

MO-KAN REGIONAL COUNCIL

**AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS, P.C.
1118 REMINGTON PLAZA, SUITE A
RAYMORE, MISSOURI 64083**

**MO-KAN REGIONAL COUNCIL
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FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mo-Kan Regional Council
St. Joseph, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mo-Kan Regional Council as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mo-Kan Regional Council, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The Missouri Local Government Retirement System Information and budgetary comparison information on pages 22 through 24 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mo-Kan Regional Council's basic financial statements. The supplemental information on pages 28 through 30 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards on page 31 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022, on our consideration of the Mo-Kan Regional Council'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 solely 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 the effectiveness of the Mo-Kan Regional Council's 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 Mo-Kan Regional Council's internal control over financial reporting and compliance.

DSWA Certified Public Accountants, P.C.

Raymore, Missouri
February 23, 2022

**MO-KAN REGIONAL COUNCIL
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,014,370
Accounts receivable	430,078
Prepaid insurance	5,415
Current portion of notes receivable	<u>93,601</u>
Total current assets	<u>1,543,464</u>
 NONCURRENT ASSETS:	
Restricted cash	172,281
Notes receivable, net of current portion	555,952
Capital assets, net of accumulated depreciation	<u>25,172</u>
Total noncurrent assets	<u>753,405</u>
Total assets	<u>2,296,869</u>

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	2,920
Deferred revenue	2,100
Payroll liabilities	2,490
Escrow deposits	<u>690</u>
Total current liabilities	8,200
 NONCURRENT LIABILITIES:	
Compensated absences	17,693
Net pension obligation	<u>253,661</u>
Total noncurrent liabilities	<u>271,354</u>
Total liabilities	<u>279,554</u>

DEFERRED INFLOWS OF RESOURCES

DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows of resources related to pensions	<u>52,498</u>

NET POSITION

NET POSITION:	
Net investment in capital assets	25,172
Restricted:	
Per grant requirements	1,346,118
Unrestricted	<u>593,527</u>
Total net position	<u>\$ 1,964,817</u>

The accompanying notes are an integral part of the financial statements.

**MO-KAN REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Functions</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants And Contributions</u>	<u>Total Governmental Activities</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
Planning activities	\$ 905,745	\$ 101,321	\$ 1,077,289	\$ 272,865
General revenues:				
Interest				36,148
Local assessments				46,758
Gain/(loss) on disposal of capital assets				650
Miscellaneous				9,600
Total general revenues				<u>93,156</u>
Change in Net Position				366,021
Net Position - Beginning of year				<u>1,598,796</u>
Net Position - End of year				<u>\$ 1,964,817</u>

The accompanying notes are an integral part of the financial statements.

**MO-KAN REGIONAL COUNCIL
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Special Revenue Fund	Eliminations	Total Governmental Funds
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 730,839	\$ 283,531	\$ -	\$ 1,014,370
Accounts receivable	-	430,078	-	430,078
Prepaid expenses	5,415	-	-	5,415
Due from other funds	178,575	-	(178,575)	-
Current portion of notes receivable	-	93,601	-	93,601
Total current assets	914,829	807,210	(178,575)	1,543,464
NONCURRENT ASSETS:				
Restricted cash	-	172,281	-	172,281
Notes receivable, net of current portion	-	555,952	-	555,952
Total noncurrent assets	-	728,233	-	728,233
Total assets	\$ 914,829	\$ 1,535,443	\$ (178,575)	\$ 2,271,697
LIABILITIES				
Accounts payable	\$ -	\$ 2,920	\$ -	\$ 2,920
Deferred revenue	2,100	-	-	2,100
Payroll liabilities	2,490	-	-	2,490
Escrow deposits	-	690	-	690
Compensated absences	-	7,140	-	7,140
Due to other funds	-	178,575	(178,575)	-
Total liabilities	4,590	189,325	(178,575)	15,340
FUND BALANCES				
Nonspendable	5,415	-	-	5,415
Restricted:				
Per grant requirements	-	1,346,118	-	1,346,118
Unassigned	904,824	-	-	904,824
Total fund balances	910,239	1,346,118	-	2,256,357
Total liabilities and fund balances	\$ 914,829	\$ 1,535,443	\$ (178,575)	\$ 2,271,697

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 2,256,357
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$112,193 and the accumulated depreciation is \$87,021.	25,172
Unfunded accrued absences payable are recognized as paid time off when earned by employees in the government-wide financial statements but are not considered currently payable and are not accrued in the funds.	(10,553)
The net pension liability is not due and payable in the current period; therefore, it is not reported in the funds. The following is the detail of the net effect of these differences in the treatment of the net pension liability and related deferred items:	
Net pension obligation	(253,661)
Deferred inflows due to pensions	(52,498)
Total net position - governmental activities	\$ 1,964,817

The accompanying notes are an integral part of the financial statements.

MO-KAN REGIONAL COUNCIL
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Special Revenue	Total
REVENUES:			
Intergovernmental revenue:			
Federal grants	\$ 32,160	\$ 1,031,777	\$ 1,063,937
State revenues	13,352	-	13,352
Local assessments	46,758	-	46,758
Charges for services	4,041	5,900	9,941
Miscellaneous	9,600	-	9,600
Reimbursed expenses	91,380	-	91,380
Interest	6,302	29,846	36,148
Total revenues	203,593	1,067,523	1,271,116
EXPENDITURES:			
Current:			
Salaries and benefits	98,449	397,463	495,912
Computer	3,054	10,756	13,810
Contractual labor and equipment	5,653	294,401	300,054
Marketing	1,738	181	1,919
Travel	439	1,215	1,654
Printing and copying	(1,737)	3,812	2,075
Loan processing	419	(162)	257
Memberships and dues	728	5,870	6,598
Conferences, meetings, and training	(385)	953	568
Occupancy	3,312	8,038	11,350
Equipment	-	9,223	9,223
Insurance	8,582	762	9,344
Allocated expenses	12,332	47,553	59,885
Miscellaneous	5,110	6,943	12,053
Total expenditures	137,694	787,008	924,702
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	65,899	280,515	346,414
Other financing sources (uses)			
Transfers in (out)	(52,129)	52,129	-
Net change in fund balance	13,770	332,644	346,414
Fund balances - beginning	896,469	1,013,474	1,909,943
Fund balances - ending	\$ 910,239	\$ 1,346,118	\$ 2,256,357

The accompanying notes are an integral part of the financial statements.

**MO-KAN REGIONAL COUNCIL
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds **\$ 346,414**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs are capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 9,873	
Depreciation expense	<u>(6,538)</u>	
		3,335

Some expenses reported in the statement of activities are not considered current expenditures and, therefore, are not reported as expenditures in the governmental funds:

Decrease (increase) in accrued, unfunded vacation payable	(488)
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Some expenses reported in the statement of activities related to pension expenses differ from those reported in the funds due to timing differences related to the use of current financial resources:

Decrease (increase) in pension expense related to actuarial valuations	<u>16,760</u>
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Change in net position of governmental activities	<u>\$ 366,021</u>
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The accompanying notes are an integral part of the financial statements.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization:

The Mo-Kan Regional Council (the Council) is organized under the Regional Planning and Community Development Act of 1966 (Chapter 251, RSMo). The Council is partially funded through contributions of member governmental entities and agencies that contract with the Council for specific program operations. The Council operates under the direction of a 32-member Council which represents local elected officials and their appointees. The Council provides many of the following services as authorized by its By-laws: provide technical assistance and advisory services to member governments in areas of planning, zoning, mapping, grant applications, and administration and operation of State and Federal programs.

B. Accounting Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Basis of Presentation:

Measurement focus is a term used to describe "what" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. In these statements, governmental activities are presented using the accrual basis of accounting and the economic resources measurement focus. These statements report financial information for the Council as a whole, excluding fiduciary activities, with interfund activities removed. This basis recognizes revenues when earned and expenditures when they are incurred.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

The governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized when they become both "measurable and available." Measurable means the amount can be determined. Available means the amount is collectible within the current period or soon enough thereafter to pay current liabilities. The period of time the Council uses to define available is 60 days. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued):

The accounts of the Council are organized on the basis of funds, each of which is a separate accounting entity. The operations of each fund are accounted for through a set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues, and expenditures. The following funds are used by the Council:

Governmental Funds

General Fund - The General Fund is the main operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund or administratively assigned by management to be kept as a separate fund.

Special Revenue Fund - The Special Revenue Fund is used to account for revenues derived from specific revenue sources that are restricted to expenditures for specified purposes as required by grant agreements. The Council's policy is to use restricted resources first when restricted expenditures are incurred.

The major sources of revenue are grants, state financial assistance, member government assessments, local contributed cash, and other revenues as discussed below:

Federal and State Grant Revenue - Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

State Financial Assistance - State financial assistance is appropriated annually by the Missouri Legislature, and is recognized at the beginning of each fiscal year upon notification of the amount of the award from the Office of the Governor.

Member Government Assessments - All member governments are required to pay assessments to the Council. Assessments are determined annually and are recognized as revenues during the year for which they are assessed.

Local Contributed Cash - Contributions to grant programs from local governments are recognized as revenue when grant expenditures are incurred for cost reimbursement grants.

Other Revenues - Other revenues are composed primarily of interest and charges for services. Interest income is recorded as earned. Charges for services are recorded as revenues when services are rendered.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Compensated Absences:

The Council accrues a liability for compensated absences which meet the following criteria:

- 1) The Council's obligation relating to employee 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.

In accordance with the above criteria, the Council has accrued a liability for vacation which has been earned but not taken by Council employees. In the fund financial statements, only the portion of the liability that has been funded by granting sources has been recognized.

E. Budgets and Budgetary Accounting:

In accordance with the Council's bylaws, the budget committee submits to the full Council membership a proposed annual operating budget for adoption at a regular board meeting. The operating budget covers all funds and includes proposed revenues and expenditures for the upcoming year.

The Council's primary funding source is federal, state and local grants which have grant periods that may or may not coincide with the Council's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of the Council's dependency on federal, state and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

The resultant annual budget is subject to constant change within the fiscal year due to increases or decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget, and expected grant awards which fail to materialize.

The full membership of the Council formally approves the annual budget but greater emphasis is placed on complying with the grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

A single all-purpose fund budget is adopted for all funds on the modified accrual basis of accounting, except for the EDA revolving loan fund which utilizes the accrual basis of accounting for budgetary purposes. Budget comparison reporting is not presented on an individual fund basis since a single all-purpose fund budget is adopted and reported for all funds.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (continued):

In accordance with the modified accrual basis of accounting, the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds does not include capital outlays as expenditures. The Required Supplementary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - All Governmental Funds, is prepared on the basis utilized in preparing the budget and, accordingly, does not include capital outlays as expenditures.

F. Governmental Fund Balances:

The Council considers restricted, committed, assigned and unassigned amounts to be spent in that order when expenditures are incurred for which any of those amounts are available.

The Executive Board is responsible for determining any committed or assigned fund balances. To establish, modify, or rescind a fund balance commitment, formal action must be taken by the Executive Board.

G. Cash Equivalents:

The Council considers all short-term, highly liquid investments to be cash equivalents.

H. Accounts Receivable:

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include billings for services and grants.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as billings for services and grants since they are usually both measurable and available. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowance for uncollectible amounts has been provided since management believes the amount of such allowance would be immaterial.

I. State-Administered Grants:

State-administered grants are federal grant funds or appropriated state funds which are allocated to State agencies and then reallocated to local units of government.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets:

The Council's capital assets are stated at historical cost and reported in the government-wide financial statements. Contributions of capital assets received from federal, state, or local sources are recorded at the estimated fair value at the time of receipt.

Additions, improvements and costs that significantly extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Office equipment	7 – 10 years
Computer software and hardware	3 years

L. Fair Value of Financial Instruments:

The carrying amounts of cash, cash equivalents, short-term investments, receivables, accrued expenses, and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

M. Net Position:

Net position in the government-wide financial statements represents the difference between assets and liabilities, and is reported in three categories:

1. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any debt that is attributable to the acquisition, construction, or improvement of the assets.
2. Restricted net position consists of assets with constraints placed upon their use by external groups such as creditors, grantors, or contributors; or by laws and regulations of other governments; net of any related liability.
3. Unrestricted net position includes all other net position that does not meet the above definitions.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

N. Fund Balances:

The fund financial statements present fund balances by classification based on the extent to which the District is bound to honor constraints on the specific purposes for which the funds may be spent. The following classifications are used to describe the relative strength of these constraints:

1. Nonspendable – amounts that are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted – amounts constrained to specific uses by external groups such as creditors, grantors, or contributors; or by laws and regulations of other governments.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balances (continued):

3. Committed – amounts constrained to specific uses by the District itself, using its highest level of decision making authority, the District's Board of Education. Commitments may be established, modified, or rescinded only through resolutions passed by the District's Board of Education.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that the District intends to use for a specific purpose. For all funds other than the General Fund, this includes any remaining funds not otherwise classified, as they are assigned to the purposes for which the fund was established. For the General Fund, the assignment can result from intent expressed by the District's Board of Education, or by District administrators to which the Board of Education delegates the authority.
5. Unassigned – amounts that are available for any purpose. Positive amounts are reported in only the General Fund. Negative unassigned fund balances are reported for all other governmental funds where the nonspendable, restricted, and committed fund balances exceed the total fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District applies restricted funds first. When an expenditure is incurred for which committed, assigned, and/or unassigned fund balances are available, the District first applies committed funds, then assigned funds, and finally unassigned funds, as needed.

2. INTERGOVERNMENTAL REVENUES

The Council received funds under Missouri Statute, Chapter 251, "State Planning Assistance," to be used as matching funds for local projects and administrative services. These funds are generally used to match or supplement funding of existing projects. The Council received \$13,352 during the year ended June 30, 2021.

3. CASH AND CASH EQUIVALENTS

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. The Council does not have a formally adopted deposit policy, but follows the requirements set forth in the state statutes. At June 30, 2021, the Council's cash and cash equivalents balance was \$1,186,651 and the bank balance was \$1,204,730. Of the bank balances, \$1,204,730 was covered by federal depository insurance or by governmental securities pledged by the financial institution in the Council's name. The Council had no foreign currency risk.

Restricted cash consists of \$7,140 grant-funded compensated absences payable and \$165,141 of revolving loan funds required to be used for future loans made by the Council.

The Council may invest in certificates of deposit, bonds of the State of Missouri or any wholly-owned corporation of the United States, or in other short-term obligations of the United States. The Council does not have a formally adopted investment policy, but follows the requirement set forth in the state statutes.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

4. NOTES RECEIVABLE

The Council administers a revolving loan fund established with Economic Development Administration (EDA) funds and local funds. The grant requires a minimum twenty-five per cent local share in cash. During the year ended June 30, 2021, three new loans were awarded. The balance of loans outstanding at June 30, 2021, was \$649,553.

During the year ended June 30, 2017, the Council entered into a note receivable agreement with Briche, LLC. The note bears interest at a rate of 4.00% and is due in monthly payments of \$185, principal and interest, until December 10, 2021, at which time the balance of the note will be due in full. The balance of this note was \$3,184 on June 30, 2021.

Management considers write-offs to be insignificant. Therefore, no allowance for doubtful accounts has been established.

5. INTERFUND BALANCES AND TRANSFERS

The following is a summary of interfund balances for all funds at June 30, 2021:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 178,575	\$ -
Special Revenue Fund	-	178,575
Totals	<u>\$ 178,575</u>	<u>\$ 178,575</u>

The purpose for the interfund balances is for the payment of expenditures by the General Fund on behalf of the Special Revenue Fund prior to grant receipts being received by the Special Revenue Fund.

Operating transfers are the distribution of local cash resources to grant projects requiring local cash match in accordance with the terms and conditions of the grant contract. Local funds are derived from the Council's assessments paid by member governments, state financial assistance received from annual state legislature appropriations and other revenues.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

5. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The following is a summary of interfund transfers for all funds for the year ended June 30, 2021:

<u>Fund</u>	<u>Transfer To Other Funds</u>	<u>Transfer From Other Funds</u>
General Fund	\$ 52,129	\$ -
Special Revenue Fund	-	<u>52,129</u>
Totals	<u>\$ 52,129</u>	<u>\$ 52,129</u>

6. PENSION PLAN

A. Plan Description:

The Mo-Kan Regional Council's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Mo-Kan Regional Council participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org or by writing LAGERS, PO Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

B. Benefits Provided:

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age and receive a reduced allowance.

	<u>February 28, 2021 Valuation</u>
Benefit Multiplier:	1.50%
Final Average Salary:	5 years
Member Contributions:	4.00%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

The Council began participation in the retirement program during the year ended June 30, 2018.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

6. PENSION PLAN (CONTINUED)

C. Covered Employees:

At June 30, 2021, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	3
Inactive, Nonretired Members	1
Active Members	<u>9</u>
TOTAL	<u><u>13</u></u>

D. Contributions:

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% to the pension plan. The employer contribution rate is 13.50% of annual covered payroll.

E. Net Pension Liability:

The employer's 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 February 28, 2021.

F. Actuarial Assumptions:

The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75 % to 6.75% including inflation
Investment rate of return	7.00%, net of investment expense

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

6. PENSION PLAN (CONTINUED)

F. Actuarial Assumptions (continued):

The long-term expected rate of return on pension plan investments was determined using model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

G. Discount Rate:

The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

6. PENSION PLAN (CONTINUED)

H. Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/20	\$ 441,875	\$ 131,678	\$ 310,197
Changes for the year:			
Service Cost	31,529	-	31,529
Interest on Total Pension Liability	32,193	-	32,193
Change in benefit terms	(10,206)	-	(10,206)
Difference between expected and actual experience of the Total Pension Liability	8,805	-	8,805
Benefit payments, including refunds of employee contributions	(27,131)	(27,131)	-
Contributions - employer	-	43,712	(43,712)
Contributions - employee	-	12,952	(12,952)
Net investment income	-	61,517	(61,517)
Pension Plan Administrative Expense	-	(1,131)	1,131
Other (Net Transfer)	-	1,807	(1,807)
Net changes	35,190	91,726	(56,536)
Balances at 6/30/21	\$ 477,065	\$ 223,404	\$ 253,661

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	Current Single Discount		
	1% Decrease 6.00%	Rate Assumption 7.00%	1% Increase 8.00%
	Total Pension Liability	\$ 552,743	\$ 477,065
Plan Fiduciary Net Position	223,404	223,404	223,404
Net Pension Liability/(Asset)	\$ 329,339	\$ 253,661	\$ 192,534

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

6. PENSION PLAN (CONTINUED)

J. Pension Expense and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pension:

For the year ended June 30, 2021, the employer recognized pension expense of \$25,541. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 36,310	\$ (41,481)
Changes in assumptions	-	(8,496)
Net difference between projected and actual earnings on pension plan investments	-	(38,831)
Total	\$ 36,310	\$ (88,808)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflow of Resources
2022	\$ (12,520)
2023	(12,483)
2024	(11,648)
2025	(12,844)
2026	(2,255)
Thereafter	(748)
Total	\$ (52,498)

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2021
Capital assets being depreciated:				
Property and equipment	\$ 80,824	\$ -	\$ -	\$ 80,824
Computer hardware	25,540	9,873	(8,450)	26,963
Computer software	4,406	-	-	4,406
Total costs	<u>110,770</u>	<u>9,873</u>	<u>(8,450)</u>	<u>112,193</u>
Less: Accumulated depreciation				
Property and equipment	(58,987)	(6,127)	-	(65,114)
Computer hardware	(25,540)	(411)	8,450	(17,501)
Computer software	<u>(4,406)</u>	<u>-</u>	<u>-</u>	<u>(4,406)</u>
Total accumulated depreciation	<u>(88,933)</u>	<u>(6,538)</u>	<u>8,450</u>	<u>(87,021)</u>
Capital assets, net	<u>\$ 21,837</u>	<u>\$ 3,335</u>	<u>\$ -</u>	<u>\$ 25,172</u>

8. RELATED PARTY TRANSACTIONS

The Council is related to Mo-Kan Development, Inc. (the Corporation), a not-for-profit corporation, by sharing administrative personnel. The Council leases office space from Mo-Kan Development, Inc. on a year-to-year basis. The lease payments were \$1,000 per month, including utilities. The lease is renewable at the end of each year for successive one-year terms.

The Council received reimbursements in the amount of \$91,380 from the Corporation during the year ended June 30, 2021.

9. CONTINGENCY

The Council receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under, or other noncompliance with, the terms of the grants and funding.

10. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Council assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in the past year.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

11. ECONOMIC DEPENDENCY

The Council receives a substantial amount of its support from federal, state, and local governments. If a significant reduction in this level of government support were to occur, it may have an effect on the Council's programs.

12. RESTRICTIONS

Funds received for grant programs are restricted to use on the purposes of the respective programs. The amount of restricted net position consists of the equity retained by the Council for those programs.

13. COVID-19 PANDEMIC

The coronavirus pandemic, although improving, could possibly impact the Council's economically sensitive revenues. The extent of the financial impact will depend on the duration and spread of the coronavirus. Due to the uncertainty surrounding the pandemic, management cannot estimate the economic impact to the Council's future operating results and net position at this time.

14. DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through February 23, 2022, the date the financial statements were available to be issued.

**MO-KAN REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM INFORMATION**

Schedule of Changes in Net Pension Liability and Related Ratios

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2019</u>	<u>Fiscal Year Ended June 30, 2020</u>	<u>Fiscal Year Ended June 30, 2021</u>
Total Pension Liability				
Service Cost	\$ 10,206	\$ 28,340	\$ 25,228	\$ 31,529
Interest on the Total Pension Liability	363	26,503	32,729	32,193
Difference between expected and actual experience	(10,569)	44,307	(48,430)	8,805
Changes of Assumptions	356,743	-	-	(10,206)
Benefit payments	-	(10,395)	(13,150)	(27,131)
Net Change in Total Pension Liability	356,743	88,755	(3,623)	35,190
Total Pension Liability, beginning	-	356,743	445,498	441,875
Total Pension Liability, ending	<u>\$ 356,743</u>	<u>\$ 445,498</u>	<u>\$ 441,875</u>	<u>\$ 477,065</u>
Plan Fiduciary Net Position				
Contributions-employer	\$ 30,694	\$ 28,495	\$ 32,669	\$ 43,712
Contributions-employee	20,937	9,911	10,454	12,952
Pension Plan Net Investment income	2,100	9,532	2,399	61,517
Benefit Payments	-	(10,395)	(13,150)	(27,121)
Pension Plan Administrative expense	(513)	(967)	(1,479)	(1,131)
Other	2,492	10,186	(1,687)	1,807
Net Change in Plan Fiduciary Net Position	55,710	46,762	29,206	91,736
Plan Fiduciary Net Position, beginning	-	55,710	102,472	131,678
Plan Fiduciary Net Position, ending	<u>\$ 55,710</u>	<u>\$ 102,472</u>	<u>\$ 131,678</u>	<u>\$ 223,414</u>
Employer Net Pension Liability	\$ 301,033	\$ 343,026	\$ 310,197	\$ 253,651
Plan fiduciary net position as a percentage of the total pension liability	15.62%	23.00%	29.80%	46.83%
Covered Employee Payroll	\$ 294,844	\$ 223,130	\$ 288,784	\$ 392,223
Employer's Net Pension Liability as a percentage of covered employee payroll	102.10%	153.73%	107.41%	64.67%

Note: This schedule will ultimately be built out to ten years, beginning with June 30, 2018.

See independent auditors' report and accompanying notes to the financial statements.

**MO-KAN REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM INFORMATION**

**Schedule of Contributions
First Four Fiscal Years***

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2018	\$ 30,694	\$ 30,694	\$ -	\$ 266,904	11.50%
2019	28,495	28,495	-	247,778	11.50%
2020	34,759	32,669	2,090	261,350	12.50%
2021	56,017	43,713	12,304	323,796	13.50%

*This schedule will be built out to 10 years. The Council did not begin participation until the fiscal year 2018.

See independent auditors' report and accompanying notes to the financial statements.

MO-KAN REGIONAL COUNCIL
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental revenue:				
Federal grants	\$ 559,119	\$ 705,998	\$ 1,063,937	\$ 357,939
State revenues	13,351	13,351	13,352	1
Local assessments	40,000	40,000	46,758	6,758
Charges for services	65,154	65,154	9,941	(55,213)
Miscellaneous	50,422	50,422	9,600	(40,822)
Reimbursed expenses	96,406	96,406	91,380	(5,026)
Interest	24,800	24,800	36,148	11,348
Total revenues	<u>849,252</u>	<u>996,131</u>	<u>1,271,116</u>	<u>274,985</u>
EXPENDITURES:				
Current:				
Salaries and benefits	513,800	513,800	495,912	17,888
Board	1,750	1,750	-	1,750
Computer	10,000	10,000	13,810	(3,810)
Contractual labor and equipment	187,058	333,937	300,054	33,883
Marketing	500	500	1,919	(1,419)
Travel	16,000	16,000	1,654	14,346
Printing and copying	1,000	1,000	2,075	(1,075)
Loan processing	1,500	1,500	257	1,243
Memberships and dues	5,750	5,750	6,598	(848)
Conferences, meetings, and training	3,000	3,000	568	2,432
Occupancy	12,000	12,000	11,350	650
Equipment	-	-	9,223	(9,223)
Insurance	8,500	8,500	9,344	(844)
Allocated expenses	60,654	60,654	59,885	769
Miscellaneous	27,740	27,740	12,053	15,687
Total expenditures	<u>849,252</u>	<u>996,131</u>	<u>924,702</u>	<u>71,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	346,414	346,414
Fund balances - beginning	<u>1,843,833</u>	<u>1,843,833</u>	<u>1,909,943</u>	<u>66,110</u>
Fund balances - ending	<u>\$ 1,843,833</u>	<u>\$ 1,843,833</u>	<u>\$ 2,256,357</u>	<u>\$ 412,524</u>

See independent auditors' report and accompanying notes to the financial statements.



INDEPENDENT AUDITORS' 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 Board of Directors
Mo-Kan Regional Council
St. Joseph, Missouri

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 of the governmental activities and each major fund of the Mo-Kan Regional Council, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Mo-Kan Regional Council's basic financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mo-Kan Regional Council'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 Mo-Kan Regional Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mo-Kan Regional Council'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mo-Kan Regional Council'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.

DSWA Certified Public Accountants, P.C.

Raymore, Missouri
February 23, 2022

**MO-KAN REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND RESPONSES TO THE INDEPENDENT AUDITORS' 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**

**CURRENT YEAR
JUNE 30, 2021**

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

**PRIOR YEAR
JUNE 30, 2020**

Internal Control over Financial Reporting

None

Compliance and Other Matters

2020-001 – Collateralization of Deposits of Public Funds

Statement of Condition: At June 30, 2020, the Council did not ensure all deposits of public funds were fully collateralized as required by Section 110.010 of the Missouri State Statutes.

Criteria: The public funds of all political subdivisions or agencies of the state that are deposited in any banking institution, acting as a legal depository of the funds, under the statutes of Missouri requiring the letting and deposit of the same and the furnishing of security therefor shall be secured by the deposit of securities of the character prescribed by state statutes for the security of funds deposited.

Effect: The Council is out of compliance with Missouri State Statutes.

Cause: The Council did not ensure all deposits of public funds were fully collateralized as required by Missouri State Statutes.

Recommendation: We recommend the Council ensure all deposits of public funds were fully collateralized as required by Missouri State Statutes.

Council's Response: *The Council will work with the financial institutions to comply with the state statutes regarding collateralization.*

Status as of June 30, 2021: *The Council maintains adequate collateral for all deposits with financial institutions.*

MO-KAN REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GENERAL FUND PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021

	SEMA Tornado Sirens	MDNR 604B	CDBG Clarksdale Water	CDBG Cameron Orange Street	CDBG Savannah NCMC	MKDI CDC	Corporate Work/ Plan	Mainstreet	Buchanan County Comp Plan	Total All General Fund Projects
REVENUES:										
Intergovernmental revenue:										
Federal grants	\$ -	\$ -	\$ 21,600	\$ 10,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,160
State revenues	-	-	-	-	-	-	13,352	-	-	13,352
Local assessments	-	-	-	-	-	-	46,758	-	-	46,758
Charges for services	-	-	-	-	-	-	41	4,000	-	4,041
Miscellaneous	-	-	-	-	-	-	9,600	-	-	9,600
Reimbursed expenses	-	-	-	-	-	91,380	-	-	-	91,380
Interest	-	-	-	-	-	-	6,302	-	-	6,302
Total revenues	-	-	21,600	10,560	-	91,380	76,053	4,000	-	203,593
EXPENDITURES:										
Current:										
Salaries and benefits	2,273	187	7,753	8,809	645	69,006	2,995	-	6,781	98,449
Computer	-	-	-	-	-	135	2,919	-	-	3,054
Contractual labor and equipment	-	-	-	-	-	-	828	4,825	-	5,653
Marketing	574	-	-	-	-	664	500	-	-	1,738
Travel	53	-	191	128	-	-	67	-	-	439
Printing and copying	-	-	103	102	-	1,430	(3,372)	-	-	(1,737)
Loan processing	-	-	-	-	-	383	36	-	-	419
Memberships and dues	-	-	-	-	-	483	245	-	-	728
Conferences, meetings, and training	-	-	-	-	-	-	(500)	115	-	(385)
Occupancy	67	5	260	297	28	2,362	57	-	236	3,312
Insurance	-	-	-	-	-	7,711	871	-	-	8,582
Allocated expenses	260	19	837	944	67	8,333	1,165	5	702	12,332
Miscellaneous	3	-	48	29	-	873	4,157	-	-	5,110
Total expenditures	3,230	211	9,192	10,309	740	91,380	9,968	4,945	7,719	137,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,230)	(211)	12,408	251	(740)	-	66,085	(945)	(7,719)	65,899
Other financing sources (uses)										
Transfers in (out)	-	-	-	-	-	-	(52,129)	-	-	(52,129)
Total other financing sources (uses)	-	-	-	-	-	-	(52,129)	-	-	(52,129)
Net change in fund balance	\$ (3,230)	\$ (211)	\$ 12,408	\$ 251	\$ (740)	\$ -	\$ 13,956	\$ (945)	\$ (7,719)	\$ 13,770

The accompanying notes are an integral part of the financial statements.

MO-KAN REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUND PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021

	20-21 Economic Development Administration	21-22 Economic Development Administration	20-22 COVID Economic Development Administration	SSJID Economic Development Administration	17-18 Homeland Security Grant Program	18-19 Homeland Security Grant Program	19-20 Homeland Security Grant Program	EDA Revolving Loan Fund
REVENUES:								
Intergovernmental revenue:								
Federal grants	\$ 53,750	\$ 17,500	\$ 200,000	\$ -	\$ 9,689	\$ 37,327	\$ 34,564	\$ -
Charges for services	-	-	-	3,900	-	-	-	-
Interest	-	-	-	-	-	-	-	24,613
Total revenues	<u>53,750</u>	<u>17,500</u>	<u>200,000</u>	<u>3,900</u>	<u>9,689</u>	<u>37,327</u>	<u>34,564</u>	<u>24,613</u>
EXPENDITURES:								
Current:								
Salaries and benefits	53,165	10,812	50,861	1,215	1,517	14,469	482	20,814
Computer	256	3,574	1,155	-	22	169	-	-
Contractual labor and equipment	-	-	70,320	-	7,785	19,729	34,012	-
Marketing	-	-	50	-	-	-	-	131
Travel	272	163	8	-	-	61	32	-
Printing and copying	781	223	302	-	13	127	-	497
Loan processing	-	-	-	-	-	-	-	(174)
Memberships and dues	2,334	200	-	-	134	668	-	167
Conferences, meetings, and training	(15)	-	100	-	-	-	-	-
Occupancy	1,676	462	1,607	43	45	491	23	813
Equipment	-	-	-	-	-	-	-	-
Insurance	-	-	161	-	-	-	-	-
Allocated expenses	6,016	1,576	7,493	127	173	1,600	50	2,341
Miscellaneous	1,527	490	371	-	-	13	-	865
Total expenditures	<u>66,012</u>	<u>17,500</u>	<u>132,428</u>	<u>1,385</u>	<u>9,689</u>	<u>37,327</u>	<u>34,599</u>	<u>25,454</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,262)</u>	<u>-</u>	<u>67,572</u>	<u>2,515</u>	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>(841)</u>
Other financing sources (uses)								
Transfers in (out)	<u>22,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>822</u>
Total other financing sources (uses)	<u>22,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>822</u>
Net change in fund balance	10,238	7,500	67,572	2,515	-	-	(35)	(19)
Fund balances - beginning	-	(8,988)	-	-	-	-	-	825,946
Fund balances - ending	<u>\$ 10,238</u>	<u>\$ (1,488)</u>	<u>\$ 67,572</u>	<u>\$ 2,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ 825,927</u>

The accompanying notes are an integral part of the financial statements.

MO-KAN REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUND PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021

	EDA COVID Revolving Loan Fund	EPA Brownfield RLF	MKRC Loan Fund	RBEG Micro-Loan Fund	20-21 Workforce Programs	20-21 MoDOT TAC	Hazard Mitigation Planning	De Minimus	Total All Special Revenue Fund Projects
REVENUES:									
Intergovernmental revenue:									
Federal grants	\$ 257,066	\$ 1,711	\$ -	\$ -	\$ 330,248	\$ 65,956	\$ 23,966	\$ -	\$ 1,031,777
Charges for services	-	-	-	-	-	-	2,000	-	5,900
Interest	3,228	-	1,450	555	-	-	-	-	29,846
	<u>260,294</u>	<u>1,711</u>	<u>1,450</u>	<u>555</u>	<u>330,248</u>	<u>65,956</u>	<u>25,966</u>	<u>-</u>	<u>1,067,523</u>
EXPENDITURES:									
Current:									
Salaries and benefits	14,519	2,925	84	-	152,441	48,897	25,262	-	397,463
Computer	-	-	-	-	-	5,436	144	-	10,756
Contractual labor and equipment	-	-	-	-	162,555	-	-	-	294,401
Marketing	-	-	-	-	-	-	-	-	181
Travel	-	-	-	-	54	553	72	-	1,215
Printing and copying	-	22	-	-	-	1,253	594	-	3,812
Loan processing	(32)	-	49	(5)	-	-	-	-	(162)
Memberships and dues	-	-	-	-	-	2,367	-	-	5,870
Conferences, meetings, and training	-	-	-	-	-	868	-	-	953
Occupancy	398	99	2	-	-	1,541	838	-	8,038
Equipment	-	-	-	-	-	9,223	-	-	9,223
Insurance	-	-	-	-	-	601	-	-	762
Allocated expenses	1,520	307	14	3	15,198	6,973	2,666	1,496	47,553
Miscellaneous	210	-	-	-	-	3,171	140	156	6,943
	<u>16,615</u>	<u>3,353</u>	<u>149</u>	<u>(2)</u>	<u>330,248</u>	<u>80,883</u>	<u>29,716</u>	<u>1,652</u>	<u>787,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>243,679</u>	<u>(1,642)</u>	<u>1,301</u>	<u>557</u>	<u>-</u>	<u>(14,927)</u>	<u>(3,750)</u>	<u>(1,652)</u>	<u>280,515</u>
Other financing sources (uses)									
Transfers in (out)	-	1,642	-	-	-	16,177	-	3,488	52,129
Total other financing sources (uses)	-	1,642	-	-	-	16,177	-	3,488	52,129
Net change in fund balance	243,679	-	1,301	557	-	1,250	(3,750)	1,836	332,644
Fund balances - beginning	-	-	101,770	62,073	-	-	17,827	14,846	1,013,474
Fund balances - ending	<u>\$ 243,679</u>	<u>\$ -</u>	<u>\$ 103,071</u>	<u>\$ 62,630</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 14,077</u>	<u>\$ 16,682</u>	<u>\$ 1,346,118</u>

The accompanying notes are an integral part of the financial statements.

**MO-KAN REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Program</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity's Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS				
<u>U.S. Department of Commerce</u>				
Direct Program				
Support for Planning Organizations	11.302	ED19DEN3020005	\$ -	\$ 66,012
Support for Planning Organizations	11.302	ED19DEN3020005	-	<u>17,500</u>
Total Support for Planning Organizations			-	83,512
COVID 19 Support for Planning Organizations	11.307	ED20DEN302005	-	132,428
Economic Adjustment Assistance	11.307	Revolving Loan Fund	-	580,686
COVID 19 Economic Adjustment Assistance	11.307	Revolving Loan Fund-COVID 19	-	149,115
Economic Adjustment Assistance	11.307	05-79-06037	-	<u>1,385</u>
Total Economic Adjustment Assistance			-	<u>863,614</u>
Total U.S. Department of Commerce			-	947,126
<u>U.S. Department of Environmental Protection Agency</u>				
Direct Program				
Brownfields Assessment and Cleanup Cooperative	66.818	BF-97746001	-	1,711
Passed through State of Missouri-Department of Natural Resources				
Water Quality Mangement Planning	66.454	C6007476-17	-	<u>211</u>
Total U.S. Department of Enviromental Protection Agency			-	1,922
<u>U. S. Department of Labor</u>				
Passed through State of Missouri-Department of Higher Education and Workforce Development				
Passed through Northwest Workforce Development Board				
Workforce Investment Act Cluster				
Adult Worker Program	17.258	10-17-6-18-9133	-	116,380
Dislocated Worker Program-Local	17.278	10-17-6-18-9133	-	<u>201,756</u>
Total Workforce Investment Act Cluster			-	<u>318,136</u>
Total U.S. Department of Labor			-	318,136
<u>U. S. Department of Health and Human Services</u>				
Passed through State of Missouri-Division of Social Services				
Passed through Northwest Workforce Development Board				
TANF, DSS-SkillUp	93.558	10-17-6-18-9133 TANF	-	<u>12,111</u>
Total U.S. Department of Health and Human Services			-	12,111
<u>U. S. Department of Homeland Security</u>				
Passed through State of Missouri-State Emergency Management Agency				
Hazard Mitigation Planning	97.039	PDNC-PL-07-MO-2018-011	-	16,985
Hazard Mitigation Planning	97.039	FEMA-4435-DR-0006	-	11,904
Hazard Mitigation Planning	97.039	PDMC-PJ-07-MO-2019-011	-	633
Hazard Mitigation Planning	97.039	PDMC-PJ-07-MO-2019-011	-	<u>195</u>
Total Hazard Mitigation Planning			-	29,717
Passed through State of Missouri-Office of Homeland Security				
Homeland Security Grant Program	97.067	EMW-2018-SS-00044-09-01	-	217
Homeland Security Grant Program	97.067	EMW-2018-SS-00044-09-02	-	9,472
Homeland Security Grant Program	97.067	EMW-2019-SS-00039-09-01	-	5,599
Homeland Security Grant Program	97.067	EMW-2019-SS-00039-09-02	-	31,729
Homeland Security Grant Program	97.067	EMW-2020-SS-00051-09-01	-	589
Homeland Security Grant Program	97.067	EMW-2020-SS-00051-09-02	-	<u>34,010</u>
Total Homeland Security Grant Program			-	<u>81,616</u>
Total U.S. Department of Homeland Security			-	111,333
<u>U. S. Department of Transportation</u>				
Passed through State of Missouri- Department of Transportation				
Highway Planning and Construction	20.205	SPR 1927 S	-	<u>80,882</u>
Total U.S. Department of Transportation			-	<u>80,882</u>
Total Federal Awards			\$ -	\$ <u>1,471,510</u>

See independent auditors' report.

**MO-KAN REGIONAL COUNCIL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- A. Purpose of Schedule and Reporting Entity: The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Mo-Kan Regional Council under programs of the federal government for the year ended June 30, 2021. The information in this 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 Mo-Kan Regional Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mo-Kan Regional Council.

The accompanying schedule includes all federal financial assistance programs administered by the Mo-Kan Regional Council.

- B. Basis of Accounting: Expenditures reported on the Schedule are on the accrual basis which recognizes expenditures of federal awards when the related expenditure is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- C. Indirect Cost Rate: The Council has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Directors
Mo-Kan Regional Council

Report on Compliance for Each Major Federal Program

We have audited the Mo-Kan Regional Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mo-Kan Regional Council's major federal programs for the year ended June 30, 2021. The Mo-Kan Regional Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Mo-Kan Regional Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mo-Kan Regional Council'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 Mo-Kan Regional Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Mo-Kan Regional Council 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 June 30, 2021.

Report on Internal Control Over Compliance

Management of the Mo-Kan Regional Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mo-Kan Regional Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mo-Kan Regional Council's internal control over compliance.

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

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

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

DSWA Certified Public Accountants, P.C.

Raymore, Missouri
February 23, 2022

**MO-KAN REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes ___ No X

Significant Deficiencies identified not considered to be material weaknesses? Yes ___ None reported X

Noncompliance material to financial statements noted? Yes ___ No X

Federal Awards

Internal control over programs:

Material weaknesses identified? Yes ___ No X

Significant deficiencies identified not considered to be material weaknesses? Yes ___ None reported X

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Section 2 CFR 200.516(a)? Yes ___ No X

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program</u>
WIOA Cluster	
17.258	Adult Worker Program
17.278	Dislocated Worker Program

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

Auditee qualified as low risk auditee? Yes X No ___

**MO-KAN REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.