

Mid-America Regional Council



Auditor Communications And Other
Considerations Resulting From Financial Audit



for the year ended
December 31, 2020

Board of Directors and Members of Management
Mid-America Regional Council

We are pleased to have the opportunity to meet with you to discuss the results of our audit engagement of Mid-America Regional Council (MARC) for the year ended December 31, 2020. The accompanying report presents information regarding the scope of our audit and other matters, which summarizes the results of our audit engagement.

We thank you for the opportunity to be of service to MARC. We received excellent cooperation and assistance from management and staff with respect to access to records, supporting documentation and responses to inquiries. No limitations were imposed on our audit procedures or the extent of our audit.

RubinBrown LLP

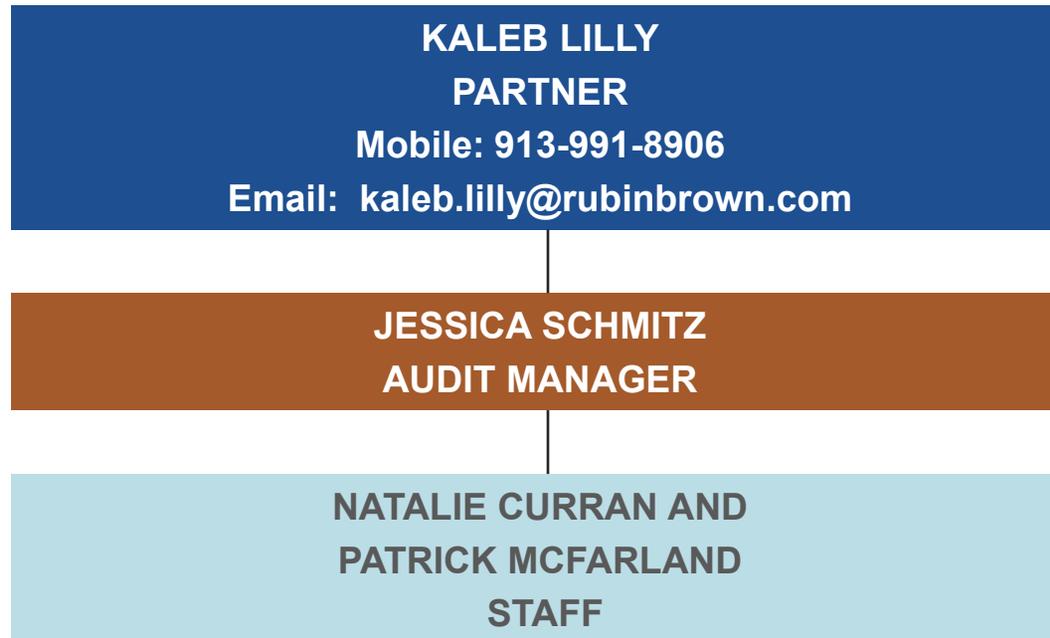
May 25, 2021

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Engagement Team

Mid-America Regional Council



Auditor Communications

Mid-America Regional Council

Board of Directors and Members of Management
Mid-America Regional Council

We have audited the basic financial statements of Mid-America Regional Council (MARC) for the year ended December 31, 2020. Our audit was performed 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are presented in accordance with accounting principles generally accepted in the United States of America. Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We also evaluated the appropriateness of accounting policies used by MARC and the significant accounting estimates made by MARC's management, as well as evaluated the overall financial statement presentation.

Auditing Standards require the auditor to ensure that those charged with governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

This information is intended solely for the use of the Board of Directors and members of management of Mid-America Regional Council, and is not intended to be, and should not be used by anyone other than these specified parties.

RubinBrown LLP

May 25, 2021

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards, <i>Government Auditing Standards</i> And Uniform Guidance</p> <p>Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles, and that Mid-America Regional Council (MARC) complied in all material respects with the applicable compliance requirements of its major federal programs. Our audit of the financial statements does not relieve you or management of responsibility for the accuracy of the financial statements.</p> <p>Professional standards also require that we obtain a significant understanding of MARC's internal control to plan the audit. However such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Accordingly, we express no such assurance.</p>	<p>We have audited the financial statements of MARC and MARC's compliance with laws and regulations applicable to each of its major federal programs for the year ended December 31, 2020. We expect to issue:</p> <ul style="list-style-type: none"> ■ Unmodified opinions on MARC's financial statements for the year ended December 31, 2020. ■ A report on compliance and on internal control over financial reporting based on an audit of the financial statements in accordance with <i>Government Auditing Standards</i>. ■ An unmodified opinion on compliance and a report on internal controls over federal financial assistance in accordance with Uniform Guidance. ■ An in-relation-to opinion on the combining and individual fund schedules and other supplementary information. ■ No opinion on the management's discussion and analysis and other RSI included within the financial statements. ■ No opinion on the introductory and statistical sections of the CAFR.

Auditor Communications *(Continued)*

AREA	COMMENTS
Other Information In Documents Containing Audited Financial Statements	To our knowledge, the 2020 audited financial statements are not included within any other document.
Planned Scope And Timing Of The Audit	We performed the audit according to the planned scope and timing previously communicated to you on January 26, 2021 regarding the nature, timing and extent of our audit procedures.
Qualitative Aspects Of Accounting Practices Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.	<ul style="list-style-type: none"> ■ Significant accounting policies are described in Note 1 to the financial statements. ■ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. ■ No significant transactions have been recognized in a different period than when the transactions occurred. ■ No new accounting policies were adopted and the application of existing policies was not changed.

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Management Judgments And Accounting Estimates</p> <p>The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management’s expectations.</p> <p>We evaluated the key factors and assumptions used to develop the estimates noted to the right in determining that these amounts are reasonable in relation to the financial statements taken as a whole.</p>	<p>The most notable estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> ■ Depreciable lives and estimated residual value of capital assets. ■ Actuarial assumptions in the calculation of other post-employment benefit costs.
<p>Financial Statement Disclosures</p>	<p>The disclosures are neutral, consistent and clear. Certain disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements are:</p> <ul style="list-style-type: none"> ■ Disclosure 3(B) Page 49 - Grants Receivable and Unearned Revenue ■ Disclosure 3(G) Page 53 - 911 Equipment Fund ■ Disclosure 4(A) Page 54 - Risk Management ■ Disclosure 4(E) Page 57 - Postemployment Healthcare Plan

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Difficulties Encountered In Performing The Audit</p>	<p>There were no difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Corrected And Uncorrected Misstatements</p> <p>Professional standards require us to accumulate factual, judgmental and projected misstatements identified during the audit, other than those that are trivial, communicate them to the appropriate level of management, and request their correction.</p> <p>Professional standards require us to accumulate factual, judgmental and projected misstatements identified during the audit, other than those that are trivial, communicate them to the appropriate level of management, and request their correction.</p>	<p>There was one corrected misstatement noted during the audit (attachment labeled Adjusting Journal Entries).</p> <p>This corrected misstatement increased the change in net position and ending net position by \$54,627 and decreased deferred revenue by \$54,627.</p> <p>There were two uncorrected misstatement noted during the audit (attachment labeled Passes Journal Entries).</p> <p>The first misstatement would have decreased fiduciary assets by \$50,785, decreased change in net position by \$100 and decreased net position by \$50,785. The misstatement related to the inclusion of a custodial activity (Bi-State) that does not meet the definition of a custodial activity. Management has determined that the inclusion of this activity is not material to the financial statements.</p> <p>The second misstatement would have increased general fund investments and net position by \$22,480. This misstatement relates to investments not being stated at fair value at year end. Management has determined that the fair value adjustment for these investments is not material to the financial statements.</p>

Auditor Communications (Continued)

AREA	COMMENTS
Disagreements With Management	None
Management Representations	We will request certain representations from management that are included in the management representation letter, a draft of which is attached.
Management Consultations With Other Independent Accountants	None
Other Audit Findings Or Issues	There were no matters of significant discussion that affected our retention as MARC's auditors.

New Accounting And Auditing Pronouncements

GASB Defers Effective Dates of Major Statements due to COVID-19

- GASB 87, 89, 90, 91, 92, 93

GASB Statement No. 87, Leases

- Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.
- Recognize a lease liability and an intangible right-to-use lease asset.
- Effective for the December 31, 2022 financial statements (as updated).

Draft Management Representation Letter

_____, 2021*

RubinBrown LLP
1200 Main Street
Suite 1000
Kansas City, Missouri 64105

We are providing this letter in connection with your audit of the financial statements of Mid-America Regional Council as of December 31, 2020 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mid-America Regional Council and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles.

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

8. The effects of uncorrected misstatements are immaterial both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the board of directors is contingently liable, if any, have been properly recorded or disclosed.
11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
19. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have a process to track the status of audit findings and recommendations, if any.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. Mid-America Regional Council has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial

statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. As part of your audit, you assisted with preparation of the Schedule of Expenditures of Federal Awards and the auditee section of the Data Collection Form. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the Schedule of Expenditures of Federal Awards and the auditee section of the Data Collection Form.
27. Mid-America Regional Council has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. Mid-America Regional Council has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities.
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net assets (net investment in capital assets; restricted; and unrestricted) and fund balance amounts are properly classified and, if applicable, approved.
34. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
35. Provisions for uncollectible receivables have been properly identified and recorded.
36. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
37. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
39. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
41. Significant assumptions we used in making accounting estimates were reasonable.
42. We have appropriately disclosed Mid-America Regional Council's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.

43. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
44. With respect to the combining and individual fund schedules and other supplementary information:
- a. We acknowledge our responsibility for presenting the combining and individual fund schedules and other supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund schedules and other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund schedules and other supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the combining and individual fund schedules and other supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
45. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of Uniform Guidance, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d. We have identified and disclosed to you all of our government programs and related activities subject to Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e. We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the Uniform Guidance Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in the OMB Compliance Supplement.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Uniform Guidance.
- u. We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
- v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by Uniform Guidance.
- y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Carol Gonzales
Director of Finance and Administration

David A. Warm
Executive Director

Client: **20154.0000 - MARC (Mid America Regional Council)**
 Engagement: **2020 AUD - MARC (Mid America Regional Council)**
 Period Ending: **12/31/2020**
 Trial Balance: **TB Database**
 Workpaper: **Adjusting Journal Entries**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To reconcile 911 receivables for revenue recognition error - also see wp 3060			
3-1414	Local Gov't Grant Rec Billed	5,299.00	
3-1414	Local Gov't Grant Rec Billed	7,103.00	
3-2614	Deferred Local Gov't Revenue	54,627.00	
3-1314	Local Gov't Grant Rec Earned		5,299.00
3-1314	Local Gov't Grant Rec Earned		7,103.00
3-1314	Local Gov't Grant Rec Earned		54,627.00
Total		<u>67,029.00</u>	<u>67,029.00</u>

DRAFT FOR DISCUSSION PURPOSES ONLY

Client: **20154.0000 - MARC (Mid America Regional Council)**
 Engagement: **2020 AUD - MARC (Mid America Regional Council)**
 Period Ending: **12/31/2020**
 Trial Balance: **TB Database**
 Workpaper: **Passed Journal Entries**

Account	Description	Debit	Credit
Passed Journal Entries JE # 2			
To adjust investments to fair value at YE.			
1-RB	Investment (Appreciation) Depreciation	32,055.00	
1-1230	Gov Securities		32,055.00
Total		<u>32,055.00</u>	<u>32,055.00</u>

Passed Journal Entries JE # 3			
To remove the inclusion of a custodial activity (BiState) that does not meet the definition of a custodial activity.			
B-2100	Accounts Payable--Administration--	4,310.00	
B-3200	Fund Balance	308,689.00	
B-4500	Interest Income	412.00	
B-1111	Cash UMB 6460		33,504.00
B-1131	Municipal Investment Pool		25,537.00
B-5401	Capital Improve - Ext. Preservation/Maintenance		250,000.00
B-5411	Consultants/Contracted Service--Administration--		925.00
B-5413	Auditing Expense--Administration--		3,160.00
B-5531	Insurance--Administration--		225.00
B-5790	Bank Charge/Fees--Administration--		60.00
Total		<u>313,411.00</u>	<u>313,411.00</u>

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PURPOSES ONLY