

NORTHEAST MISSOURI REGIONAL  
PLANNING COMMISSION  
AND  
NORTHEAST MISSOURI RURAL  
DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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# JOHN W. GILLUM, CPA, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Northeast Missouri Regional Planning  
Commission and Northeast Missouri  
Rural Development Corporation  
Memphis, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the organization'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.

### ***Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, each major fund, and the aggregate remaining fund information of Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios multiyear; and schedule of employer contributions on pages 3–7, 34-35, 36-38 and 39 be 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 Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's basic financial statements. The combining non-major fund financial statements; combining financial statements of Rural Development Corporation by function; combining financial statements of Rural Development Corporation by program; Schedule of Receipts and Expenditures of State Awards of Component Unit Northeast Missouri Solid Waste Management District; and Supplemental Schedule of Program Activities Related to Grants Provided by the Economic Development Administration (EDA), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Those statements 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 non-major fund financial statements; combining financial statements of Rural Development Corporation by function; combining financial statements of Rural Development Corporation by program; Schedule of Receipts and Expenditures of State Awards of Component Unit Northeast Missouri Solid Waste management District; and Supplemental Schedule of Program Activities Related to Grants Provided by the Economic Development Administration (EDA) 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 March 16, 2022, on our consideration of Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation'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 Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's internal control over financial reporting and compliance.

  
John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
March 16, 2022



## Northeast Missouri Regional Planning Commission

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Memphis, MO 63555  
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www.nemorpc.org

Mari Macomber  
Chairman

Evan Glasgow  
Vice-Chairman

Jim Werner  
Secretary

Wayne Murphy, Jr.  
Treasurer

Derek Weber  
Executive Director

### Management's Discussion and Analysis--Unaudited For the Fiscal Year Ending June 30, 2021

The discussion and analysis of Northeast Missouri Regional Planning Commission and Rural Development Corporation's (NEMO RPC/RDC) financial performance provides an overall review of NEMO RPC/RDC's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at NEMO RPC/RDC's financial performance as a whole.

#### **Financial Highlights**

Total revenues amounted to \$704,100.

- Charges for services accounted for \$293,659 or 42 percent of the total.
- Operating grants and contributions accounted for \$384,191 or 55 percent of the total, with general revenues accounting for the remaining 3 percent.

Net Position increased by \$154,375. This represents a 9.3% increase from 2020.

Expenses totaled \$554,601, which represents a 5.4% decrease from 2020.

Unrestricted net position was \$633,859 at June 30, 2021 and represents a 51.8% increase from June 30, 2020.

#### **Financial Statements**

This annual report consists of five parts as follows:

**Government-wide Financial Statements:** The Statement of Net Position and the Statement of Activities provide information about the activities of the Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation government-wide (or "as a whole") and present a long-term view of the organization's finances.

**Fund Financial Statements:** A *fund* is a grouping or related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. NEMO RPC/RDC, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of NEMO RPC/RDC are governmental funds.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

## **Financial Statements (Continued)**

**Required Supplementary Information:** This MD&A, the Schedule of Funding Progress and the budgetary comparison information represent information required to be presented by the GASB, Missouri Statutes and governmental auditing standards. Such information provides users of this report with additional data that supplements the government-wide and fund financial statements and the notes.

**Other Supplemental Information:** Other Supplemental Information, while not a required part of the reporting package is presented as additional information presenting combining and individual nonmajor fund financial statements and Supplemental Schedule of Individual Grant Activity of Component Unit Northeast Missouri Solid Waste Management District.

## **The Government-Wide Statement of Net Position and the Statement of Activities**

One of the more important asked questions about the Organization's finances is "Is the Organization as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Organization as a whole and about its activities in a way that helps answer this question. These statements include all of the Organization's governmental activities.

These two statements report the Organization's net position and changes in them. You can think of the organization's net position as one way to measure the Organization's financial health or financial position. Over time, increases or decreases in the Organization's net position is one indicator of whether its financial health is improving or deteriorating.

## CONDENSED FINANCIAL INFORMATION

The financial highlights for the Organization, including the Regional Planning Commission (RPC-General Fund) and the Rural Development Corporation (RDC—Other Governmental) are as follows:

|   | <u>2021</u>             | <u>2020</u>             |
|---|-------------------------|-------------------------|
| <u>ASSETS</u>   |                         |                         |
| Current Assets:   |                         |                         |
| Cash and cash equivalents                                   | \$ 1,116,229            | \$ 1,026,467            |
| Other current assets  | <u>71,919</u>           | <u>61,590</u>           |
| Total Current Assets  | 1,188,148               | 1,088,057               |
| Restricted Assets   |                         |                         |
| Cash—Restricted   | 204,301                 | 251,182                 |
| Non-Current Assets  |                         |                         |
| Capital Assets—Net of Accumulated Depreciation              | <u>981,012</u>          | <u>995,961</u>          |
| <br>TOTAL ASSETS  | <br>2,373,461           | <br>2,335,200           |
| <br><u>DEFERRED OUTFLOWS OF RESOURCES</u>                   | <br><u>23,758</u>       | <br><u>52,815</u>       |
| <br>TOTAL ASSETS AND DEFERRED OUTFLOWS                      | <br>\$ <u>2,397,219</u> | <br>\$ <u>2,388,015</u> |
| <br><u>LIABILITIES</u>                                      |                         |                         |
| Accounts payable and other current liabilities              | \$ 214,644              | \$ 255,316              |
| Long-Term Liabilities                                       | <u>256,937</u>          | <u>458,771</u>          |
| <br>TOTAL LIABILITIES                                       | <br>471,581             | <br>714,087             |
| <br>DEFERRED INFLOWS OF RESOURCES                           | <br>106,466             | <br>9,131               |
| <br><u>NET POSITION</u>                                     |                         |                         |
| Net investment in capital assets                            | 981,012                 | 995,961                 |
| Restricted  | 204,301                 | 251,182                 |
| Unrestricted  | <u>633,859</u>          | <u>417,654</u>          |
| <br>TOTAL NET POSITION                                      | <br><u>1,819,172</u>    | <br><u>1,664,797</u>    |
| <br>TOTAL LIABILITIES, DEFERRED INFLOWS<br>AND NET POSITION | <br><u>\$ 2,397,219</u> | <br><u>\$ 2,388,015</u> |

**CONDENSED FINANCIAL INFORMATION (CONTINUED)**

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| <b>REVENUES:</b>  |                     |                     |
| General revenue & transfers                               | \$ 26,250           | \$ 44,627           |
| Charges for services                                      | 293,659             | 285,282             |
| Operating grants and contributions                        | <u>384,191</u>      | <u>237,634</u>      |
| Total revenues  | 704,100             | 567,543             |
| <b>EXPENDITURES:</b>                                      |                     |                     |
| Rent  | 1,591               | 1,572               |
| General government  | 19,048              | 22,874              |
| Economic development                                      | 217,901             | 235,321             |
| Housing   | 162,256             | 154,005             |
| Transportation  | 81,053              | 79,787              |
| Agency-funded programs                                    | 387                 | 150                 |
| Solid Waste   | 70,665              | 89,576              |
| IRP   | 1,640               | 2,411               |
| Self-funded insurance                                     | <u>60</u>           | <u>30</u>           |
| Total expenditures  | <u>554,601</u>      | <u>585,726</u>      |
| Excess (deficiency) of revenues over (under) expenditures | 149,499             | (18,183)            |
| Reallocation of revenue                                   | <u>4,876</u>        | <u>(47,830)</u>     |
| Change in net position                                    | 154,375             | (66,013)            |
| Net Position—Beginning                                    | <u>1,664,797</u>    | <u>1,730,810</u>    |
| Net Position—Ending                                       | <u>\$ 1,819,172</u> | <u>\$ 1,664,797</u> |

### **Long-Term Debt Analysis**

The following is a summary of debt transactions for the component unit, intermediary relending program, for the year ended June 30, 2021.

|                              |                   |
|------------------------------|-------------------|
| Notes payable, July 1, 2020  | \$ 241,876        |
| Note payments                | <u>(36,391)</u>   |
| Notes payable, June 30, 2021 | <u>\$ 205,485</u> |

Principal and interest payments due in annual installments of \$20,565, through 2032.

### **Capital Assets**

NEMO RPC/RDC's investment in capital assets as of June 30, 2021, amounts to \$981,012 (net of accumulated depreciation). This investment in capital assets includes land, buildings and equipment.

### **Contacting the Organization's Financial Management**

This report is designed to provide our patrons and creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the executive director of the:

Northeast Missouri Regional Planning Commission/  
Rural Development Corporation/Economic Development District  
121 South Cecil Street  
Memphis, MO 63555  
Telephone: 660/465-7281 Ext. 1  
Fax: 660/465-7163

Mari Macomber  
Chairman

Derek Weber  
Executive Director

## BASIC FINANCIAL STATEMENTS

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Statement of Net Position  
 June 30, 2021

|  | -----Primary Government-----<br>Governmental | Total        |
|--|--|--------------|
| <b>ASSETS</b>  |  |              |
| Cash & cash equivalents                              | \$ 1,116,229                                 | \$ 1,116,229 |
| Receivables (net of allowance<br>for uncollectibles) | 71,919                                       | 71,919       |
| Restricted cash                                      | 204,301                                      | 204,301      |
| Capital Assets (net of<br>accumulated depreciation)  |  |              |
| Land   | 5,461  | 5,461        |
| Buildings & improvements                             | 947,482                                      | 947,482      |
| Equipment  | 28,069                                       | 28,069       |
| Total Assets   | 2,373,461                                    | 2,373,461    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |  |              |
| Deferred Outflows—LAGERS                             | 23,758                                       | 23,758       |
| Total Deferred Outflows of Resources                 | 23,758                                       | 23,758       |
| <b>LIABILITIES</b>                                   |  |              |
| <b>Current Liabilities</b>                           |  |              |
| Accounts payable & other<br>current liabilities)     | 19,071                                       | 19,071       |
| Note payable – current                               | 18,328                                       | 18,328       |
| Unearned revenue                                     | 177,245                                      | 177,245      |
| Total Current Liabilities                            | 214,644                                      | 214,644      |
| <b>Non-Current Liabilities</b>                       |  |              |
| Note payable—less current                            | 187,157                                      | 187,157      |
| Net pension liability                                | 69,780                                       | 69,780       |
| Total Non-Current Liabilities                        | 256,937                                      | 256,937      |
| Total Liabilities                                    | 471,581                                      | 471,581      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |  |              |
| Deferred Inflows—LAGERS                              | 106,466                                      | 106,466      |
| Total Deferred Inflows of Resources                  | 106,466                                      | 106,466      |
| <b>NET POSITION</b>                                  |  |              |
| Net investment in capital assets                     | 981,012                                      | 981,012      |
| Restricted for:                                      |  |              |
| Specific applications                                | 204,301                                      | 204,301      |
| Unrestricted   | 633,859                                      | 633,859      |
| Total Net Position                                   | \$ 1,819,172                                 | \$ 1,819,172 |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Statement of Activities  
 For the Year Ended June 30, 2021

|                                 | Program Revenues  |                           |                              | Net (Expense) Revenue and<br>Changes in Net Position |                |
|---------------------------------|-------------------|---------------------------|------------------------------|--|----------------|
|                                 | Charges for       | Operating                 | -----Primary Government----- |  |                |
| Expenses                        | Services          | Grants &<br>Contributions | Governmental<br>Activities   | Total  |                |
| <b>FUNCTIONS/PROGRAMS</b>       |                   |                           |                              |  |                |
| <b>Primary Government:</b>      |                   |                           |                              |  |                |
| Governmental Activities:        |                   |                           |                              |  |                |
| General government              | \$ 19,048         | \$ -                      | \$ -                         | \$ (19,048)  | \$ (19,048)    |
| Rent                            | 1,591             | -                         | -                            | (1,591)  | (1,591)        |
| Economic development            | 217,901           | 128,227                   | 235,468                      | 145,794  | 145,794        |
| Housing                         | 162,256           | 165,432                   | -                            | 3,176  | 3,176          |
| Transportation                  | 81,053            | -                         | 64,706                       | (16,347)   | (16,347)       |
| Agency funded programs          | 387               | -                         | 13,352                       | 12,965   | 12,965         |
| Self-funded insurance           | 60                | -                         | -                            | (60)   | (60)           |
| Solid Waste Management District | 70,665            | -                         | 70,665                       | -  | -              |
| IRP                             | <u>1,640</u>      | <u>-</u>                  | <u>-</u>                     | <u>(1,640)</u>                                       | <u>(1,640)</u> |
| Total Primary Government        | <u>\$ 554,601</u> | <u>\$ 293,659</u>         | <u>\$ 384,191</u>            | 123,249  | 123,249        |

General Revenues:

|                                    |                     |                     |
|------------------------------------|---------------------|---------------------|
| Miscellaneous Income               | 2,256               | 2,256               |
| Fees & local assessments           | 17,337              | 17,337              |
| Return on investment               | <u>6,657</u>        | <u>6,657</u>        |
| Total General Revenues & Transfers | <u>26,250</u>       | <u>26,250</u>       |
| Change in Net Position             | 149,499             | 149,499             |
| Reallocation of Revenue            | 4,876               | 4,876               |
| Net Position—Beginning             | <u>1,664,797</u>    | <u>1,664,797</u>    |
| Net Position—Ending                | <u>\$ 1,819,172</u> | <u>\$ 1,819,172</u> |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Balance Sheet—Governmental Funds  
 June 30, 2021

|  | <u>General</u>    | <u>RDC</u>        | <u>Non-major<br/>Governmental<br/>Funds</u> | <u>Total</u>        |
|--|-------------------|-------------------|---|---------------------|
| <b>ASSETS</b>  |                   |                   |   |                     |
| Cash & cash equivalents                              | \$ 470,763        | \$ 360,024        | \$ 285,442                                  | \$ 1,116,229        |
| Receivables (net of allowance<br>for uncollectibles) | 2,118             | 69,801            | -   | 71,919              |
| Restricted cash                                      | -                 | -                 | 204,301                                     | 204,301             |
| Total Assets   | <u>\$ 472,881</u> | <u>\$ 429,825</u> | <u>\$ 489,743</u>                           | <u>\$ 1,392,449</u> |
| <b>LIABILITIES &amp; FUND BALANCES</b>               |                   |                   |   |                     |
| <b>Liabilities</b>                                   |                   |                   |   |                     |
| Unearned Revenue                                     | \$ -              | \$ 23,765         | \$ 153,480                                  | \$ 177,245          |
| Accounts Payable                                     | -                 | 14,576            | 4,495                                       | 19,071              |
| Total Liabilities                                    | -                 | 38,341            | 157,975                                     | 196,316             |
| <b>Fund Balances</b>                                 |                   |                   |   |                     |
| Restricted for:                                      |                   |                   |   |                     |
| Specific applications                                | -                 | -                 | 331,768                                     | 331,768             |
| Unassigned, reported in:                             |                   |                   |   |                     |
| General  | 472,881           | -                 | -   | 472,881             |
| Special Revenue                                      | -                 | 391,484           | -   | 391,484             |
| Total Fund Balances                                  | <u>472,881</u>    | <u>391,484</u>    | <u>331,768</u>                              | <u>1,196,133</u>    |
| Total Liabilities &<br>Fund Balances                 | <u>\$ 472,881</u> | <u>\$ 429,825</u> | <u>\$ 489,743</u>                           |                     |

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

Amounts required by GASB 68 relating to the District's participation in LAGERS are not reported in the funds (152,488)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (205,485)

Capital assets used in governmental activities of \$1,329,954, net accumulated depreciation of \$348,942 are not financial resources and, therefore, are not reported in the funds. 981,012

Net Position of Governmental Activities \$ 1,819,172

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances—Governmental Funds  
 For the Year Ended June 30, 2021

|                          | <u>General</u>    | <u>RDC</u>        | <u>Non-major<br/>Governmental<br/>Funds</u> | <u>Total</u>        |
|--------------------------|-------------------|-------------------|---|---------------------|
| <b>REVENUES</b>          |                   |                   |   |                     |
| <b>Intergovernmental</b> |                   |                   |   |                     |
| Federal grants           | \$ -              | \$ 220,000        | \$ -  | \$ 220,000          |
| State grants             | -                 | 93,526            | 70,665                                      | 164,191             |
| Contracted               | -                 | 245,587           | -   | 245,587             |
| Rent Income              | -                 | 48,072            | -   | 48,072              |
| Return on investment     | 4,415             | 833               | 1,409                                       | 6,657               |
| Fees & local assessments | 17,337            | -                 | -   | 17,337              |
| Rent income              | 10,800            | -                 | -   | 10,800              |
| Miscellaneous income     | 1,750             | 506               | -   | 2,256               |
| Total Revenues           | <u>34,302</u>     | <u>608,524</u>    | <u>72,074</u>                               | <u>714,900</u>      |
| <b>EXPENDITURES</b>      |                   |                   |   |                     |
| <b>Current:</b>          |                   |                   |   |                     |
| General government       | 13,307            | -                 | -   | 13,307              |
| Economic development     | -                 | 247,562           | -   | 247,562             |
| Housing                  | -                 | 162,256           | -   | 162,256             |
| Transportation           | -                 | 81,053            | -   | 81,053              |
| Agency funded programs   | -                 | 387               | -   | 387                 |
| Rent                     | -                 | 12,391            | -   | 12,391              |
| Solid Waste              | -                 | -                 | 70,665                                      | 70,665              |
| IRP                      | -                 | -                 | 38,031                                      | 38,031              |
| Self-funded insurance    | -                 | 60                | -   | 60                  |
| Total Expenditures       | <u>13,307</u>     | <u>503,709</u>    | <u>108,696</u>                              | <u>625,712</u>      |
| <br>                     |                   |                   |   |                     |
| Change in fund balance   | 20,995            | 104,815           | (36,622)                                    | 89,188              |
| Reallocation of revenue  | -                 | -                 | 4,876                                       | 4,876               |
| Fund Balances—Beginning  | <u>451,886</u>    | <u>286,669</u>    | <u>363,514</u>                              | <u>1,102,069</u>    |
| Fund Balances—Ending     | <u>\$ 472,881</u> | <u>\$ 391,484</u> | <u>\$ 331,768</u>                           | <u>\$ 1,196,133</u> |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Of Governmental Funds (Continued)  
 For the Year Ended June 30, 2021

Amounts reported for governmental activities on page 9 in the statement of activities are different because:

Net change in fund balances—total governmental funds (page 11) \$ 89,188

Amounts required by GASB 68 relating to the District's participation in LAGERS are not reported in the funds

|                       |           |        |
|-----------------------|-----------|--------|
| Net Pension Liability |           |        |
| Current               | (69,780)  |        |
| Prior                 | 235,041   |        |
| Deferred Outflows     |           |        |
| Current               | 23,758    |        |
| Prior                 | (52,815)  |        |
| Deferred Inflows      |           |        |
| Current               | (106,466) |        |
| Prior                 | 9,131     | 38,869 |

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, in the statement of activities, those payments are used to reduce long-term liabilities. 36,391

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (14,949)

Change in net position of governmental activities (page 9) \$ 149,499

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

*Origination*

Northeast Missouri Regional Planning Commission is one of nineteen regional planning commissions in the State of Missouri, which are authorized by the State of Missouri Regional Planning and Community Development Act of 1966, Revised Missouri Statutes Chapter 251. The Regional Planning and Community Development Act of 1966 permitted the establishment of regional planning commissions to formally organize and band together by counties to promote the spirit of cooperatively working together to solve problems and plan the future development of regions and the State of Missouri.

The formation for regional planning commissions was a completely voluntary effort for the area county and community leaders of the time. The Northeast Missouri Regional Planning Commission was designated such by the State of Missouri on the 19<sup>th</sup> day of March in 1969. On this date, the Northeast Missouri Regional Planning Commission was created; with the boundaries of the commission's authority to coincide with the boundaries of the counties of Adair, Clark, Knox, Schuyler and Scotland. The original region served the five counties and 27 incorporated cities for a total of 32 member governments in Northeast Missouri.

On August 16, 1978, the Northeast Missouri Regional Planning Commission incorporated the Northeast Missouri Rural Development Corporation (NEMO RDC) to expand the mission and objectives for the region in Northeast Missouri. The Corporation was established with the same by-laws as the Regional Planning Commission and the Commission and Corporation are and be one and the same. On October 2, 1978, the region of Northeast Missouri was designated by the United States Department of Commerce, Economic Development Administration as the Northeast Missouri Economic Development District. This was authorized under Title V of the Public Works and Economic Development Act of 1985 to designate multi-county districts for the purpose of fostering and promoting their economic growth.

In 1992, Lewis County, Missouri petitioned the State of Missouri and the NEMO RPC membership to join the region. In late 1992, the State of Missouri designated the County of Lewis to the boundaries of the Northeast Missouri Regional Planning Commission/Rural Development Corporation and Economic Development District. Total service area now includes Adair, Clark, Knox, Lewis, Schuyler, and Scotland counties and the 33 incorporated cities for a total of 39 member governments in Northeast Missouri.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

***Purpose***

The six counties of the Commission/Corporation are bound together by Executive Order as the Northeast Missouri Regional Planning Commission. The region shares, as local units of government, not only a boundary line as such, but the active spirit of cooperatively working together to solve problems and plan the future development of Northeast Missouri. The region experiences the same human, natural, and economic development needs. The region as a unit promotes the public safety, general welfare, and the economic prosperity for its citizens. The region is tied to and accounts for the relationship with its geographic and topography, the existence of its agricultural, rural and urban development. The region has uniform physical, social and economical problems regional in nature.

***Structure & Membership***

An Executive Board of Directors that is appointed from the general membership governs the Commission and Corporation. The Executive Board is comprised of one county elected official or their designee and one city elected official or their designee from each of the six counties. The NEMO Executive Board comprises 12 total members.

The membership of the Commission/Corporation consists of local units of government within the region boundaries. Membership is based on a voluntary basis. The members are assessed a membership assessment fee based on their population and are assessed on a calendar year. The operating budget is generated through income the commission can collect from program administration of State and Federal programs and contract services. The funds generated from the assessments are used to match the various state and federal programs as well as the State of Missouri's Regional Grant Program for the services performed for the region.

***Blended Component Units***

**Northeast Missouri Solid Waste Management--District Region C**

***Origination and Purpose***

The Northeast Missouri Solid Waste Management District—Region C was formed February 18, 1992 pursuant to Section 260.305, RSMo., consists of Adair, Clark, Knox, Lewis, Schuyler and Scotland Counties, to encourage regional, city and county cooperation in proper solid waste management. Districts develop programs to encourage waste reduction, recycling, and proper disposal methods.

Funding is primarily through the Missouri Department of Natural Resources Division of Environmental Quality SB 60/112 Solid Waste Management Fund OS70, Administrative Grant, and Program Grants.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

Northeast Missouri Solid Waste Management--District Region C (Continued)

*Structure*

The executive board of the district is comprised of council members from cities or counties with population of 500 persons or greater.

Intermediary Relending Program

*Origination and Purpose*

The intermediary relending program (IRP) was established in late 2003, and became fully operational during fiscal year 2005-06 with the purpose of promoting and developing small business in the region to develop and create jobs.

*Structure*

Funding is provided via joint effort with the United States Department of Agriculture (USDA), providing a \$500,000 thirty year loan with 1% interest, and the organization contributing \$125,000.

Applicants are screened by the executive administration of the Northeast Missouri Regional Planning Commission/Rural Development Corporation. With final loan decisions made by the loan committee, comprised of members of the executive administration and members of the executive board of directors. Loan applications are restricted to persons or businesses located in the region served by the Northeast Missouri Regional Planning Commission/Rural Development Corporation.

Northeast Missouri Regional Planning Commission and  
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Notes to Basic Financial Statements  
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**1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

Solid Waste and IRP are included as blended component units because the organization has operational responsibility for them and manages their activities.

***Component Unit That Is Not Presented***

***Scotland County Public Housing Agency***

Scotland County Public Housing Agency was organized to administer HUD financed housing projects throughout five of six counties served by Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation. The agency contracts with RPC/RDC to provide office space, personnel, and other resources.

Based on the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, it is determined that Scotland County Public Housing Agency has met the criteria to be considered a component unit. However, Scotland County Public Housing has not been presented for the following reasons:

Specialize industry accounting requirements pursuant to HUD accounting guidelines and formats; and

Different fiscal year—Scotland County Public Housing Agency has a calendar year-end, while RPC/RDC has a fiscal year of June 30.

**B. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

The Organization's basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Organization does not have any business-type activities that rely, to a significant extent, on fees and charges for support. In the government-wide State of Net Position, the Organization's net position is reported in three parts: net investment in capital assets, restricted net position and unrestricted net position.

The Organization first utilizes restricted resources to finance qualifying activities. The government-wide State of Activities report both the gross and net cost of each of the Organization's functions. The functions are also supported by general government revenues (fees and local assessments, return on investment, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general, economic development, housing, transportation, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants, if any. This government-wide focus is more on the sustainability of the Organization as an entity and the change in the Organization's net position resulting from the current year's activities.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**C. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS**

The financial transactions of the Organization are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds. Non-major funds by category are summarized into a single column.

**1. Governmental Funds:**

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Organization reports these major governmental funds and fund types:

- a. The *general fund* is the Organization's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Organization. The Organization reports the following special revenue funds: (1) Rural Development Corporation; (2) NEMO Solid Waste Management District; (3) Micro Enterprise; and (4) Intermediary Relending Program. Rural Development Corporation is reported as a major fund. NEMO Solid Waste Management District, Micro Enterprise and Intermediary Relending Programs are component units of the Organization and are reported as non-major governmental funds.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

***Government-wide Financial Statements***

The Statement of Net Position and the Statement of Activities display information about the Organization as a whole. These statements include the financial activities of the primary government. The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Organization's governmental activities. Direct expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Organization. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues.

***Fund Financial Statements***

Fund financial statements report detailed information about the Organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. All nonmajor funds are reported collectively in one column. The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring whether current year revenues were sufficient to pay for current year services.

**BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
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June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**BASIS OF ACCOUNTING (CONTINUED)**

***Modified Accrual***

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Organization considers all revenues as available if they are collected within sixty (60) days after year-end. Expenditures are recognized in the accounting period in which the liability is incurred.

***Accrual***

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

***Solid Waste Management District***

Accounting records of the Solid Waste Management District, a component unit of the Organization, are maintained on the modified cash basis of accounting. Grant funds are advanced to the District on a quarterly basis. Revenues are recognized as grant funds are applied to authorized grant expenditures. This method differs somewhat from generally accepted accounting principles, however, the dollar amount and relatively low volume of transactions do not materially misstate the government-wide financial statements.

**D. Assets, Liabilities and Net Position or Equity**

***1. Deposits and investments***

The organization's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

*2. Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables, including those for Micro Enterprise Fund, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable for uncollectibles, including those for Micro Enterprise Fund.

*3. Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*4. Capital assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 50           |
| Building improvements | 20           |
| Office equipment      | 5            |
| Computer equipment    | 5            |

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

*5. Government-Wide Net Position*

Government-wide fund net position is divided into three components:

- a. **Net investment in capital assets**—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- b. **Restricted net position**—consists of net position that is restricted by the organization's creditors (for example, through debt covenants), by grantors (both federal and state) or by other enabling legislation.
- c. **Unrestricted**—all other net position is reported in this category.

*6. Governmental Fund Balances*

In the governmental fund financial statements, fund balances are classified as follows:

- a. **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted**—Externally enforceable limitations on use; amounts that can be spent only for specific purposes; limitations are imposed by creditors, grantors, or laws and regulations of other governments.
- c. **Committed**—Self-imposed limitations that must be set in place prior to the end of the period; amounts that can be used only for specific purposes determined by a formal action by the Board of Directors; removal of the commitment must also be approved by a formal action of the Board of Directors.
- d. **Assigned**—Limitation resulting from intended use; amounts that are designated by the Organization's Board of Directors for a particular purpose but are not spendable until there is a majority vote approval by the Board of Directors.
- e. **Unassigned**—All amounts not included in other spendable classifications.

The Organization does not have nonspendable, committed or assigned governmental fund balances to report.

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Notes to Basic Financial Statements  
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**2. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Net adjustment to reduce/increase *fund balance—total governmental funds* to arrive at *net position—governmental activities*.

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$60,311 difference are as follows:

|  |                  |
|--|------------------|
| Amount by which depreciation exceeded capital outlays  | \$ (14,949)      |
| Payment on long-term debt  | 36,391           |
| Current year pension expense—LAGERS  | <u>38,869</u>    |
| Net adjustment to increase <i>net changes in fund balances—total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 60,311</u> |

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Notes to Basic Financial Statements  
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**3. Stewardship, Compliance and Accountability**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The executive administration prepares and presents to the executive board of directors, a proposed budget prior to July 1 of each year. The Executive Board of Directors adopts the budget as the spending plan for the year.

Periodically during the year, the budget is reviewed and amendments are made and approved as necessary. Encumbrance accounting is not employed.

**4. Detailed Notes on All Funds**

**A. Cash and Cash Equivalents**

State statutes require that the organization's deposits be collateralized in the name of the organization by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2021, all bank balances on deposit are entirely insured or collateralized with securities.

**B. Restricted Assets**

Restricted assets at June 30, 2021, consist of cash and cash equivalents restricted for the following purposes:

| <u>Restricted for:</u> | <u>Non-major<br/>Governmental</u> | <u>Total</u>      |
|------------------------|-----------------------------------|-------------------|
| IRP loan loss reserve  | \$ 23,763                         | \$ 23,763         |
| Solid Waste            | <u>180,538</u>                    | <u>180,538</u>    |
|                        | <u>\$ 204,301</u>                 | <u>\$ 204,301</u> |

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
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 June 30, 2021

**4. Detailed Notes on All Funds (Continued)**

**C. Receivables**

Receivables as of year end, including the applicable allowances for uncollectible account, are as follows:

| Receivables                  | <u>Primary Government</u> |                  |                                   | Total            |
|------------------------------|---------------------------|------------------|-----------------------------------|------------------|
|                              | <u>General</u>            | <u>RDC</u>       | <u>Non-major<br/>Governmental</u> |                  |
| Trade                        | \$ 2,118                  | \$ 72,301        | \$ -                              | \$ 74,419        |
| Less:                        |                           |                  |                                   |                  |
| Allowance for uncollectibles | <u>-</u>                  | <u>(2,500)</u>   | <u>-</u>                          | <u>(2,500)</u>   |
| Net Total Receivables        | <u>\$ 2,118</u>           | <u>\$ 69,801</u> | <u>\$ -</u>                       | <u>\$ 71,919</u> |

**D. Capital Assets**

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

| <u>Primary Government</u>                      | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| <u>Governmental Activities:</u>                |                              |                    |                  |                           |
| <u>Capital Assets Not Being Depreciated:</u>   |                              |                    |                  |                           |
| Land   | \$ 5,461                     | \$ -               | \$ -             | \$ 5,461                  |
| Total Capital Assets Not<br>Being Depreciated  | 5,461                        | -                  | -                | 5,461                     |
| <u>Capital Assets Being Depreciated:</u>       |                              |                    |                  |                           |
| Buildings                                      | 1,208,335                    | 11,324             | -                | 1,219,659                 |
| Equipment                                      | <u>90,723</u>                | <u>14,111</u>      | <u>-</u>         | <u>104,834</u>            |
| Total Capital Assets<br>Being Depreciated      | 1,299,058                    | 25,435             | -                | 1,324,493                 |
| <u>Less Accumulated Depreciation For:</u>      |                              |                    |                  |                           |
| Buildings                                      | (241,723)                    | (30,454)           | -                | (272,177)                 |
| Equipment                                      | <u>(66,835)</u>              | <u>(9,930)</u>     | <u>-</u>         | <u>(76,765)</u>           |
| Total Accumulated<br>Depreciation              | <u>(308,558)</u>             | <u>(40,384)</u>    | <u>-</u>         | <u>(348,942)</u>          |
| Capital Assets Being<br>Depreciated, Net       | <u>990,500</u>               | <u>(14,949)</u>    | <u>-</u>         | <u>975,551</u>            |
| Governmental Activities<br>Capital Assets, Net | <u>\$ 995,961</u>            | <u>\$ (14,949)</u> | <u>\$ -</u>      | <u>\$ 981,012</u>         |

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Notes to Basic Financial Statements  
 June 30, 2021

**4. Detailed Notes on All Funds (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs as follows:

|                         |                  |
|-------------------------|------------------|
| Governmental Activities |                  |
| General Government      | \$ 5,741         |
| Other Governmental      | <u>34,643</u>    |
| Total                   | <u>\$ 40,384</u> |

**E. Unearned Revenue**

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported other governmental were as follows:

|                        |                   |
|------------------------|-------------------|
| RDC                    | \$ 23,765         |
| Solid Waste Management | <u>153,480</u>    |
| Total                  | <u>\$ 177,245</u> |

**F. Long-Term Debt**

Following is a summary of changes in long-term debt for the year ended June 30, 2021:

| <u>Governmental Activities</u>           | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u>  | <u>Ending<br/>Balance</u> | <u>Due within<br/>one year</u> |
|--|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| <b>IRP</b>                               |                              |                  |                    |                           |                                |
| Note Payable                             | \$ 241,876                   | \$ -             | \$ (36,391)        | \$ 205,485                | \$ 18,328                      |
| Total IRP                                | <u>241,876</u>               | <u>-</u>         | <u>(36,391)</u>    | <u>205,485</u>            | <u>18,328</u>                  |
| <b>Total Governmental<br/>Activities</b> | <u>\$ 241,876</u>            | <u>\$ -</u>      | <u>\$ (36,391)</u> | <u>\$ 205,485</u>         | <u>\$ 18,328</u>               |

The Intermediary Relending Program's (IRP) long-term debt at June 30, 2021, is comprised of the following:

|  |                   |
|--|-------------------|
| \$500,000 pledge and security agreement with the United States Department of Agriculture; dated January 21, 2004; principal and interest due in annual installments of \$20,565; bearing interest at the rate of 1% per annum. | <u>\$ 205,485</u> |
|--|-------------------|

Northeast Missouri Regional Planning Commission and  
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 Notes to Basic Financial Statements  
 June 30, 2021

**4. Detailed Notes on All Funds (Continued)**

**F. Long-Term Debt (Continued)**

Interest and principal for the succeeding five years and beyond, are as follows:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-------------|-------------------|------------------|-------------------|
| 2022        | \$ 18,328         | \$ 2,237         | \$ 20,565         |
| 2023        | 18,511            | 2,054            | 20,565            |
| 2024        | 18,694            | 1,871            | 20,565            |
| 2025        | 18,877            | 1,688            | 20,565            |
| 2026        | 19,060            | 1,505            | 20,565            |
| 2027-2031   | 98,130            | 4,695            | 102,825           |
| 2032        | <u>13,885</u>     | <u>954</u>       | <u>14,839</u>     |
| Total       | <u>\$ 205,485</u> | <u>\$ 15,004</u> | <u>\$ 220,489</u> |

**5. Other Information**

**A. Risk Management**

The agency is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**B. Use of Estimates**

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

**C. Interfund Receivables and Payables**

Interfund receivables and payables, if any, are disclosed as due to or due from in the financial statements.

**D. Local Assessments**

Member local governments are assessed annually for local support, used matching or other organization purposes. Assessments are based on county population and other criteria.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**5. Other Information (Continued)**

**E. Distribution and Allocation of Cost to the Various Funds**

Direct costs, which are costs clearly identifiable with a certain activity, are charged to the fund incurring the cost. Indirect costs, which are costs that apply to more than one fund, are allocated to the various funds on an item by item basis according to a cost allocation policy determined by an acceptable allocation plan.

**F. Accrued Employee Vacation**

Vacation time may be accrued by employees according to provisions of the personnel policy manual, not to exceed 240 hours. Earned but unpaid vacation leave at June 30, 2021 was \$15,200. A provision for employee vacations is recorded in the general fund. However, this amount is not allocated to the various grants or contracts until expended.

**G. Advertising**

The following was expended for advertising during the year:

|                                    |                 |
|------------------------------------|-----------------|
| NEMO Rural Development Corporation | \$ <u>1,519</u> |
|------------------------------------|-----------------|

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**5. Other Information (Continued)**

**H. Employee Retirement Plan**

**Plan Description**

The Organization participates in the Missouri Local Area Government Employees Retirement System (LAGERS), an agent multi-employer, statewide public employee retirement plan that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability and death benefits to plan members and beneficiaries.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo 70.600 – 70.755. As such, it is the system’s 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 401a and it is tax exempt.

The Missouri Local Area Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.molagers.org](http://www.molagers.org) or from Missouri Local Area Government Employee Retirement System LAGERS, P.O. Box 1665, Jefferson City, MO 65102.

**Benefits Provided**

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vests 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 then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credit service and after attaining age 55 and receive a reduced allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision’s governing body adopts all benefits of the plan. 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. If an employee leaves covered employment or dies before attaining 5 years of credited service, accumulated employee contributions are refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are fixed by state statute and may be amended only by action of the state legislature.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**5. Other Information (Continued)**

**H. Employee Retirement Plan (Continued)**

**Funding**

Northeast Regional Planning Commission's full-time employees contribute 4% of their gross pay to the pension plan. The Organization is required to contribute at an actuarially determined rate; the current rate is 12% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the Organization. The contribution provisions of the Organization are established by state statute.

The annual required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.25 percent investment rate of return and (b) projected salary increase ranging from 3.5 to 6.8 percent per year (c) pre-retirement mortality based on 75% of the RP 2000 Combined Health Table set back 0 years for men and 0 years for women and (3) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women.. Both (a) and (b) include an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2021 was from 9 to 15 years.

**Pooled Funds Allocation**

As previously mentioned, LAGERS is an agent multi-employer plan. However, for purposes of certain benefit payments, LAGERS functions similar to a cost-sharing plan with pooled funds. These pooled funds are the Casualty Reserve Fund (CRF) and the Benefit Reserve Fund (BRF). The CRF is the fund in which the employer contributions and interest credits are accumulated and from which transfers are made to pay for members retired as a result of disability or duty-related death. The BRF is the fund from which all retirement, disability and survivor benefits are paid. For GASB 68 purposes, these pooled funds are allocated to participating employers using factors and formulas of actuarially computed amounts which include the present value of future benefits and the accrued liabilities for both current members and retirees. The annual change in each participating employer's proportionate share of these funds is represented as either an addition or (deduction) on the Schedule of Changes in Fiduciary Net Position by Employer. This amount will net to zero as the changes in proportionate share are fully allocated among all participating employers.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the Organization recorded a liability of \$69,780 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2021 and determined by an actuarial valuation as of that date. For the year ended June 30, 2021, the Organization recognized a pension expense of \$10,050, its proportionate share of the total pension expense.

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Notes to Basic Financial Statements  
 June 30, 2021

**5. Other Information (Continued)**

**H. Employee Retirement Plan (Continued)**

|   |                   |
|---|-------------------|
| <b>Total Pension Liability</b>  |                   |
| Service Cost  | \$ 13,595         |
| Interest on Total Pension Liability   | 59,752            |
| Changes of Assumptions  | (24,684)          |
| Difference between expected and actual experience<br>of the Total Pension Liability | (11,046)          |
| Benefit payments, including refunds of employee contributions                       | <u>(48,879)</u>   |
| Net change in total pension liability   | (11,262)          |
| Total pension liability—beginning   | <u>841,502</u>    |
| Total pension liability—ending  | <u>\$ 830,240</u> |
| <b>Plan Fiduciary Net Position</b>  |                   |
| Contributions—employer  | \$ 28,819         |
| Contributions—employee  | 8,293             |
| Net investment income   | 158,345           |
| Benefit payments, including refunds of employee contributions                       | (48,879)          |
| Pension Plan Administrative Expense   | (1,130)           |
| Other (Net Transfer)  | <u>8,551</u>      |
| Net change in fiduciary net position  | 153,999           |
| Plan fiduciary net position—beginning   | <u>606,461</u>    |
| Plan fiduciary net position—ending  | <u>\$ 760,460</u> |
| <b>Net pension liability/(asset)</b>  | <u>\$ 69,780</u>  |
| <b>Membership</b>   |                   |
| Number of   |                   |
| • Retirees and Beneficiaries  | 5                 |
| • Inactive Non-retired Members  | 0                 |
| • Active Members  | 6                 |
| • Total   | 11                |
| Covered Payroll   | \$ 221,129        |
| Plan Fiduciary Net Position as a Percentage<br>of Total Pension Liability           | 91.60%            |
| Plan Pension Liability as a Percentage<br>of Covered Payroll                        | 31.56%            |
| <b>Total Pension Expense</b>  | <b>\$ 10,050</b>  |

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Notes to Basic Financial Statements  
 June 30, 2021

**5. Other Information (Continued)**

**H. Employee Retirement Plan (Continued)**

At June 30, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources from the following sources related to LAGERS pension benefits:

|   | <b>General</b>               |                             |
|---|------------------------------|-----------------------------|
|   | <b>Deferred<br/>Outflows</b> | <b>Deferred<br/>Inflows</b> |
| <b>Balance of Deferred Outflows and Inflows Due to:</b>                             |                              |                             |
| Difference between expected and actual experience                                   | \$ 23,758                    | \$ (9,715)                  |
| Changes in assumptions  | -                            | (19,901)                    |
| Net Difference between projected and actual earnings<br>on pension plan investments | -                            | (76,850)                    |
| Employer contribution subsequent to the measurement date                            | -                            | -                           |
| <b>Total</b>  | <b>\$ 23,758</b>             | <b>\$ (106,466)</b>         |

Amounts reported as collective deferred (inflows)/outflows of resources to be recognized in pension expense:

|      |                    |
|------|--------------------|
| 2022 | \$ (16,085)        |
| 2023 | (15,812)           |
| 2024 | (19,866)           |
| 2025 | (29,830)           |
| 2026 | (1,115)            |
|      | <b>\$ (82,708)</b> |

**Actuarial Assumptions**

Actuarial valuations of LAGERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Basic Financial Statements  
June 30, 2021

**5. Other Information (Continued)**

**H. Employee Retirement Plan (Continued)**

Significant actuarial assumptions and other inputs used to measure the total pension liability:

|                             |  |
|-----------------------------|--|
| • Valuation Date            | February 28, 2021  |
| • Notes:                    | The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments.          |
| • Actuarial Cost Method     | Entry Age Normal   |
| • Amortization Method       | Level Percentage of Payroll, Closed  |
| • Remaining Amortization    | Multiple bases from 9 to 15 years  |
| • Asset Valuation method    | 5-Year smoothed market; 20% corridor   |
| • Inflation                 | 2.75% wage inflation; 2.25% price inflation  |
| • Salary Increases          | 2.75% to 6.75%; including wage inflation.  |
| • Investment Rate of Return | 7.00%, net of investment expenses  |
| • Retirement Age            | Experience-based table of rates that are specific to the type of eligibility condition.  |
| • Mortality                 | The healthy and disabled retiree and pre-retirement mortality tables for post-retirement mortality, were the RP 2014 Healthy Annuitant Mortality table for males and females |

**Single Discount Rate**

GASB State No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position in future years can then be determine and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required.

The *single discount rate (SDR)* is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.8%; and the resulting discount rate is 7.25% for General.

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Notes to Basic Financial Statements  
 June 30, 2021

**5. Other Information (Continued)**

**H. Employee Retirement Plan (Continued)**

**Discount Rate Sensitivity**

The sensitivity of the Organization’s net pension liability to changes in the discount rate is presented below. The Organization’s net pension liability is calculated using the discount rate of 7.00% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.00%) or 1.0% higher (8.00%) than the current rate.

| Discount Rate                     | 1% Decrease<br><u>(6.00%)</u> | Current Rate<br><u>(7.00%)</u> | 1% Increase<br><u>(8.00%)</u> |
|-----------------------------------|-------------------------------|--------------------------------|-------------------------------|
| Total Pension Liability           | \$926,333                     | \$830,240                      | \$ 749,059                    |
| Plan Fiduciary Net Position       | <u>760,460</u>                | <u>760,460</u>                 | <u>760,460</u>                |
| Net Pension Liability/Asset (NPL) | <u>\$165,873</u>              | <u>\$ 69,780</u>               | <u>\$ (11,401)</u>            |

**I. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the organization expects such amounts, if any, to be immaterial.

**J. Income Taxes**

In 2009, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification 740-10-50-15, which provides guidance for how the tax benefits of income tax positions should be recognized, measured, presented, and disclosed in the financial statements. The organization is required to make an evaluation of income tax positions taken or expected to be taken in the course of preparing Northeast Missouri Rural Development Corporation’s information returns and tax returns, if any, to determine whether the income tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would not be recognized in the financial statements for the current year.

The income tax positions taken by Northeast Missouri Rural Development Corporation for any years open under the various statutes of limitations are (1) that Northeast Missouri Rural Development Corporation continues to be exempt from income taxes and (2) that Northeast Missouri Rural Development Corporation does not have unrelated business income that would be subject to income taxes. Management believes these tax positions meet the more-likely-than-not threshold and, accordingly, no income tax expense or liability has been recognized for the years ended on or before June 30, 2021. The organization is no longer subject to federal tax examination for the years ended prior to June 30, 2019.

REQUIRED SUPPLEMENTAL INFORMATION

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balances—General Fund  
 Budget and Actual  
 For the Year Ended June 30, 2021

|                             | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------|-------------------------|-------------------|-------------------|---|
|                             | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>REVENUES</b>             |                         |                   |                   |   |
| Return on investment        | \$ 2,000                | \$ 2,000          | \$ 4,415          | \$ 2,415  |
| Fees & local assessments    | 17,300                  | 17,300            | 17,337            | 37  |
| Other                       | <u>9,200</u>            | <u>9,200</u>      | <u>12,550</u>     | <u>3,350</u>  |
| Total Revenues              | 28,500                  | 28,500            | 34,302            | 5,802   |
| <b>EXPENDITURES</b>         |                         |                   |                   |   |
| <b>Current:</b>             |                         |                   |                   |   |
| General government          | 20,000                  | 20,000            | 13,307            | 6,693   |
| Capital outlay              | <u>-</u>                | <u>-</u>          | <u>-</u>          | <u>-</u>  |
| Total Expenditures          | <u>20,000</u>           | <u>20,000</u>     | <u>13,307</u>     | <u>6,693</u>  |
| Net Change in Fund Balances | 8,500                   | 8,500             | 20,995            | 12,495  |
| Fund Balances—Beginning     | <u>451,886</u>          | <u>451,886</u>    | <u>451,886</u>    | <u>-</u>  |
| Fund Balances—Ending        | <u>\$ 460,386</u>       | <u>\$ 460,386</u> | <u>\$ 472,881</u> | <u>\$ 12,495</u>  |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Notes to Statement of Revenues, Expenditures and  
Changes in Fund Balances—General Fund  
For the Year Ended June 30, 2021

Budget Law

Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation prepare its annual operating budget in accordance with its by-laws, policies and procedures. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 30, the Executive Director submits to the Executive Board a proposed operating budget for the fiscal year commencing the following July 1.
- b. Budget planning sessions are conducted to allow board members and other interested parties to have input on budget decisions prior to the formal adoption of the budget.
- c. Subsequent to the budget planning sessions but no later than seven days prior to July 1, the budget is adopted by action of the Executive Board.

All transfers of appropriations between departments and supplemental appropriations require Executive Board approval.

Basis of Accounting

The Organization budget is presented in accordance with generally accepted accounting principles (GAAP), including accounts receivable and other accrual items.

NORTHEAST MISSOURI REGIONAL PLANNING COMMISSION  
 CHANGES IN NET PENSION LIABILITY  
 AND RELATED RATIOS MULTIYEAR

| Fiscal Year Ending June 30,   | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       |
|---|-------------------|-------------------|-------------------|
| <b>Total Pension Liability</b>  |                   |                   |                   |
| Service Cost  | \$ 12,339         | \$ 12,699         | \$ 11,707         |
| Interest on Total Pension Liability   | 47,284            | 49,883            | 53,734            |
| Difference between expected and actual  | (10,256)          | (28,211)          | (26,114)          |
| Change of Assumptions   | -                 | 33,129            | -                 |
| Benefit payments, including refunds   | <u>(13,642)</u>   | <u>(13,725)</u>   | <u>(14,075)</u>   |
| <b>Net change in total pension liability</b>                                      | 35,725            | 53,775            | 25,252            |
| <b>Total pension liability—beginning</b>  | <u>652,827</u>    | <u>688,552</u>    | <u>742,327</u>    |
| <b>Total pension liability—ending (a)</b>   | <u>\$ 688,552</u> | <u>\$ 742,327</u> | <u>\$ 767,579</u> |
| <b>Plan Fiduciary Net Position</b>  |                   |                   |                   |
| Contributions—employer  | \$ 25,353         | \$ 26,631         | \$ 23,483         |
| Contributions—employee  | 8,522             | 8,522             | 8,168             |
| Net investment income   | 8,099             | (1,564)           | 58,326            |
| Benefit payments, including refunds   | (13,642)          | (13,725)          | (14,075)          |
| Pension Plan Administrative Expense   | (746)             | (673)             | (674)             |
| Other (Net Transfer)  | <u>3,826</u>      | <u>1,202</u>      | <u>1,287</u>      |
| <b>Net change in fiduciary net position</b>                                       | 31,412            | 20,393            | 76,515            |
| <b>Plan fiduciary net position—beginning</b>                                      | <u>415,885</u>    | <u>447,297</u>    | <u>467,690</u>    |
| <b>Plan fiduciary net position—ending (b)</b>                                     | <u>\$ 447,297</u> | <u>\$ 467,690</u> | <u>\$ 544,205</u> |
| <b>Net pension liability/(asset)—ending (a)-(b)</b>                               | <u>\$ 241,255</u> | <u>\$ 274,637</u> | <u>\$ 223,374</u> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> |                   |                   |                   |
|   | 64.96%            | 63.00%            | 70.90%            |
| <b>Covered employee payroll</b>   | \$ 212,048        | \$213,050         | \$ 188,668        |
| <b>Net pension liability as a percentage of covered employee payroll</b>          |                   |                   |                   |
|   | 113.77%           | 128.91%           | 118.40%           |

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NORTHEAST MISSOURI REGIONAL PLANNING COMMISSION  
 CHANGES IN NET PENSION LIABILITY  
 AND RELATED RATIOS MULTIYEAR (CONTINUED)

| Fiscal Year Ending June 30,   | <u>2018</u>              | <u>2019</u>              | <u>2020</u>              |
|---|--------------------------|--------------------------|--------------------------|
| <b>Total Pension Liability</b>  |                          |                          |                          |
| Service Cost  | \$ 9,825                 | \$ 9,765                 | \$ 11,736                |
| Interest on Total Pension Liability   | 53,541                   | 53,266                   | 56,784                   |
| Difference between expected and actual  | 3,038                    | 44,314                   | 19,824                   |
| Change of Assumptions   | -                        | -                        | -                        |
| Benefit payments, including refunds   | <u>(69,018)</u>          | <u>(71,378)</u>          | <u>(47,774)</u>          |
| <b>Net change in total pension liability</b>                                      | <b>(2,614)</b>           | <b>35,967</b>            | <b>40,570</b>            |
| <b>Total pension liability—beginning</b>  | <u>767,579</u>           | <u>764,965</u>           | <u>800,932</u>           |
| <b>Total pension liability—ending (a)</b>   | <b><u>\$ 764,965</u></b> | <b><u>\$ 800,932</u></b> | <b><u>\$ 841,502</u></b> |
| <b>Plan Fiduciary Net Position</b>  |                          |                          |                          |
| Contributions—employer  | \$ 21,729                | \$ 21,914                | \$ 27,278                |
| Contributions—employee  | 7,124                    | 7,366                    | 8,458                    |
| Net investment income   | 79,744                   | 37,947                   | 7,786                    |
| Benefit payments, including refunds   | (69,018)                 | (71,378)                 | (47,774)                 |
| Pension Plan Administrative Expense   | (853)                    | (1,328)                  | (1,344)                  |
| Other (Net Transfer)  | <u>8,479</u>             | <u>17,098</u>            | <u>9,028</u>             |
| <b>Net change in fiduciary net position</b>                                       | <b>47,205</b>            | <b>11,619</b>            | <b>3,432</b>             |
| <b>Plan fiduciary net position—beginning</b>                                      | <u>544,205</u>           | <u>591,410</u>           | <u>603,029</u>           |
| <b>Plan fiduciary net position—ending (b)</b>                                     | <b><u>\$ 591,410</u></b> | <b><u>\$ 603,029</u></b> | <b><u>\$ 606,461</u></b> |
| <b>Net pension liability/(asset)—ending (a)-(b)</b>                               | <b><u>\$ 173,555</u></b> | <b><u>\$ 197,903</u></b> | <b><u>\$ 235,041</u></b> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> |                          |                          |                          |
|   | 77.31%                   | 75.29%                   | 72.07%                   |
| <b>Covered employee payroll</b>   | \$ 163,286               | \$ 181,150               | \$ 214,801               |
| <b>Net pension liability as a percentage of covered employee payroll</b>          |                          |                          |                          |
|   | 106.29%                  | 109.25%                  | 109.42%                  |

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NORTHEAST MISSOURI REGIONAL PLANNING COMMISSION  
 CHANGES IN NET PENSION LIABILITY  
 AND RELATED RATIOS MULTIYEAR (CONTINUED)

| <b>Fiscal Year Ending June 30,</b>  | <u>2021</u>              |
|---|--------------------------|
| <b>Total Pension Liability</b>  |                          |
| Service Cost  | \$ 13,595                |
| Interest on Total Pension Liability   | 59,752                   |
| Difference between expected and actual  | (11,046)                 |
| Change of Assumptions   | (24,684)                 |
| Benefit payments, including refunds   | <u>(48,879)</u>          |
| <b>Net change in total pension liability</b>  | <b>(11,262)</b>          |
| <b>Total pension liability—beginning</b>  | <u>841,502</u>           |
| <b>Total pension liability—ending (a)</b>   | <u><u>\$ 830,240</u></u> |
| <b>Plan Fiduciary Net Position</b>  |                          |
| Contributions—employer  | \$ 28,819                |
| Contributions—employee  | 8,293                    |
| Net investment income   | 158,345                  |
| Benefit payments, including refunds   | (48,879)                 |
| Pension Plan Administrative Expense   | (1,130)                  |
| Other (Net Transfer)  | <u>8,551</u>             |
| <b>Net change in fiduciary net position</b>   | <b>153,999</b>           |
| <b>Plan fiduciary net position—beginning</b>  | <u>606,461</u>           |
| <b>Plan fiduciary net position—ending (b)</b>   | <u><u>\$ 760,460</u></u> |
| <b>Net pension liability/(asset)—ending (a)-(b)</b>                                   | <u><u>\$ 69,780</u></u>  |
| <br>  |                          |
| <b>Plan fiduciary net position as a percentage<br/>of the total pension liability</b> | <br>91.60%               |
| <br>  |                          |
| <b>Covered employee payroll</b>   | <br>\$ 221,129           |
| <br>  |                          |
| <b>Net pension liability as a percentage of<br/>covered employee payroll</b>          | <br>31.56%               |

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NORTHEAST MISSOURI REGIONAL PLANNING COMMISSION  
 SCHEDULE OF CONTRIBUTIONS MULTIYEAR

| Year Ended | Statutorily Required Contribution | Actual Employer Contributions | Contribution Excess/(Deficiency) | Actual Covered Member Payroll | Contributions as a Percentage of Covered Payroll |
|------------|-----------------------------------|-------------------------------|----------------------------------|-------------------------------|--|
| 06/30/2015 | \$ 25,353                         | \$ 25,353                     | \$ -                             | \$ 212,048                    | 11.90%   |
| 06/30/2016 | \$ 26,631                         | \$ 26,631                     | \$ -                             | \$ 213,050                    | 12.50%   |
| 06/30/2017 | \$ 23,483                         | \$ 23,483                     | \$ -                             | \$ 204,202                    | 11.50%   |
| 06/30/2018 | \$ 21,729                         | \$ 21,729                     | \$ -                             | \$ 178,103                    | 12.20%   |
| 06/30/2019 | \$ 21,914                         | \$ 21,914                     | \$ -                             | \$ 181,150                    | 11.90%   |
| 06/30/2020 | \$ 32,353                         | \$ 27,278                     | \$ 5,075                         | \$ 211,455                    | 12.90%   |
| 06/30/2021 | \$ 32,137                         | \$ 28,819                     | \$ 3,317                         | \$ 207,333                    | 13.90%   |

NOTE: This schedule is intended to show information for ten years. Additional years will be displayed as they become available

OTHER SUPPLEMENTAL INFORMATION

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Combining Balance Sheet—Non-Major Governmental Funds  
 June 30, 2021

|  | Non-Major Governmental Funds |                   |                   |
|--|------------------------------|-------------------|-------------------|
|  | <u>Solid Waste</u>           | <u>IRP</u>        | <u>Total</u>      |
| <b>ASSETS</b>                                    |                              |                   |                   |
| Cash & cash equivalents                          | \$ -                         | \$ 285,442        | \$ 285,442        |
| Restricted cash                                  | <u>180,538</u>               | <u>23,763</u>     | <u>204,301</u>    |
| Total Assets                                     | 180,538                      | 309,205           | 489,743           |
| <b>LIABILITIES</b>                               |                              |                   |                   |
| Accounts payable & other<br>current liabilities) | -                            | 4,495             | 4,495             |
| Unearned revenue                                 | <u>153,480</u>               | <u>-</u>          | <u>153,480</u>    |
| Total Liabilities                                | <u>153,480</u>               | <u>4,495</u>      | <u>157,975</u>    |
| <b>NET POSITION</b>                              |                              |                   |                   |
| Restricted for:<br>Specific applications         | <u>27,058</u>                | <u>304,710</u>    | <u>331,768</u>    |
| Total Net Position                               | <u>\$ 27,058</u>             | <u>\$ 304,710</u> | <u>\$ 331,768</u> |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances—Non-Major Governmental Funds  
 For the Year Ended June 30, 2021

|                         | Non-Major Governmental Funds       |                   |                   |
|-------------------------|------------------------------------|-------------------|-------------------|
|                         | <u>Solid Waste<br/>Mgmt. Dist.</u> | <u>IRP</u>        | <u>Total</u>      |
| <b>REVENUES</b>         |                                    |                   |                   |
| Intergovernmental       |                                    |                   |                   |
| State grants            | \$ 70,665                          | \$ -              | \$ 70,665         |
| Return on investment    | <u>583</u>                         | <u>826</u>        | <u>1,409</u>      |
| Total Revenues          | 71,248                             | 826               | 72,074            |
| <b>EXPENDITURES</b>     |                                    |                   |                   |
| Current:                |                                    |                   |                   |
| Solid Waste             | 70,665                             | -                 | 70,665            |
| IRP                     | <u>-</u>                           | <u>38,031</u>     | <u>38,031</u>     |
| Total Expenditures      | <u>70,665</u>                      | <u>38,031</u>     | <u>108,696</u>    |
| Change in fund balance  | 583                                | (37,205)          | (36,622)          |
| Reallocation of revenue | 4,876                              | -                 | 4,876             |
| Fund Balances—Beginning | <u>21,599</u>                      | <u>341,915</u>    | <u>363,514</u>    |
| Fund Balances—Ending    | <u>\$ 27,058</u>                   | <u>\$ 304,710</u> | <u>\$ 331,768</u> |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Combining Statement of Revenues and Expenditures  
 Rural Development Corporation—By Function  
 For the Year Ended June 30, 2021

|  | Special Revenue                        |            |                |  |                              |
|--|--|------------|----------------|--|------------------------------|
|  | Economic &<br>Community<br>Development | Housing    | Transportation | Non-Specific<br>Contributions,<br>Grants & Other | Total All<br>RDC<br>Programs |
| <b>REVENUES</b>  |  |            |                |  |                              |
| Intergovernmental  |  |            |                |  |                              |
| Federal Grants   | \$ 220,000                             | -          | -              | -  | \$ 220,000                   |
| State Grants   | 15,468                                 | -          | 64,706         | 13,352   | 93,526                       |
| Contracted   | 80,155                                 | 165,432    | -              | -  | 245,587                      |
| Rent Income  | 48,072                                 | -          | -              | -  | 48,072                       |
| Return on Investment   | 202                                    | -          | -              | 631  | 833                          |
| Miscellaneous  | 198                                    | 94         | 63             | 151  | 506                          |
| Total Revenues   | 364,095                                | 165,526    | 64,769         | 14,134   | 608,524                      |
| <b>EXPENDITURES</b>  |  |            |                |  |                              |
| Current:   |  |            |                |  |                              |
| Economic Development   | 247,562                                | -          | -              | -  | 247,562                      |
| Housing  | -                                      | 162,256    | -              | -  | 162,256                      |
| Transportation   | -                                      | -          | 81,053         | -  | 81,053                       |
| Agency Funded Programs                                       | -                                      | -          | -              | 387  | 387                          |
| Self-funded Insurance  | -                                      | -          | -              | 60   | 60                           |
| Rent   | 5,482                                  | 4,431      | 2,478          | -  | 12,391                       |
| Total Expenditures   | 253,044                                | 166,687    | 83,531         | 447  | 503,709                      |
| Excess (deficiency) of revenues<br>Over (under) expenditures | \$ 111,051                             | \$ (1,161) | \$ (18,762)    | \$ 13,687  | \$ 104,815                   |

See Accompanying Notes To Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Combining Statement of Revenues and Expenditures  
 Rural Development Corporation—By Program  
 For the Year Ended June 30, 2021

|  | CDBG<br>Program | Economic & Community Development |           |                      |                     |                                | Housing    |                  |
|--|-----------------|----------------------------------|-----------|----------------------|---------------------|--------------------------------|------------|------------------|
|  |                 | Economic<br>Development          | SEMA      | Solid<br>Waste Mgmt. | Brashear<br>Project | Total Economic<br>& Comm. Dev. | HUD        | Total<br>Housing |
| <b>REVENUES</b>  |                 |                                  |           |                      |                     |                                |            |                  |
| <b>Intergovernmental:</b>                                  |                 |                                  |           |                      |                     |                                |            |                  |
| Federal Grants   | \$ -            | \$ 220,000                       | \$ -      | \$ -                 | \$ -                | \$ 220,000                     | \$ -       | \$ -             |
| State Grants   | -               | -                                | 15,468    | -                    | -                   | 15,468                         | -          | -                |
| Contracted   | 12,805          | 17,839                           | 23,897    | 29,906               | (4,292)             | 80,155                         | 165,432    | 165,432          |
| Rent Income  | -               | -                                | -         | -                    | 48,072              | 48,072                         | -          | -                |
| Return on Investment                                       | -               | -                                | -         | -                    | 202                 | 202                            | -          | -                |
| Miscellaneous  | 11              | 83                               | -         | 25                   | 79                  | 198                            | 94         | 94               |
| Total Revenues   | 12,816          | 237,922                          | 39,365    | 29,931               | 44,061              | 364,095                        | 165,526    | 165,526          |
| <b>EXPENDITURES</b>  |                 |                                  |           |                      |                     |                                |            |                  |
| <b>Current:</b>  |                 |                                  |           |                      |                     |                                |            |                  |
| Economic Development                                       | 8,969           | 163,880                          | 13,767    | 29,638               | 31,308              | 247,562                        | -          | -                |
| Housing  | -               | -                                | -         | -                    | -                   | -                              | 162,256    | 162,256          |
| Transportation   | -               | -                                | -         | -                    | -                   | -                              | -          | -                |
| Agency Funded Program                                      | -               | -                                | -         | -                    | -                   | -                              | -          | -                |
| Self-funded insurance                                      | -               | -                                | -         | -                    | -                   | -                              | -          | -                |
| Rent   | 472             | 3,750                            | 62        | 883                  | 315                 | 5,482                          | 4,431      | 4,431            |
| Total Expenditures   | 9,441           | 167,630                          | 13,829    | 30,521               | 31,623              | 253,044                        | 166,687    | 166,687          |
| Excess(deficiency) of revenues<br>over(under) expenditures | \$ 3,375        | \$ 70,292                        | \$ 25,536 | \$ (590)             | \$ 12,438           | \$ 111,051                     | \$ (1,161) | \$ (1,161)       |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Combining Statement of Revenues and Expenditures  
 Rural Development Corporation—By Program (Continued)  
 For the Year Ended June 30, 2021

|   | <u>Transportation</u> | <u>Non-Specific Contributions, Grants &amp; Other</u> |                  |                           | <u>Total All</u>    |
|---|-----------------------|---|------------------|---------------------------|---------------------|
| Transportation Program                                  | <u>Total</u>          | <u>USDA Projects</u>                                  | <u>NEMO RDC</u>  | <u>Total Non-Specific</u> | <u>RDC Programs</u> |
| <b>REVENUES</b>   |                       |   |                  |                           |                     |
| <b>Intergovernmental:</b>                               |                       |   |                  |                           |                     |
| Federal Grants  | \$ -                  | \$ -  | -                | -                         | \$ 220,000          |
| State Grants  | 64,706                | -   | 13,352           | 13,352                    | 93,526              |
| Contracted  | -                     | -   | -                | -                         | 245,587             |
| Rent Income   | -                     | -   | -                | -                         | 48,072              |
| Return on Investment                                    | -                     | -   | 631              | 631                       | 833                 |
| Miscellaneous   | <u>63</u>             | <u>-</u>  | <u>151</u>       | <u>151</u>                | <u>506</u>          |
| Total Revenues  | 64,769                | -   | 14,134           | 14,134                    | 608,524             |
| <b>EXPENDITURES</b>                                     |                       |   |                  |                           |                     |
| <b>Current:</b>   |                       |   |                  |                           |                     |
| Economic Development                                    | -                     | -   | -                | -                         | 247,562             |
| Housing   | -                     | -   | -                | -                         | 162,256             |
| Transportation  | 81,053                | -   | -                | -                         | 81,053              |
| Agency Funded Program                                   | -                     | 387   | -                | 387                       | 387                 |
| Self-funded Insurance                                   | -                     | -   | 60               | 60                        | 60                  |
| Rent  | <u>2,478</u>          | <u>-</u>  | <u>-</u>         | <u>-</u>                  | <u>12,391</u>       |
| Total Expenditures                                      | 83,531                | <u>387</u>  | <u>60</u>        | <u>447</u>                | <u>503,709</u>      |
| Excess(deficiency) of revenues over(under) expenditures | \$ <u>(18,762)</u>    | \$ <u>(387)</u>                                       | \$ <u>14,074</u> | \$ <u>13,687</u>          | \$ <u>104,815</u>   |

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Schedule of Receipts and Expenditures of State Awards of Component Unit  
 Northeast Missouri Solid Waste Management District  
 For the Year Ended June 30, 2021

| Project #/Description            | Total<br>Amount<br>Awarded | Prior Period<br>Amount<br>Expended | Award<br>Remaining<br>Beginning | Current Period<br>Amount<br>Awarded | Current Period<br>Amount<br>Expended | Revenues<br>Reallocated | Award<br>Remaining<br>Ending |
|----------------------------------|----------------------------|------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|-------------------------|------------------------------|
| 2018-02 Truman State University  | \$ 28,500                  | \$ (10,255)                        | \$ 18,245                       | \$ -                                | -                                    | -                       | \$ 18,245                    |
| 2019-02 City of Kirksville       | 41,244                     | (25,605)                           | 15,639                          | -                                   | (10,763)                             | (4,876)                 | -                            |
| 2019-03 Industrial Opportunities | 35,000                     | -                                  | 35,000                          | -                                   | -                                    | -                       | 35,000                       |
| 2019-04 City of Memphis          | 30,500                     | (26,160)                           | 4,340                           | -                                   | -                                    | -                       | 4,340                        |
| 2020-01 Administration           | 24,900                     | (20,825)                           | 4,075                           | -                                   | -                                    | -                       | 4,075                        |
| 2020-02 City of Memphis          | 12,000                     | -                                  | 12,000                          | -                                   | (9,988)                              | -                       | 2,012                        |
| 2020-03 Scotland Co R-I School   | 35,000                     | -                                  | 35,000                          | -                                   | (35,000)                             | -                       | -                            |
| 2020-04 Industrial Opportunities | 27,825                     | -                                  | 27,825                          | -                                   | -                                    | -                       | 27,825                       |
| 2020-05 City of Kirksville       | 35,000                     | -                                  | 35,000                          | -                                   | -                                    | -                       | 35,000                       |
| 2021-01 Administration           | 41,897                     | -                                  | -                               | 41,897                              | (14,914)                             | -                       | 26,983                       |
| <b>TOTAL</b>                     | <b>\$ 311,866</b>          | <b>\$ (82,845)</b>                 | <b>\$ 187,124</b>               | <b>\$ 41,897</b>                    | <b>\$ (70,665)</b>                   | <b>\$ (4,876)</b>       | <b>\$ 153,480</b>            |

Unobligated Funds  
 Restricted Cash and Cash Equivalents

27,058  
\$ 180,538

**Accounting Policies & Basis of Accounting**

Accounting Policies: Revenues are deferred when received and then recognized when expenditures are made.

Basis of accounting: Modified Cash

See Accompanying Notes to Financial Statements

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Supplemental Schedule of Program Activities  
 Related to Grants Provided by the  
 Economic Development Administration (EDA)  
 For the Year Ended June 30, 2021

Presentation compatible with Federal Form SF425.

Federal Cash

|                       |                   |
|-----------------------|-------------------|
| a. Cash Receipts      | \$ 328,500        |
| b. Cash Disbursements | <u>(328,500)</u>  |
| c. Cash on Hand       | \$ <u>      -</u> |

Federal Expenditures

|   |                   |
|---|-------------------|
| d. Federal Share Authorized             | \$ 328,500        |
| e. Federal Share Expended               | <u>(328,500)</u>  |
| h. Unobligated Balance of Federal Funds | \$ <u>      -</u> |

Recipient Share

|                                   |                   |
|-----------------------------------|-------------------|
| i. Total Recipient Share Required | \$ <u>140,786</u> |
| j. Total Recipient Share Provided | \$ <u>140,786</u> |

Grant: # ED16DEN3020062

FEDERAL COMPLIANCE SECTION

# JOHN W. GILLUM, CPA, LLC

## CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Directors  
Northeast Missouri Regional Planning  
Commission and Northeast Missouri  
Rural Development Corporation  
Memphis, 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, each major fund, and the aggregate remaining fund information of Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's basic financial statements and have issued our report thereon dated March 16, 2022.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation'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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002.

### **Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's Response to Findings**

Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Northeast Missouri Regional Planning Commission and Northeast Missouri Rural Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
March 16, 2022

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2021

21-001

Statement of Condition

Component unit, Intermediary Relending Program (IRP) regulations require interest rates be charged on loans that generate sufficient revenue to properly fund the program in its continued existence, provide repayment or funds advanced, provide for reserves and cover administrative costs. Our audit tests included a preliminary calculation of projected future revenues and known debt service and reserve requirements and an estimate of administrative costs. Our tests indicate a substantial short-fall with respect to providing enough funds to service all cash needs.

|  |             |
|--|-------------|
| • Loans Now: Net of provision for uncollectible;                                   | \$ -        |
| • Unadvanced Program Funds and Required Reserves<br>Invested @ Approximately 1.0%: |             |
| \$309,205 x 1.0%   | 3,092       |
| • Maximum Estimated Revenue  | 3,092       |
| • Known Costs (Cash Needs)   |             |
| Debt Service   | 20,565      |
| Reserve, Fully Funded  | -           |
| • Estimated Costs (Cash Needs)   |             |
| Administrative   | 9,500       |
| • Total Costs (Cash Needs)   | 30,065      |
| • Excess (deficiency)  | \$ (26,973) |

Criteria

7 CFR Part 4274.325(G) provides for interest rates, as in the approved work plan, be negotiated to provide enough revenue to cover loan repayments and provide funding of reserves and administrative costs.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Schedule of Findings and Responses (Continued)  
For the Year Ended June 30, 2021

21-001

Effect of the Condition

The present loan levels, net of provision for uncollectible, or non-performing loans, plus the earnings on the unadvanced funds does not appear to generate sufficient funds to cover cash needs of the program.

The effect, near term of the revenue being generated, appears to not provide enough revenue to cover required costs.

Cause of the Condition

Interest rates and loan balances are not sufficient to provide adequate revenues. In addition, the adopted plan appears to cap interest rates at 5% maximum to current borrowers.

Recommendation

Thoroughly review policies related to establishing interest rates on future loans, expand loan portfolio as rapidly as is prudently possible to maximize income.

Response to Findings

The organization is working to expand loan portfolio and obtain authorization to issue loans with interest rates more favorable to the organization.

Repeat finding of 2020-001.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Schedule of Findings and Responses (Continued)  
For the Year Ended June 30, 2021

21-002

Statement of Condition

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria

Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect of the Condition

Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation

We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response to Findings

The limited number of available personnel prohibits segregation of incompatible duties and the Organization does not have the resources to hire additional accounting personnel.

Repeat finding of 2020-002

Northeast Missouri Regional Planning Commission and  
 Northeast Missouri Rural Development Corporation  
 Schedule of Prior Audit Findings  
 For the Year Ended June 30, 2021

20-001

Statement of Condition

Component unit, Intermediary Relending Program (IRP) regulations require interest rates be charged on loans that generate sufficient revenue to properly fund the program in its continued existence, provide repayment or funds advanced, provide for reserves and cover administrative costs. Our audit tests included a preliminary calculation of projected future revenues and known debt service and reserve requirements and an estimate of administrative costs. Our tests indicate a substantial short-fall with respect to providing enough funds to service all cash needs.

|  |             |
|--|-------------|
| • Loans Now: Net of provision for uncollectible;                                   | \$ -        |
| • Unadvanced Program Funds and Required Reserves<br>Invested @ Approximately 1.0%: |             |
| \$349,509 x 1.0%   | 3,495       |
| • Maximum Estimated Revenue  | 3,495       |
| • Known Costs (Cash Needs)   |             |
| Debt Service   | 20,565      |
| Reserve, Fully Funded  | -           |
| • Estimated Costs (Cash Needs)   |             |
| Administrative   | 9,500       |
| • Total Costs (Cash Needs)   | 30,065      |
| • Excess (deficiency)  | \$ (26,570) |

Criteria

7 CFR Part 4274.325(G) provides for interest rates, as in the approved work plan, be negotiated to provide enough revenue to cover loan repayments and provide funding of reserves and administrative costs.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Schedule of Prior Audit Findings (Continued)  
For the Year Ended June 30, 2021

20-001

Effect of the Condition

The present loan levels, net of provision for uncollectible, or non-performing loans, plus the earnings on the unadvanced funds does not appear to generate sufficient funds to cover cash needs of the program.

The effect, near term of the revenue being generated, appears to not provide enough revenue to cover required costs.

Cause of the Condition

Interest rates and loan balances are not sufficient to provide adequate revenues. In addition, the adopted plan appears to cap interest rates at 5% maximum to current borrowers.

Recommendation

Thoroughly review policies related to establishing interest rates on future loans, expand loan portfolio as rapidly as is prudently possible to maximize income.

Response to Findings

The organization is working to expand loan portfolio and obtain authorization to issue loans with interest rates more favorable to the organization.

Subsequent Year Follow-Up

A review of program income versus program costs as described in current year finding 21-001 appears to be providing a substantial shortfall of program needs. Further study is recommended.

Northeast Missouri Regional Planning Commission and  
Northeast Missouri Rural Development Corporation  
Schedule of Prior Audit Findings (Continued)  
For the Year Ended June 30, 2021

20-002

Statement of Condition

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria

Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect of the Condition

Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation

We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response to Findings

The limited number of available personnel prohibits segregation of incompatible duties and the Organization does not have the resources to hire additional accounting personnel.

Subsequent Year Follow-Up

Uncorrected. The limited number of available personnel prohibits segregation of incompatible duties and the Organization does not have the resources to hire additional accounting personnel.