described in Note 1.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013 on our consideration of GPDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GPDA's internal control over financial reporting and compliance.

*Diehl Banwart Bolton CPAs PA*

DIEHL, BANWART, BOLTON, CPAs PA

December 6, 2013  
Pittsburg, Kansas

**GREAT PLAINS DEVELOPMENT AUTHORITY**

Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis

For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus		Cash Balances December 31, 2012
					Encumbrances and Accounts Payable		
General Fund	\$2,188,192	\$717,166	\$1,343,456	\$1,561,903	\$50,045		\$1,611,948
Special Purpose Funds							
Administrative	(3,607)	510,207	508,867	(2,267)	-		(2,267)
ESCA Grant	636,494	2,387,062	2,838,020	185,536	605,106		790,642
<b>Total Reporting Entity</b>	<b>\$2,821,079</b>	<b>\$3,614,435</b>	<b>\$4,690,342</b>	<b>\$1,745,172</b>	<b>\$655,152</b>		<b>\$2,400,323</b>
						Composition of Cash	
						Operations and Maintenance Checking.....	\$1,571,739
						Administrative Checking.....	37,942
						ESCA Checking.....	790,642
						<b>Total Reporting Entity</b>	<b>\$2,400,323</b>

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

**GREAT PLAINS DEVELOPMENT AUTHORITY  
PARSONS, KANSAS**

NOTES TO THE FINANCIAL STATEMENT  
For the Year Ended December 31, 2012

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement of the Great Plains Development Authority (GPDA), has 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:

REGULATORY BASIS FUND TYPES

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

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

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

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

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

GPDA has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Budgetary Information

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

Cash and Investments

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

Compensated Absences

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

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.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with Kansas Statutes**

Statement 1 and the regulatory required supplemental schedules have been prepared in order to show compliance with the cash-basis and budget laws of Kansas. As shown 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 is not a violation 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.

*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, 2012, the GPDA's deposits were adequately secured.

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

(Continued)

At December 31, 2012 the GPDA's carrying amount of deposits was \$2,400,323 and the bank balance was \$2,439,723. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$285,103 was covered by federal depository insurance. \$2,154,620 was collateralized by securities held by the pledging financial institution's agents in GPDA's name, with a market value of \$3,743,100.

**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 Kansas law. 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 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member – employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas 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 rates.

**6. SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to December 31, 2012 through the date of the issuance of the financial statements on December 6, 2013. 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.

**8. CONTINGENT LIABILITY**

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

**REGULATORY REQUIRED  
SUPPLEMENTAL INFORMATION**

**GREAT PLAINS DEVELOPMENT AUTHORITY**  
**GENERAL FUND**

Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2012

	Current Year
	Actual
Cash Receipts	
Local Sources	
ESCA administration	\$79,698
Agricultural leases	26,338
Interest	8,300
Other	6,855
Sale of Property to KS Wildlife & Parks	9,597
Local match from Labette County	-
Army reimbursements	543,080
Utility Sales	43,299
	<hr/>
Total Cash Receipts	717,166
	<hr/>
Expenditures	
Office	7,032
Wages and Benefits	238,537
Professional fees	409,426
Supplies and Maintenance	109,542
Insurance	48,165
Travel and entertainment	36,610
Utilities	295,072
Capital equipment purchases	140,041
Agricultural lease shares	-
Other	59,032
	<hr/>
Total Expenditures	1,343,456
	<hr/>
Receipts Over (Under) Expenditures	(626,290)
	<hr/>
Unencumbered Cash, Beginning	2,188,192
	<hr/>
Unencumbered Cash, Ending	\$1,561,903
	<hr/>

**GREAT PLAINS DEVELOPMENT AUTHORITY**  
**ADMINISTRATIVE FUND**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	Current Year Actual
Cash Receipts	
Federal Sources	
Office of Economic Adjustment Grant	\$510,207
Other	-
	<u>510,207</u>
Total Cash Receipts	
Expenditures	
Wages and benefits	331,076
Professional fees	141,840
Insurance	11,425
Office	13,282
Travel	11,243
	<u>508,867</u>
Total Expenditures	
Receipts Over (Under) Expenditures	1,340
Unencumbered Cash, Beginning	<u>(3,607)</u>
Unencumbered Cash, Ending	<u><u>(\$2,267)</u></u>

**GREAT PLAINS DEVELOPMENT AUTHORITY**  
**ESCA FUND**  
Statement of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2012

	Current Year
	<u>Actual</u>
Cash Receipts	
Federal Sources	
ESCA Grant	\$2,385,408
Interest	<u>\$1,654</u>
Total Cash Receipts	<u>2,387,062</u>
Expenditures	
Environmental cleanup	2,369,535
ESCA Grant administration	151,317
Survey	-
Insurance	283,691
Other	<u>33,477</u>
Total Expenditures	<u>2,838,020</u>
Receipts Over (Under) Expenditures	(450,958)
Unencumbered Cash, Beginning	<u>636,494</u>
Unencumbered Cash, Ending	<u><u>\$185,536</u></u>

**GREAT PLAINS DEVELOPMENT AUTHORITY  
PARSONS, KANSAS**

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012

FEDERAL GRANTOR / THROUGH GRANTOR / TITLE	PASS PROGRAM	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Defense</u>				
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Institution		12.607	\$ 510,207	\$ 508,867
Environmental Services Cooperative Agreement		12.599	<u>2,385,408</u>	<u>2,836,408</u>
TOTALS			<u>\$ 2,895,615</u>	<u>\$ 3,345,275</u>

Note: The Schedule of Expenditures of Federal Awards has been prepared using the regulatory basis of accounting as established in the Kansas Municipal Audit and Accounting Guide. Under the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of GPDA for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

# Diehl Banwart Bolton

Certified Public Accountants PA

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors  
Great Plains Development Authority  
Parsons, Kansas 67357

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

We have audited the Great Plains Development Authority's (GPDA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the GPDA's major federal programs for the year ended December 31, 2012. The GPDA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### **Auditors' Responsibilities**

Our responsibility is to express an opinion on compliance for each of the GPDA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the GPDA's compliance.

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

In our opinion, GPDA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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

Management of the GPDA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GPDA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Diehl Banwart Bolton CPA's PA*

DIEHL, BANWART, BOLTON, CPAs PA

December 6, 2013  
Pittsburg, Kansas

*Diehl  
Banwart  
Bolton*

*Certified Public Accountants P.A.*

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

Board of Directors  
Great Plains Development Authority  
Parsons, Kansas 67357

We have audited the financial statement of Great Plains Development Authority as of the year ended December 31, 2012, and have issued our report thereon dated December 6, 2013. 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**

In planning and performing our audit of the financial statement, we considered the GPDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the GPDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the GPDA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

We noted certain other matters that we reported to Management of the GPDA in a separate letter dated December 6, 2013.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Diehl Banwart Bolton CPAs PA*

DIEHL, BANWART, BOLTON, CPAs PA

December 6, 2013  
Pittsburg, Kansas

**GREAT PLAINS DEVELOPMENT AUTHORITY  
PARSONS KANSAS**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012

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>
12.599	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.