



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

December 14, 2017

To the Commissioners of
MERAMEC REGIONAL PLANNING COMMISSION

In planning and performing our audit of the financial statements of the **MERAMEC REGIONAL PLANNING COMMISSION** (the Commission) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit we became aware of a certain comment for management.

The attachment that accompanies this letter entitled "Schedule of Management Comment and Recommendation" summarizes our comment and suggestion regarding this matter. This letter does not affect our report dated December 14, 2017 on the financial statements. We will review the status of this comment during our next audit engagement. We have already discussed this comment and recommendation with various personnel.

There were no significant changes to the accounting policies or estimate policies for the year ended June 30, 2017. In addition, these policies were discussed with management and were not a condition of our retention. There were no disagreements or difficulties encountered in performing the audit. There were no uncorrected misstatements aggregated by us during the audit that would be material individually or in the aggregate to the financial statements taken as a whole. We have requested certain representations from management.

This communication is intended solely for the information and use of management, the Commissioners, and others within the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

We wish to express our appreciation for the cooperation and courtesy extended to us by all personnel. We will be pleased to discuss this recommendation with you in greater detail at your convenience. Should you desire assistance in the implementation of this recommendation, please do not hesitate to contact us.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

MERAMEC REGIONAL PLANNING COMMISSION
SCHEDULE OF MANAGEMENT COMMENT
AND RECOMMENDATION

Finding for the year ended June 30, 2017:

1. COMMENT

We noted that the Board, when making a loan through the RLF, were not made aware that obtaining life insurance for the borrower was going to be an undo burden on the borrower when funds may not be needed to secure the loan.

RECOMMENDATION

We recommend taking this information to the Board to make them aware of the situation and have a vote regarding life insurance related to the loan.



**MERAMEC REGIONAL
PLANNING COMMISSION**

**FINANCIAL REPORT
(Audited)**

Year Ended June 30, 2017

MERAMEC REGIONAL PLANNING COMMISSION
FINANCIAL REPORT

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Basic Financial Statements	10



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

December 14, 2017

The Commissioners
MERAMEC REGIONAL PLANNING COMMISSION

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **MERAMEC REGIONAL PLANNING COMMISSION** (the Commission) and the discretely presented component units as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission'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 audits. We conducted our audits 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.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

In making those risk assessments, the auditor considers internal control relevant to the Commission'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 Commission'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 Commission and the discretely presented component units of the Commission as of June 30, 2017, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

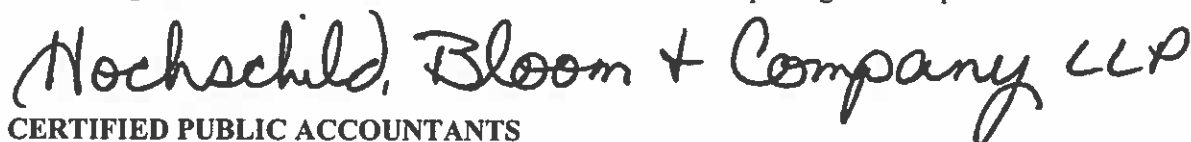
Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 supplemental 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 REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017 on 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS
Washington, MO

MERAMEC REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

As management of the Meramec Regional Planning Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here along with the Commission's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Commission's basic financial statements.

These basic financial statements are prepared using propriety fund (enterprise fund) accounting that uses the same basis of accounting as private sector business enterprises. The Commission is operated under one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities.

Four separate organizations are considered component units of the Commission - MRB Corporation (MRB), Meramec Regional Emergency Planning Committee (MREPC), the Revolving Loan Fund (RLF), and the Intermediary Relending Program (IRP).

MRB's purpose is to lease its building space, vehicles, office furnishings, equipment, and computers to the Commission. The Commission determines the membership of the MRB's Board of Directors and has ultimate responsibility for the MRB's management.

MREPC's purpose is to develop and maintain an emergency response plan for the region and work with local government and private sector organizations to develop plans and capabilities responsive to chemical hazards which threaten the jurisdiction. The Commission has accountability for MREPC, determines its Board of Directors, and has ultimate responsibility for its management.

RLF's purpose is to service and manage loans generated by a grant with the Economic Development Administration (EDA). The grant monies were loaned to eligible business, and as principal payments are received, the funds are used to make new loans. The grant contract with the EDA was signed with the Commission so all RLF activity is reported as a component unit.

IRP's purpose is to provide loans to eligible businesses from a loan from the United States Department of Agriculture (USDA) to the Commission. Since the Commission is obligated to repay the debt to the USDA, all IRP activity is reported as a component unit.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplemental information. This MD&A represents additional financial information. Such information provides users of this report with data that supplements the basic financial statements and notes to financial statements.

MERAMEC REGIONAL PLANNING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Net Position (including component units)

	June 30	
	2017	2016
ASSETS		
Current and other assets	\$ 2,393,451	2,388,557
Capital assets	275,173	285,263
Total Assets	<u>2,668,624</u>	<u>2,673,820</u>
LIABILITIES		
Current liabilities	217,265	324,537
Noncurrent liabilities	603,683	633,273
Total Liabilities	<u>820,948</u>	<u>957,810</u>
NET POSITION		
Net investment in capital assets	182,479	186,245
Restricted	38,750	33,750
Unrestricted	1,626,447	1,496,015
Total Net Position	<u>\$ 1,847,676</u>	<u>1,716,010</u>

Changes in Net Position (including component units)

	For The Years Ended June 30	
	2017	2016
OPERATING REVENUES		
Revenue from grants and services	\$ 2,238,010	2,194,246
OPERATING EXPENSES		
Operating expenses excluding depreciation	2,063,313	1,990,960
Depreciation	53,658	56,984
Total Operating Expenses	<u>2,116,971</u>	<u>2,047,944</u>
OPERATING INCOME (LOSS)	<u>121,039</u>	<u>146,302</u>
NONOPERATING INCOME (EXPENSES)		
Investment income	7,676	14,793
Interest expense	(5,580)	(5,809)
Gain on sale of assets	8,531	5,501
Loan default expense	-	(129,726)
Total Nonoperating Income (Expenses)	<u>10,627</u>	<u>(115,241)</u>
CHANGE IN NET POSITION	131,666	31,061
NET POSITION, JULY 1	<u>1,716,010</u>	<u>1,684,949</u>
NET POSITION, JUNE 30	<u>\$ 1,847,676</u>	<u>1,716,010</u>

MERAMEC REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE C - MERAMEC REGIONAL COMMUNITY FOUNDATION (MRCF) CAPACITY BUILDING FUND

During 2010, the Commission transferred \$250,000 to the Meramec Regional Community Foundation (MRCF) to establish the MRCF Capacity Building Fund, an unrestricted interest bearing account with the Community Foundation of the Ozarks (CFO). The CFO agreed to invest and reinvest the assets of the Fund at its discretion as long as the funds are FDIC insured or secured by pledged securities in accordance with the Commission's investment policy and Missouri State statutes. Principal and interest can be distributed from the fund at the Commission's discretion. As of June 30, 2017, the fund had earned approximately \$18,900 in investment income since 2010. In 2012, \$122,500 of the MRCF Capacity Building Fund was loaned to MRB with principal to be returned to the Building Fund. See Notes F and K.

NOTE D - CAPITAL ASSETS

Capital assets activity for MRB was as follows:

	For The Year Ended June 30, 2017			Balance June 30 2017
	Balance June 30 2016	Increases	Decreases	
	Capital assets not being depreciated:			
Land	\$ 18,700	-	-	18,700
Capital assets being depreciated:				
Buildings and improvements	359,204	-	-	359,204
Furniture and equipment	138,580	2,115	3,612	137,083
Automobiles	104,376	28,007	26,540	105,843
Computer and copiers	154,601	14,314	-	168,915
Total Capital Assets Being Depreciated	756,761	44,436	30,152	771,045
Less - Accumulated depreciation for:				
Buildings and improvements	197,318	15,573	-	212,891
Furniture and equipment	131,127	1,404	3,612	128,919
Automobiles	41,875	20,332	25,670	36,537
Computer and copiers	119,878	16,347	-	136,225
Total Accumulated Depreciation	490,198	53,656	29,282	514,572
Total Capital Assets Being Depreciated, Net	266,563	(9,220)	870	256,473
Capital Assets, Net	\$ 285,263	(9,220)	870	275,173

Depreciation expense for the year ended June 30, 2017 was for MRB in the amount of \$53,658.

MERAMEC REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE E - DUE TO/FROM OTHERS

Balance due from/to others as of June 30, 2017 are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>June 30 2017</u>
MRB	MRPC	\$ 10,495
IRP	MRPC	50,584
MRPC	RLF	3,484
MRPC	MREPC	2,269
Total		\$ 66,832

These balances result from the time lag between the dates that: 1) goods and services are provided or reimbursable expenses occur, 2) transactions are recorded in the accounting system, and 3) payments between entities are made.

NOTE F - COMMISSION'S LOAN TO MRB

In 2012, MRB borrowed \$122,500 from the Commission to refinance the previous loan from the USDA. The interest rate is 3% and the loan is for 17 years with monthly payments of \$767. Long-term obligation activity is as follows:

	<u>For The Year Ended June 30, 2017</u>			<u>Amounts Due Within One Year</u>	
	<u>Balance June 30 2016</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance June 30 2017</u>
	Loan receivable	\$ 99,018	-		6,324

Principal and interest is due on the loan for the following amounts:

<u>For The Years Ending June 30</u>	<u>Loan Receivable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,516	2,692	9,208
2019	6,714	2,494	9,208
2020	6,918	2,290	9,208
2021	7,129	2,079	9,208
2022	7,347	1,861	9,208
2023 - 2027	40,219	5,821	46,040
2028 - 2029	17,851	563	18,414
Total	\$ 92,694	17,800	110,494

MERAMEC REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE G - USDA LOANS TO IRP

During February 2007, IRP obtained a loan from USDA. The Commission was allowed to borrow up to \$500,000 at an interest rate of 1%.

During June 2013, IRP obtained another loan from USDA. The Commission was allowed to borrow up to \$175,000 at an interest rate of 1%.

As of June 30, 2017, the principal balance on these loans was \$382,963 and \$157,616, respectively. Payments are to be made annually, with the first three payments to be interest only. These loans are for thirty years beginning at the time of closing. Interest expense on the loans for the year ended June 30, 2017 was \$5,580.

A summary of changes in long-term debt is as follows:

	For The Year Ended June 30, 2017			Amounts Due Within One Year
	Balance June 30 2016	Additions	Reductions	
	Balance June 30 2017			
Note payable - USDA	\$ 563,595	-	23,016	540,579
				23,074

The following is a schedule of the principal and interest requirements:

For The Years Ending June 30	Note Payable - USDA		
	Principal	Interest	Total
2018	\$ 23,074	5,408	28,482
2019	23,479	5,175	28,654
2020	23,714	4,940	28,654
2021	23,950	4,704	28,654
2022	24,191	4,463	28,654
2023 - 2027	124,630	18,640	143,270
2028 - 2032	130,987	12,283	143,270
2033 - 2037	137,599	5,602	143,201
2038 - 2041	28,955	727	29,682
Total	\$ 540,579	61,942	602,521

MERAMEC REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE H - RESTRICTED ASSETS

Restricted cash consists of the following:

	June 30 <u>2017</u>
IRP - Debt Reserve Fund	<u>\$ 38,750</u>
Total Restricted Fund Balance	<u>\$ 38,750</u>

Assets related to these restrictions are included in restricted cash and due from other funds. The Commission's policy is to use restricted resources before unrestricted when the situation arises where both are available.

NOTE I - HOMELAND SECURITY GRANT EXPENSES

The Commission was the recipient of a grant from the U.S. Department of Homeland Security, which is to be used to procure equipment and provide training for local emergency management teams. The majority of these funds was spent on equipment, which is included in furniture and equipment expenses on the statement of revenue, expenditures, and changes in net position.

NOTE J - TRANSACTIONS BETWEEN THE COMMISSION AND MRB

The Commission leases building space, vehicles, office furnishings, equipment, and computers from MRB on an annual basis. MRB provides insurance, maintenance, and utilities for these capital assets, and the Commission is obligated to pay any uninsured or uninsurable loss. The Commission also pays fees to MRB for using photocopying equipment based on a fee per copy.

MRB pays the Commission fees for maintenance services and executive and general administration. For the year ended June 30, 2017, these transactions consisted of the following amounts:

The Commission's revenues also included as MRB expenditures:	
Building maintenance and administrative services	<u>\$ 107,607</u>
MRB revenues also included as the Commission's expenditures:	
Building, vehicles, furniture, and equipment leases	<u>\$ 239,223</u>

NOTE K - RELATED ORGANIZATIONS

The Commission serves as the administrator for the Phelps County Public Housing Agency (PHA), Meramec Regional Development Corporation (MRDC), Meramec Community Enhancement Corporation (MCEC) and Ozark Rivers Solid Waste Management District (ORSWMD). These organizations reimburse the Commission for various expenses incurred on its behalf including personnel costs, rent, travel, and other direct and indirect costs. The reimbursements are included in operating revenues and classified by organizational purpose.

MERAMEC REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE K - RELATED ORGANIZATIONS (Continued)

The Commission also performs some technical assistance services for two other related organizations, the Gasconade County IDA and the Gasconade Valley Enterprise Zone (GVEZ).

These organizations owed the Commission for these services as follows:

	<u>June 30 2017</u>
PHA	\$ 40,548
MRDC SBA	6,940
MCEC	28,987
ORSWMD	32,152
Gasconade County IDA	1,473
GVEZ	<u>1,221</u>
Total	<u><u>\$ 111,321</u></u>

In addition, the Commission recognized revenue from these organizations as follows:

	<u>For The Year Ended June 30, 2017</u>
PHA	\$ 502,748
MRDC	80,363
MCEC	57,565
ORSWMD	214,403
Gasconade County IDA	1,420
GVEZ	<u>4,194</u>
Total	<u><u>\$ 860,693</u></u>

MRCF was formed during 2010. The Commission provides management services for this entity as needed. The Commission has an agreement with MRCF's parent organization, CFO, to receive 50% of all administrative fees collected by CFO for funds held in the MRCF. The Commission received \$3,013 from CFO for administrative fees for the year ended June 30, 2017. MRCF remitted \$750 of its Capacity Building Fund's contributions and earnings to the Commission to offset its administration, marketing, and outreach expenses incurred on behalf of the Foundation.

MERAMEC REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE L - MONEY PURCHASE PENSION PLAN

The Commission sponsors a defined contribution money purchase plan covering substantially all employees meeting minimum age and service requirements who are not covered by collective bargaining agreements. The restated plan was adopted effective July 1, 2015. Benefits under the plan depend solely on amounts contributed to the plan plus investment earnings and forfeitures of other participants' benefits that may be allocated to such participant's account. All plan assets are pooled for investment purposes, and a plan fiduciary is responsible for selecting investments.

The Commission's contribution for each employee and interest allocated to the employee's account are fully vested after five years continuous service. Contributions are based on percentage of each eligible employee's compensation at approximately 10% of each covered employee's salary. All employees who have attained the age of 18 and who have completed six months of service are eligible to participate. The Commission's contributions to the plan totaled \$90,965 for the year ended June 30, 2017.

In February 2017, the Commission approved to change the eligibility criteria from six months to one year starting with new hires after July 1, 2017.

NOTE M - DEFERRED COMPENSATION PLAN

A deferred income plan under Internal Revenue Code Section 457(b) was established in December 2003, to be funded solely by voluntary employee contributions.

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 14, 2017, which is the date the financial statements were available to be issued.

**MERAMEC REGIONAL
PLANNING COMMISSION**

**REPORT ON FEDERAL AWARDS
(Audited)**

Year Ended June 30, 2017

MERAMEC REGIONAL PLANNING COMMISSION
REPORT ON FEDERAL AWARDS

	Page
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings	8



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**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**

December 14, 2017

The Commissioners
MERAMEC REGIONAL PLANNING COMMISSION

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the **MERAMEC REGIONAL PLANNING COMMISSION** (the Commission), as of and for the year ended June 30, 2017, and related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the statement of financial position, and have issued our report thereon dated December 14, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Commission'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 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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Commission'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

December 14, 2017

The Commissioners
MERAMEC REGIONAL PLANNING COMMISSION

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the **MERAMEC 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 each of the Commission's major federal programs for the year ended June 30, 2017. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
THE UNIFORM GUIDANCE**

We have audited the financial statements of the business-type activities of the Commission as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We have issued our report thereon dated December 14, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Nochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

MERAMEC REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Commerce:			
Economic Development Support For Planning Organizations	11.302	-	\$ <u>68,000</u>
Economic Adjustment Assistance	11.307		
LTED		05-39-02186	281,756
SSED		05-19-02406	82,179
Disaster		05-79-04934	<u>355,984</u>
Total Economic Adjustment Assistance			<u>719,919</u>
Total U.S. Department Of Commerce			<u>787,919</u>
U.S. Department of Agriculture:			
Farmers Market Promotion Program	10.168	-	<u>18,748</u>
Delta Regional Authority			
Delta Local Development District Assistance	90.202	-	<u>8,000</u>
U.S. Department of Homeland Security:			
Passed through Missouri Department of Public Safety:			
State Homeland Security Program	97.067	2014-SS-00002-S01	67,441
Passed through Missouri Emergency Management Agency:			
Pre-Disaster Mitigation	97.047	-	<u>26,139</u>
Total U.S. Department Of Homeland Security			<u>93,580</u>
U.S. Department of Transportation:			
Passed through Missouri Department of Transportation:			
Highway Planning & Construction	20.205	SPR1727S	64,706
State Planning and Research	20.515	MO78	453
Interagency Hazardous Material Public Sector Training and Planning Grants	20.703	-	17,910
Enhanced Mobility of Seniors and Individual with Disabilities	20.513	MO-X051	<u>144,824</u>
Total U.S. Department Of Transportation			<u>227,893</u>
U.S. Department of Health & Human Services:			
Passed through Missouri Department of Developmental Disabilities:			
Developmental Disabilities Basic Support And Advocacy Grants	93.630	AOC1338009	<u>8,732</u>

(Continued)

MERAMEC REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Natural Resources:			
Passed through Missouri Department of Natural Resources			
Water Quality Management Planning	66.454	G15-WQM-01	<u>6,950</u>
U.S. Department of Housing and Urban Development			
Passed through Missouri Department of Economic Development:			
Community Development Block Grant	14.228	-	<u>21,388</u>
Total Awards Expended			<u>\$1,173,210</u>

The accompanying notes are an integral part of this schedule.

Note 1 - Basis of Presentation -- The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Commission under programs of the federal government. 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 financial position or changes in net assets of the Commission.

Note 2 - Summary of Significant Accounting Policies -- Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The Commission has not elected to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

Note 3 - Subrecipients -- The Commission did not provide federal funds to any sub recipients during the year ended June 30, 2017.

Note 4 - Outstanding Loans -- The balances of the RLF loans receivable are included in the Economic Adjustment Assistance federal expenditure amount of \$719,919 stated above. The loan balances as of June 30, 2017 were \$604,441.

MERAMEC REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of the auditor's results:

A. Financial Statements:

- | | | |
|--|------------|----------------------------|
| 1. Type of auditor's report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| a) Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None reported |
| 3. Noncompliance material to financial statements noted? | _____ Yes | <u> X </u> No |

B. Federal Awards:

- | | | |
|---|------------|----------------------------|
| 1. Internal control over major programs: | | |
| a) Material weakness(es) identified? | _____ Yes | <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes | <u> X </u> None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 516(a)? | _____ Yes | <u> X </u> No |

4. Major programs:

CFDA Number(s)

11.307

Name Of Federal Program Or Cluster

Economic Adjustment Assistance

- | | | |
|---|-----------|-----------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | |
| 6. Auditee qualified as low-risk auditee? | _____ Yes | <u> X </u> No |

II. Findings - financial statement audit: None

III. Findings and questioned costs - major federal award programs audit: None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings relating to financial statements which are required to be reported in accordance with *Government Auditing Standards*:

Findings 2016-01 and 2015-01: Economic Adjustment Assistance - CFDA 11.307; Grant #05-79-04934, #05-19-02406, and #05-39-02186.

Condition: The Commission did not retain a copy of communications from partnering banks as to the limit of funds they could provide, ascertaining that credit was not otherwise available to the borrower.

Current Status: Corrected; no longer valid.