

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT

OF

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
WHITE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

07/06/2023



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

July 6, 2023

To: The Officials of the Kankakee-Iroquois Regional Planning Commission
Kankakee-Iroquois Regional Planning Commission
P.O. Box 127
Monon, IN 47959

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Kankakee-Iroquois Regional Planning Commission. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly, in all material respects, the cash and investment balances of the Commission as of December 31, 2022, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the finding in the report on pages 22 and 23. Please refer to the Schedule of Findings and Questioned Costs for further detail. Management's Corrective Action Plan appears at the end of the report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Kankakee-Iroquois Regional Planning Commission was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA
Deputy State Examiner

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
White County, Indiana

FINANCIAL STATEMENT
December 31, 2022

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited)	1
INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	5
NOTES TO FINANCIAL STATEMENT.....	6
OTHER INFORMATION	
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS (Unaudited).....	9
SCHEDULE OF PAYABLES AND RECEIVABLES (Unaudited)	10
SCHEDULE OF CAPITAL ASSETS (Unaudited)	11
STATE REPORTING INFORMATION (Unaudited)	12
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	13
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	15
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Edwin Buswell	01-01-22 to 12-31-22
Treasurer	David A. Diener	01-01-22 to 12-31-22
President of the Board	Nathan P. Origer	01-01-22 to 12-31-22

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Kankakee-Iroquois Regional Planning Commission
White County, Indiana

Report on the Audit of the Financial Statement***Opinion***

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of the Kankakee-Iroquois Regional Planning Commission (the Commission) as of and for the year ended December 31, 2022, and the related notes (the financial statement).

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash and investment balances of the Commission as of December 31, 2022, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to below does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2022, or changes in net position or cash flows thereof for the year then ended.

Basis for Opinion

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

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

As discussed in Note 1 to the financial statement, the Commission prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

(Continued)

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Unit's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinions, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Other Information Schedules, and State Reporting Information, marked as unaudited on the table of contents, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.


Crowe LLP

Indianapolis, Indiana
June 14, 2023

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2022

<u>Fund</u>	Cash and Investments <u>01-01-22</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-22</u>
General Fund	\$ 1,382,930	\$ 220,979	\$ 233,945	\$ 1,369,964
PU Ag Plan	(2,158)	13,430	9,010	2,262
Money Market	4,296	7,286	-	11,582
Medical Reimbursement Account	9,687	18,950	18,658	9,979
RPO-STATE-INDOT	-	-	1,826	(1,826)
Transit- Operating	-	277,691	295,196	(17,505)
TRN-CA	(15,060)	887,584	872,524	-
ED-CA20-22	(70,451)	153,430	82,979	-
HS COVID Funds	(10,144)	42,620	75,037	(42,561)
Economic Development	(37,140)	141,389	135,910	(31,661)
Head Start	(297,384)	1,612,759	1,643,392	(328,017)
Rpo-Indot Planning	(14,227)	-	36,498	(50,725)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 950,349</u>	<u>\$ 3,376,118</u>	<u>\$ 3,404,975</u>	<u>\$ 921,492</u>

See Independent Auditor's Report and notes to the financial statement.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENT
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Kankakee-Iroquois Regional Planning Commission (the Commission) was established under the laws of the State of Indiana. The Commission operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Commission.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred. The basis of accounting also requires presentation of certain information as Required Supplementary Information or as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services. Amounts received including, but not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable television receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts. Amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those Commissions where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

(Continued)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENT
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, lease agreements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Commission to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units. Given the limited investment parameters applicable under state statute, certain risks, such as credit, custodial, concentration, and interest rate are not deemed significant. As of the year ended December 31, 2022, the Commission held investments in non-negotiable certificates of deposit.

The Commission held cash deposits with financial institutions that maintained FDIC and PDIF coverages, as applicable.

NOTE 3 - RISK MANAGEMENT

The Commission may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Commission to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Commission has purchased insurance to address the risks described above.

(Continued)

NOTE 4 - PENSION PLAN

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Commission authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. The Commission made contributions to the PERF plan during the year under audit. The contribution rate was 11.2% for the year under audit.

NOTE 5 - CASH BALANCE DEFICITS

The financial statement contains six funds with deficits in cash totaling \$472,295 that existed at December 31, 2022. The funds are entirely funded by reimbursable grants, and the deficits existed due to the timing of the reimbursement occurring after December 31, 2022 for expenses incurred before year-end.

OTHER INFORMATION (Unaudited)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2022

	General Fund	PU Ag Plan	Money Market	Medical Reimbursement Account	RPO STATE-INDOT	Transit-Operating	TRN-CA	ED-CA20-22	HS COVID Funds	Economic Development	Head Start	Rpo-Indot Planning	Totals
Cash and investments - beginning	\$ 1,382,930	\$ (2,158)	\$ 4,296	\$ 9,687	\$ -	\$ -	\$ (15,060)	\$ (70,451)	\$ (10,144)	\$ (37,140)	\$ (297,384)	\$ (14,227)	\$ 950,349
Receipts:													
Intergovernmental receipts	-	13,430	-	-	-	277,691	844,117	153,430	42,620	70,695	1,598,356	-	3,000,339
Charges for services	220,178	-	-	-	-	-	-	-	-	-	-	-	220,178
Other receipts	801	-	7,286	18,950	-	-	43,467	-	-	70,694	14,403	-	155,601
Total receipts	220,979	13,430	7,286	18,950	-	277,691	887,584	153,430	42,620	141,389	1,612,759	-	3,376,118
Disbursements:													
Personal services	124,921	-	-	-	1,582	-	20,016	60,479	59,104	109,397	1,176,836	28,129	1,580,464
Supplies	2,568	-	-	-	-	-	151	-	10,287	756	161,383	3,509	178,654
Capital Outlay	-	-	-	-	-	295,196	-	-	-	-	-	-	295,196
Other services and charges	35,762	9,010	-	-	244	-	8,239	22,500	5,646	25,757	305,173	4,860	417,191
Other disbursements	70,694	-	-	18,658	-	-	844,118	-	-	-	-	-	933,470
Total disbursements	233,945	9,010	-	18,658	1,826	295,196	872,524	82,979	75,037	135,910	1,643,392	36,498	3,404,975
Excess (deficiency) of receipts over disbursements	(12,966)	4,420	7,286	292	(1,826)	(17,505)	15,060	70,451	(32,417)	5,479	(30,633)	(36,498)	(28,857)
Cash and investments - ending	\$ 1,369,964	\$ 2,262	\$ 11,582	\$ 9,979	\$ (1,826)	\$ (17,505)	\$ -	\$ -	\$ (42,561)	\$ (31,661)	\$ (328,017)	\$ (50,725)	\$ 921,492

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2022

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ 45,358

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
SCHEDULE OF CAPITAL ASSETS
December 31, 2022

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 231,147
Machinery, equipment, and vehicles	<u>1,915,527</u>
Total governmental activities	<u>2,146,674</u>
Total capital assets	<u>\$ 2,146,674</u>

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
STATE REPORTING INFORMATION
December 31, 2022

The reports presented herein were prepared in addition to another official report prepared for the Commission as listed below:

Indiana State Board of Accounts Compliance Examination of the Kankakee-Iroquois Regional Planning Commission.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

SUPPLEMENTARY INFORMATION

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

<u>Federal Grantor Agency Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Total Federal Awards Expended</u>	<u>Total Passed Through to Subrecipient</u>
<u>Department of Agriculture</u>					
Child Nutrition Cluster National School Lunch Program CACFP	Indiana Department of Education	10.555	1,910,020	\$ 41,063	\$ -
Total –Child Nutrition Cluster				<u>41,063</u>	<u>-</u>
Child and Adult Care Food Program CACFP-Cash In Lieu	Indiana Department of Education	10.558	1,910,020	<u>1,766</u>	<u>-</u>
Total – Department of Agriculture				<u>42,829</u>	<u>-</u>
<u>Department of Commerce</u>					
Economic Development Cluster Economic Adjustment Assistance Economic Adjustment Assistance – COVID-19	Direct	11.307 11.307	F066906259 ED20CHI3070074	13,431 <u>153,430</u>	- <u>-</u>
Total – Economic Development Cluster				<u>166,861</u>	<u>-</u>
Economic Development Support for Planning Organizations Economic Development	Direct	11.302	ED20CHI3020002	<u>70,694</u>	<u>-</u>
Total – Department of Commerce				<u>237,555</u>	<u>-</u>
<u>Department of Transportation</u>					
Formula Grants for Rural Areas and Tribal Transit Program Transit - COVID -19	Indiana Department of Transportation	20.509	EDS#A249-20-G200014 EDS#A249-22-G210094	844,188 <u>258,070</u>	800,640 <u>141,044</u>
Total – Department of Transportation				<u>1,102,258</u>	<u>941,684</u>

(Continued)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended December 31, 2022

<u>Federal Grantor Agency Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Total Federal Awards Expended</u>	<u>Total Passed Through to Subrecipient</u>
<u>Department of Health and Human Services</u>					
Head Start Cluster	Direct				
Head Start		93.600	05CH01 1384-02-00	486,418	-
		93.600	05CH01 1384-03-00	1,069,109	-
Head Start – COVID-19		93.600	05HE00090201C6	<u>42,620</u>	-
Total – Head Start Cluster				<u>1,598,147</u>	-
Total federal awards expended				<u>\$ 2,980,789</u>	<u>\$ 941,684</u>

See accompanying notes to the schedule of expenditure of federal awards.

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Kankakee-Iroquois Regional Planning Commission (the "Commission") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the Commission.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expensed when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Those Charged with Governance
Kankakee-Iroquois Regional Planning Commission
White County, Indiana

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 statement of Kankakee-Iroquois Regional Planning Commission ("Commission"), which comprise the statement of receipts, disbursements, and cash and investment balances of the Commission as of and for the year ended December 31, 2022 and the related notes to the financial statement, which collectively comprise the Commission's financial statement, and have issued our report thereon dated June 14, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

(Continued)

Compliance and Other Matters

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

Commission's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
June 14, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance
Kankakee-Iroquois Regional Planning Commission
White County, Indiana

Report on Compliance for Major Federal Program***Opinion on Major Federal Program***

We have audited of Kankakee-Iroquois Regional Planning Commission's (the Commission) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended December 31, 2022. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

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

Crowe LLP
Crowe LLP

Indianapolis, Indiana
June 14, 2023

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditors report issued Adverse as to GAAP, Unmodified as to regulatory basis

Internal control over financial reporting

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None Reported

Noncompliance material to Financial Statement noted?	<u> </u>	Yes	<u> X </u>	No
--	---------------	-----	--------------	----

Federal Awards

Internal control over major programs

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None Reported

Type of auditor’s report issued on compliance for major programs	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> </u>	Yes	<u> X </u>	No
---	---------------	-----	--------------	----

Identification of major programs

<u>ALN Number</u> 93.600	<u>Name of Federal Program or Cluster</u> Head Start Cluster
-----------------------------	---

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
---	-------------------

Auditee qualified as low-risk auditee?	<u> X </u>	Yes	<u> </u>	No
--	--------------	-----	---------------	----

(Continued)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

Section II – Financial Statement Findings

FINDING 2022-001

Subject: Preparation of the Annual Financial Report
Audit Findings: Material Weakness

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, ..."

Condition: The Commission did not have a proper system of internal control in place to prevent, or detect and correct, an error on the Annual Financial Report (AFR). The AFR is statutorily required reporting under Indiana Code 5-11-1-4. It is the source of the financial statements under the Indiana regulatory basis of reporting that is generally available to the public. The Commission has other financial reporting responsibilities to grantors and funders specific to their programs.

Cause: The above condition was due to an ineffective AFR preparation and review. Management reviewed the AFR but not in enough detail to identify an error as described in the context section. The AFR amounts reported did not agree to the underlying financial records due to an understatement of fund activity. Based on our audit, we determined that the underlying financial records were materially correct and that the AFR needed to be updated to agree the detailed records.

(Continued)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

Section II – Financial Statement Findings (Continued)

Context: The annual AFR information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement).

For the year ended December 31, 2022, the Commission AFR submission excluded the Transit Operating Fund which understated the receipt and disbursement amounts by \$277,691 and \$295,196, respectively. The net impact on the ending December 31, 2022 cash balance was an overstatement of \$17,505.

Management indicated that the error related to a new fund being added during 2022 that was not captured on the AFR annual submission. An adjustment was proposed, accepted by the Commission, and made to the AFR to reflect the full activity of the Commission as supported by underlying financial records.

This error had no apparent impact on the Commission's periodic reporting to the Commission board members, grantors and other funders.

Effect: Without an effective system of internal control in place that operated effectively, material misstatements of the AFR could remain undetected.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the Commission's management establish a more formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers. The Commission should establish a documented, secondary review to ensure the amounts reported on the financial statement agree to the supporting fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management expressed concerns about the user-friendliness of the AFR reporting system inputs and outputs and pointed out that the error did not impact key users of the financial statements. Management has prepared a corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None.



K-IRPC

Kankakee-Iroquois Regional Planning Commission

115 East Fourth Street, P.O. Box 127, Monon, Indiana 47959-0127

Telephone: 219.253.6658

Facsimile: 219.253.6659

www.kirpc.net

** Economic/Community Development*

** Arrowhead Country Public Transit*

** K-IRPC Head Start Program*

** Rural Transportation Planning*

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

December 31, 2022

Finding 2022-001 – Preparation of the Annual Financial Report (AFR)

Contact Person Responsible for Corrective Action: Lynette Carpenter
Contact Phone Number: 219-253-6658

Views of Responsible Official:

All reports submitted to our board and our funding agencies were correct and had all of the appropriate approvals.

This is a Gateway reporting error. Gateway reporting is used for the audit. This fund was entered on the Grant Funds page but was erroneously left off the Financial Data by Funds page.

Description of Corrective Action Plan:

We will continue to get the appropriate approvals on the reports that are submitted to our board and our funding agencies.

The Director of Finance will print out more reports from Gateway for the Executive Director and the Head Start Director to review the Gateway entry before final submittal.

Anticipated Completion Date: December 31, 2023 AFR.