TRI-COUNTY REGIONAL PLANNING COMMISSION

Peoria, Illinois

Basic Financial Statements and Supplementary Information

For the Year Ended
June 30, 2023

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Tri-County Regional Planning Commission
Peoria, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tri-County Regional Planning Commission (the Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023, the Commission adopted new accounting guidance Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 generally accepted auditing standards 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 statements.

In performing an audit in accordance with generally accepted auditing standards 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 statements, 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 statements.

- 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 statements.

- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards, are required by Title 2. U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule 4 is presented for purposes of additional analysis as required by the Illinois Grant Accountability and Transparency Act and is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, including the information in the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, 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 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.

Martin Hood LLC

Champaign, Illinois
November 17, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

<u>About the Financial Statements of Tri-County Regional Planning Commission</u>

This section of the financial report presents management's discussion and analysis of the Tri-County Regional Planning Commission's (the Commission) financial performance during the fiscal years ended June 30, 2023 and 2022. Please read it in conjunction with the Commission's financial statements. The financial statements of the Commission are presented on an accrual basis. Accounting principles used are similar to principles applicable in the private sector. The Commission's basic financial statements consist of the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements are the measures used to evaluate the short-term and long-term outlook of the Commission's finances and are used in conjunction with the annual budget, which is the Commission's financial plan for the fiscal year.

The Balance Sheet reports the difference between assets and liabilities, as net position. Assets are reported in order of liquidity, or how readily they are expected to be converted to cash, and whether restrictions limit the Commission's ability to use the resources. Liabilities are reported based on their maturity, or when cash is expected to be used to liquidate them. Net position is displayed in three components: net investment in capital assets; restricted; and unrestricted. This statement can be found on page 11 of this report.

The Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and non-operating revenues and expenses. It reconciles net position at the beginning and end of the financial period, explaining the relationship between this statement and the Balance Sheet. The Statement of Revenues, Expenses and Changes in Net Position can be found on page 12 of this report.

The Statement of Cash Flows provides relevant information about the cash receipts and cash disbursements of the Commission during the period. It categorizes cash activity from operating, financing, and investing activities. The total cash generated or used reconciles the prior year cash balance to the current year cash balance as shown on the Balance Sheet. This statement can be found on page 13 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 14 through 22 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. Supplementary information can be found on pages 23 through 25 and 31.

Financial Highlights

The Commission is showing increase in net position for the fiscal years 2023 and 2022 of $169,174 and $241,231, respectively.

Balance Sheet

The Balance Sheet presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, of the Commission similar to the private sector on an accrual basis. The Commission has no items considered deferred outflows or deferred inflows for 2023 or 2022. Assets and liabilities are recorded when the related revenues and expenses, respectively, are recognized. Revenues and expenses are recognized when earned and incurred rather than when cash is received or paid, respectively. The difference between assets and liabilities represents the net position of the Commission. A comparative analysis of the Commission's net position is presented below.

Net Position
As of June 30
(in thousands)

	2023	2022
Current Assets	$ 1,531.7	$ 1,299.4
Capital Assets, Net of Accumulated Depreciation and Amortization	87.6	134.3
Total Assets	1,619.3	1,433.7
Current Liabilities	277.2	228.5
Long-Term Liabilities	46.4	78.6
Total Liabilities	323.6	307.1
Net Position:		
Net Investment in Capital Assets	34.4	43.9
Unrestricted	1,261.3	1,082.7
Total Net Position	$ 1,295.7	$ 1,126.6

Overall Financial Position

For the year ended June 30, 2023, the Commission's total net position increased from $1,126,584 to $1,295,758. The Commission has no restrictions on its net position. This year's increase in net position is illustrated in the Operating Results schedule below.

Operating Results
For Year Ended June 30
(in thousands)

	2023	2022
Operating Revenues:		
Charges for Services	$ 59.1	$ 41.7
Less: Operating Expenses	1,706.1	1,191.8
Operating Loss	(1,647.0)	(1,150.1)
Non-Operating Revenues (Expenses):		
Federal Grants	1,354.5	869.0
State Grants	263.5	304.6
Local Matching Contributions	155.1	171.0
Member Dues	45.0	50.1
Other	(2.0)	(3.3)
Increase in Net Position	169.1	241.3
Net Position, Beginning of Year	1,126.6	885.3
Net Position, End of Year	$ 1,295.7	$ 1,126.6

Change in Net Position Analysis

For the year ended June 30, 2023, the Commission's Operating Revenue increased $17.4 thousand over the prior year. The Commission's revenue is based on providing specialized services to municipalities and local agencies in the Peoria, Tazewell, and Woodford County area on an hourly basis. Therefore, variances are directly attributable to less need and/or less budget for services from the Commission.

Total Non-Operating Revenue increased by $423.4 thousand.

Total operating expenses increased in the current year by $514.3 thousand. A few of the significant line item increases and/or decreases were as follows:

- Salaries and wages increased by 14% from the prior year by $77.9 thousand.
  - The Commission was understaffed in FY22 but was fully staffed in FY23. Personnel changes in FY23 included three new hires, two terminations, and three promotions.
  - In FY23, one full-time Planner I resigned, one part-time Intern was hired and resigned, and one full-time Planner III was hired.
  - All employees received a 6% pay increase at the beginning of FY23. In January 2023, four employees received an additional 2% cost of living pay increase and three employees received promotions that included pay increases.
  - Two Planner III's were promoted to the Senior Planner position, one GIS Specialist II was promoted to a GIS Specialist III.
- New accounting requirements went into effect in FY23 that required the Commission to keep track of significant information technology user agreements using right-of-use-asset, liability, amortization expense, and interest expense accounts rather than computer or software expense accounts. The new accounting requirements resulted in the following changes for FY23.
  - Amortization Expense - SBITAs is a new account that was created in FY23 and the expense for the year was $10.0 thousand.
  - Interest Expense - SBITAs is also a new account that was created in FY23 and the expense for the year was $5 hundred.
- Consultant Services and Contractual Services expenses in FY23 each increased significantly from the prior year due to a significant increase in grant funding for both Contractual Services and Consultant Services.
  - Consultant Services expenses increased in FY23 by 124% from the prior year by $260.3 thousand.
  - Contractual Services expenses increased in FY23 by 325% from the prior year by $176.5 thousand.
- Computer Equipment, Support, and Maintenance expenses decreased in FY23 by 27% from the prior year by $22.6 thousand due to a decrease in Computer Equipment expenses.
- Depreciation expense increased in FY23 by 118% compared to the prior year by $9.6 thousand due to capital assets purchased in FY22.
- Training expenses decreased in FY23 by 27% from the prior year by $4.4 thousand, however FY22 expenses for training were significantly more than normal.
- Travel expenses increased in FY23 by 116% compared to the prior year by $5.3 thousand due to staff attendance at conferences during the year.
- Internet and Phones expense decreased in FY23 by 31% compared to the prior year by $2.5 thousand due to a change to VOIP phone service and a change in internet service provider mid-year.
- Office Supplies and Expenses increased in FY23 by 61% compared to the prior year by $1.7 thousand due to an increase in staff and an increase in office supply costs in FY23.

Capital Assets Administration

The Commission purchased no capital assets in FY23.

The Commission also purchased 3 new laptops for staff use, and some new microphones for use in the conference room. The laptops and microphones were under the threshold for being capitalized, but they were all reimbursed by grant funds.

More detailed information about the Commission's capital assets is presented in Notes 1.f. and 5 to the financial statements.

Long-Term Debt Management

The Commission's accrued compensated absences for vacation and personal time is a long-term liability on the Balance Sheet. In FY23, the Commission accrued $36.1 thousand and paid out ($33.2 thousand) of compensated absences.

Due to GASB 87, *Leases*, the Commission had a long-term liability of $71.0 thousand for the Office Space lease agreement as of the beginning of FY23, and $33.5 thousand of the liability was paid during the year.

Also due to GASB 87, the Commission had a long-term liability of $19.3 thousand for the Copier lease agreement as of the beginning of FY23, and $3.7 thousand of the liability was paid during the year.

More detailed information about long-term debt can be found in Note 10 to the financial statements.

Economic Trends

The Commission revenue will remain stable over the FY24 Overall Work Program. Transportation will be the primary focus of Commission activity in the next year. The Illinois Department of Transportation (IDOT) continues to be the primary source of funding for Commission projects. IDOT State Planning and Research Grants have been awarded to the Commission to carry out important planning projects. A majority of the SPR Grant will be done by consultants.

In terms of planning activities not related to transportation, the Commission's staff will continue to pursue grants and contracts for environmental related planning projects to build on past work as it related to the restoration of the Illinois River and its watershed. The sources of funding for these projects will likely come from the Illinois Department of Natural Resources, and the Illinois Environmental Protection Agency. The Commission will also lead a regional natural hazard mitigation planning effort with funds sourced from the Illinois Emergency Management Agency.

The Commission has become fully staffed, filling two vacant Planner positions in FY23. The Commission has increased salaries because of a compensation study conducted in FY23. In addition, the Commission will consider moving the Commission retirement benefit to the Illinois Municipal Retirement Fund (IMRF) from the current 457B plan. IMRF is a defined benefit plan that is consistent with other municipal and county employers in the region. The move will make the Commission more competitive in retention and attraction of staff. The Commission will continue to invest in employee training to maintain the Commission's staff at optimum performance levels.

Contacting the Commission's Management

The financial reports of the Commission provide an overview for the public of the financial accountability the Commission maintains for the resources received. Further questions concerning this report should be directed to Eric Miller, Executive Director, Tri-County Regional Planning Commission, 456 Fulton Street, Suite 401, Peoria, IL 61602.

TRI-COUNTY REGIONAL PLANNING COMMISSION
Balance Sheet
June 30, 2023

ASSETS

Current Assets		
Cash	$	1,209,953
Cash - Restricted		9,400
Accounts and Grants Receivable		279,964
Prepaid Expenses		32,375
Total Current Assets		1,531,692
Capital Assets, Net		87,675
Total Assets	$	1,619,367

LIABILITIES AND NET POSITION

Current Liabilities		
Accounts Payable	$	101,392
Accrued Expenses		60,306
Unearned Revenue		43,027
Accrued Compensated Absences		33,200
Lease Liabilities		39,322
Total Current Liabilities		277,247
Long-Term Liabilities		
Accrued Compensated Absences, Net of Current Portion		32,435
Lease Liabilities, Net of Current Portion		13,927
Total Long-Term Liabilities		46,362
Total Liabilities		323,609
Net Position		
Net Investment in Capital Assets		34,426
Unrestricted		1,261,332
Total Net Position		1,295,758
Total Liabilities and Net Position	$	1,619,367

See Accompanying Notes

TRI-COUNTY REGIONAL PLANNING COMMISSION
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues	
Charges for Services	$ 59,147
Operating Expenses	
Salaries and Wages	617,520
Consultants	469,566
Contractual Services	230,970
Employee Benefits	106,852
Computer Equipment, Support, and Maintenance	62,032
Payroll Taxes	48,823
Amortization	48,472
Professional Services	35,278
Rent and Utilities	21,114
Depreciation	17,769
Training	12,044
Travel	9,953
General Insurance	7,927
Internet and Phones	5,580
Office Supplies and Expenses	4,418
Dues and Subscriptions	4,379
Other	3,410
Total Operating Expenses	1,706,107
Operating Loss	(1,646,960)
Non-Operating Revenues (Expenses)	
Federal Grants	1,354,470
State Grants	263,513
Local Matching Contributions	155,052
Member Dues	45,000
Interest Income	916
Interest Expense	(2,817)
Net Non-Operating Revenues (Expenses)	1,816,134
Increase in Net Position	169,174
Net Position, Beginning of Year	1,126,584
Net Position, End of Year	$ 1,295,758

See Accompanying Notes

TRI-COUNTY REGIONAL PLANNING COMMISSION
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows From Operating Activities	
Receipts from Customers	$ 48,816
Payments to Employees and Benefits	(693,607)
Payments to Vendors	(875,533)
Net Cash Used in Operating Activities	(1,520,324)
Cash Flows From Capital Related Financing Activities	
Principal Payments on Lease Liabilities	(37,120)
Principal Payments on Subscription Liabilities	(18,250)
Interest Payments on Lease Liabilities	(2,317)
Interest Payments on Subscription Liabilities	(500)
Net Cash Used in Capital Related Financing Activities	(58,187)
Cash Flows From Non-Capital Financing Activities	
Federal and State Grants	1,532,386
Local Matching Contributions	147,570
Member Dues	48,500
Net Cash Provided by Non-Capital Financing Activities	1,728,456
Cash Flows From Investing Activities	
Interest Received	916
Increase in Cash	150,861
Cash, Beginning of Year	1,068,492
Cash, End of Year	$ 1,219,353
Included in the Balance Sheet Under the Following Captions	
Cash	$ 1,209,953
Cash - Restricted	9,400
Total Cash	$ 1,219,353
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	$ (1,646,960)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and Amortization	66,241
(Increase) Decrease in Current Assets	
Accounts and Grants Receivable	(10,331)
Prepaid Expenses	5,370
Increase (Decrease) in Current Liabilities	
Accounts Payable	34,002
Accrued Expenses	28,456
Accrued Compensated Absences	2,898
Net Adjustments	126,636
Net Cash Used in Operating Activities	$ (1,520,324)
Supplemental Disclosure of Non-Cash Capital and Related Financing Activity	
Capital Assets Acquired Through Subscription Liabilities	$ 18,250

See Accompanying Notes

1. Summary of Significant Accounting Policies

a. Financial Reporting Entity

The Tri-County Regional Planning Commission (the Commission) was formed on July 1, 1993, by the County Boards of Peoria, Tazewell and Woodford Counties, Illinois, to coordinate regional planning activities for the Tri-County area. This entity was formed by a division of assets of the former Tri-County Regional Commission formed March 12, 1958. The Commission is a unit of County Government and therefore exempt from income taxes. Revenues are substantially generated from federal and state grants awarded to benefit the residents of the three counties from direct contributions of the three counties, and from contracts for services.

The financial statements of the Commission are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

b. Basis of Presentation

The definition of what constitutes the entity of the Commission is based on the guidelines set forth in GASB Statement No. 14, as amended by GASB Statements No. 61, No. 84, No. 85, and No. 90 According to GASB Statement No. 14, as amended, a legally separate organization should be included as a component unit of the primary organization if the primary government is financially accountable for the legally separate organization. Financial accountability is determined as follows:

1. The organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or

2. The primary government appoints a voting majority of the organization’s governing body, and:

   - It is able to impose its will on the organization, or

   - There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government.

Based on these requirements, the Commission has no component units and the Commission itself is not considered a component unit of any other governmental unit.

c. Basis of Accounting

The financial statements of the Commission are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

d. Investments

Under Illinois law (30 ILCS 235/2), the Commission may invest excess funds in interest bearing deposits at federally insured banks and savings and loans, commercial paper, short term discount obligations of the Federal National Mortgage Association, and securities issued by the U.S. Treasury or other federal agencies. At June 30, 2023, the Commission had no investments.

e. Accounts and Grants Receivables

Accounts and grants receivables are reported at the estimated net realizable amounts from third-party payers and others for services rendered or for grant revenue earned. Receivables are stated at the amount management expects to collect on outstanding balances. Management has not provided an allowance against receivables at June 30, 2023 as management estimates that all receivables are fully collectible.

f. Capital Assets

Capital assets, which consist of office furniture and fixtures, computer equipment, vehicles, leasehold improvements, leased assets, and subscription assets are valued at cost (or estimated historical cost if actual cost is unavailable) except for leased assets and subscription assets, which are valued at the amortized present value of future payments under the lease or subscription. The Commission maintains a capitalization threshold of $2,500. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is provided over an asset’s estimated useful life using the straight-line method. Leased assets and subscription assets are amortized using the straight-line method over the term of the agreement.

The estimated useful lives by type of asset are as follows:

	Years
Computer and Equipment	3
Vehicles	5
Office Furniture and Fixtures	7

g. Accrued Compensated Absences

Accrued compensated absences consist of accumulated unused vacation days up to a maximum of 140 hours that employees are allowed to accumulate and accumulated unused personal days up to a maximum of 175 hours that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment. The accrued compensated absences liability is calculated based on the employee's equivalent hourly rate as of June 30, 2023.

h. Deferred Outflows and Inflows

The financial statement element deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has no item that qualifies for reporting in this category at June 30, 2023.

The financial statement element deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has no item that qualifies for reporting in this category at June 30, 2023.

i. Operating Revenue

Operating Revenue consists of revenue received from contracted services. Non-operating revenue consists of grant revenue, local matching contributions, member county contributions, and interest income.

Revenue from contracted services is recognized as expenses are charged to the contracts. Contracts are typically one year or less in duration.

j. Restricted Net Position

Restricted net position results from assets, less any related liabilities, that are externally restricted to fund an activity that is narrower than the Commission's general activity of coordinating regional planning. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Commission considers restricted funds to have been spent first.

k. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

The most sensitive estimates affecting the financial statements were:

1. The allowance for uncollectible receivables

2. The amount of direct and indirect expenses eligible for reimbursement under the Commission's state and federal operating grants

l. Adoption of New Accounting Standards

In June 2017, GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. The provisions of GASB 96 require recognizing a right-of-use subscription asset and corresponding subscription liability for applicable information technology arrangement greater than 12 months. The Commission adopted the new standard during Fiscal Year 2023. The adoption of the standard had no impact on net position as of June 30, 2022, as previously reported. The adoption of the standard caused an $8,796 decrease in operating expenses and a $500 increase in non-operating expenses for the year ended June 30, 2023.

In April 2022, GASB issued Statement No. 99 (GASB 99), *Omnibus 2022.* The provisions of GASB 99 include clarifications on accounting for leases, public-private and public-public partnerships, subscription-based information technology arrangements, and other various topics. The Commission adopted the new standard during Fiscal Year 2023. The adoption of the standard had no impact on net position as of June 30, 2022, as previously reported, or on the change in net position recorded for Fiscal Year 2023.

2. Budgets

The Board of Commissioners approves an annual operational budget, but the Commission is not required by statute to pass an annual legal budget and appropriations document.

3. Cash

Cash – Restricted

At June 30, 2023, the Commission held $7,870 of cash restricted for payment to the employee's retirement account trustee and $1,530 for employee flexible spending account payments.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission's investment policy requires all bank deposit amounts in excess of federal depository insurance to be collateralized by an independent third-party institution. At June 30, 2023, $1,066,853 of the Commission's bank deposits of $1,316,853 which reconciled to a book balance of $1,219,353, was exposed to custodial credit risk. The $1,066,853 balance exposed to custodial credit risk was fully collateralized by an insured cash sweep agreement with the Commission's bank.

4. Accounts and Grants Receivable

Accounts and grants receivable from other governmental agencies as of June 30, 2023 were as follows:

Due from Federal Agencies	$ 239,432
Due from State of Illinois Agencies	24,014
Due from Counties	8,728
Due from Other	7,790
Total Accounts and Grants Receivable	$ 279,964

5. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

Capital Assets	June 30, 2022	Additions	Deletions	June 30, 2023
Depreciable Capital Assets:				
Computer Equipment	$ 86,403	$ -	$ -	$ 86,403
Office Furniture and Equipment	23,019	-	-	23,019
Vehicles	23,944	-	-	23,944
Leasehold Improvements	7,080	-	-	7,080
Total Depreciable Capital Assets	140,446	-	-	140,446
Less: Accumulated Depreciation				
Computer Equipment	(41,088)	(17,768)	-	(58,856)
Office Furniture and Equipment	(23,019)	-	-	(23,019)
Vehicles	(23,944)	-	-	(23,944)
Leasehold Improvements	(7,080)	-	-	(7,080)
Total Accumulated Depreciation	(95,131)	(17,768)	-	(112,899)
Total Depreciable Capital Assets, Net	45,315	(17,768)	-	27,547
Lease Assets:				
Building	103,325	-	-	103,325
Office Equipment	23,472	-	-	23,472
Total Lease Assets	126,797	-	-	126,797
Less: Accumulated Amortization				
Building	(33,511)	(33,511)	-	(67,022)
Office Equipment	(4,303)	(3,639)	-	(7,942)
Total Lease Assets, Being Amortized, Net	88,983	(37,150)	-	51,833
Subscription Assets:				
Technology Software	-	18,250	-	18,250
Less: Accumulated Amortization				
Technology Software	-	(9,955)	-	(9,955)
Total Subscription Assets, Being Amortized, Net	-	8,295	-	8,295
Total Capital Assets, Net	$ 134,298	$ (46,623)	$ -	$ 87,675

6. Leases

The Commission leases its office space, which requires monthly lease payments of $2,950 through the expiration of the lease on July 31, 2024. The lease agreement provides for the cancellation of the lease under certain conditions.

The Commission leases a copier, which requires monthly lease payments through the expiration of the lease on July 31, 2026. The lease requires monthly payments of $411 through July 31, 2026.

The total costs of the Commission's lease assets are $126,797 less accumulated amortization of $74,964.

The future lease payments under the lease agreements are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 39,322	$ 1,015	$ 40,337
2025	7,721	166	7,887
2026	5,795	61	5,856
2027	411	1	412
Total	$ 53,249	$ 1,243	$ 54,492

7. Subscription-Based Information Technology Arrangements

The Commission has entered into a long-term subscription-based technology arrangement (SBITA) for software which assists with regional planning activities. The Commission is obligated under this noncancellable arrangement on a subscription basis, which requires annual payments of $18,750. The arrangement has terms running through April 2024. The total costs of the Commission's SBITA assets are $18,250 less accumulated amortization of $9,955. As of June 30, 2023, the Commission has made all required payments under this arrangement.

8. Accrued Expenses

As of June 30, 2023, the Commission had accrued expenses consisting of the following:

Accrued Payroll	$ 26,732
Unvested Retirement Contributions	8,088
Other Accruals	25,486
Total Accrued Expenses	$ 60,306

9. Unearned Revenue

As of June 30, 2023, the Commission had unearned revenue consisting of the following:

Unearned Service Contract Revenue	$	19,238
Unearned Local Matching		488
Unearned Grant Revenue		23,301
Total Unearned Revenue	$	43,027

10. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	June 30, 2022	Issued	Retired	June 30, 2023	Due Within One Year
Accrued Compensated Absences	$ 62,737	$ 36,085	$ 33,187	$ 65,635	$ 33,200
Lease Liabilities	90,369	-	37,120	53,249	39,322
Subscription Liabilities	-	18,250	18,250	-	-
Total Long-Term Liabilities	$ 153,106	$ 54,335	$ 88,557	$ 118,884	$ 72,522

11. Retirement Plan

The Commission sponsors a defined contribution pension plan known as the Tri-County Regional Planning Commission Section 457 Governmental Deferred Compensation Plan (the Plan). The Plan was authorized by the Commission's Board of Commissioners. For full-time employees, the Commission contributes five percent of monthly gross earnings in years one through ten of employment and seven percent for employees with more than ten years with the Commission. Employees may also make tax deferred contributions from their gross earnings. Employees vest in the Commission's contributions at increasing percentages over the first five years and are fully vested upon completing five years of employment with the Commission. Employees are fully vested in the amounts deferred from their own compensation immediately upon deferral. The Plan's requirements may only be amended by the Commission's Board of Commissioners. All plan assets are held in a trust by a third-party administrator only for the purpose of paying plan benefits. Total expense incurred by the Commission for the retirement plan for the year ended June 30, 2023 was $31,221, which is included in employee benefits expense. At June 30, 2023, the Commission had a payable of $1,088 due to the Plan.

12. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers' compensation. During the year ended June 30, 2023, there were no significant reductions in coverage. There have been no settlement amounts that have exceeded insurance coverage or that have not been covered by insurance in the past three years.

13. Related-Party Transactions

During the year ended June 30, 2023, the Commission received $45,000 in member dues from the three counties that are the member organizations of the Commission and $38,947 in charges for services from the member organizations. At June 30, 2023, the Commission had $8,503 due from the member organizations.

During the year ended June 30, 2023, the Commission incurred $116,230 of contractual services and software equipment expenses to two cities that are member organizations of the Commission. At June 30, 2023, $6,400 was included in accounts payable to the member organizations.

14. Concentrations of Revenues

For the year ended June 30, 2023, the Commission had the following concentrations of revenues:

- Approximately 69 percent, or $1,291,840 of the Commission's revenue was earned from grants originating from the U.S. Department of Transportation.

- Approximately 14 percent, or $263,513 of the Commission's revenue was earned from grants originating from the Illinois Department of Transportation (IDOT).

15. Grant Contingencies

Revenues under various state and federal grants have been recognized based on allowable costs incurred on those agreements by the Commission as identified by the Commission's management. Additionally, indirect costs have been allocated to certain agreements as allowable costs based on allocations determined by the Commission's management. Uncertainties inherent in this process and uncertainties relating to the future review and approval of allowable costs by state and federal agencies makes it at least reasonably possible that grant revenues recognized are subject to retroactive change subsequent to June 30, 2023.

16. Project Commitments

As of June 30, 2023, the Commission had contracts with unrelated consultants for the following:

Consultant Project Commitments	Total Remaining Commitment	Fiscal Year of Expenditure
Heart of IL Regional Port District Master Plan	$ 400,000	2024
East Peoria Comprehensive Plan	200,000	2025
Activity Based Travel Demand Modeling	150,000	2024
Hazard Mitigation Plan	70,000	2025
Pekin Bicycle and Pedestrian Master Plan	48,000	2024
Peoria Intersection Safety Study	35,000	2024
Chillicothe Trail Master Plan	20,000	2024
Travel Demand Modeling Services	14,000	2024
Total Consultant Project Commitments	$ 937,000	

Subsequent to year end, the Commission also entered into a commitment for service from a consultant to develop a crosswalk feasibility study. The amount of this commitment is approximately $25,000 and is expected to be incurred in Fiscal Year 2024.

The majority of these commitments will be funded with grants from federal and State of Illinois agencies.

17. New Government Accounting Standard

In June 2022, GASB issued Statement No. 101 (GASB 101), *Compensated Absences*. The provisions of GASB 101 require that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. GASB 101 is effective for the Commission's Fiscal Year 2025. The Commission's management is currently reviewing what impact, if any, this new standard will have on its future financial statements and disclosures.

TRI-COUNTY REGIONAL PLANNING COMMISSION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures	Total Provided to Sub-recipients
Department of Transportation					
Direct					
Enhanced Mobility of Seniors and People with Disabilities	20.513			$ 179,419	$ -
Passed through the Illinois Department of Transportation					
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	22-1009-25361	*	30,389	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	23-1009-33231	*	709,919	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	21-1439-22584	*	242,270	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	21-1439-38462	*	2,149	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	23-1439/1437-38783	*	15,832	-
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	21-1439/437-23455	*	28,513	-
Total Highway Planning and Construction				1,029,072	-
Formula Grants for Rural Areas	20.509	5121		83,349	-
Department of Homeland Security					
Passed through the Illinois Emergency Management Agency					
Hazard Mitigation Program	97.039	588-40-0449		62,630	-
Total Expenditures of Federal Awards				$ 1,354,470	$ -

* - Denotes a major program.

Notes to Schedule of Expenditures of Federal Awards

1. The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Commission's federal award programs 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). Therefore, some amounts presented in this schedule may differ from amounts presented in the basic financial statements, which are presented in conformity with accounting principles generally accepted in the United States of America.

2. The Commission did not use the 10 percent de minimis indirect cost rate for the year ended June 30, 2023.

3. Property and equipment purchases that are presented as expenditures in the Schedule of Expenditures of Federal Awards may be capitalized by the Commission for presentation in the basic financial statements.

TRI-COUNTY REGIONAL PLANNING COMMISSION
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

1. Summary of Auditor's Results

(i) Type of auditor's report issued on the financial statements: Unmodified

(ii) The audit did not disclose a material weakness or significant deficiency in internal control over financial reporting.

(iii) The audit did not disclose instances of noncompliance material to the financial statements.

(iv) The audit did not disclose material weaknesses or significant deficiencies in internal control over the major federal award program.

(v) Type of auditor's report issued on compliance for the major program: Unmodified

(vi) The audit did not disclose a finding that is required to be reported in accordance with 2 CFR section 200.516a.

(*vii*) Major program:

U.S. Department of Transportation – Highway Planning and Construction:
- Passed through the Illinois Department of Transportation
    - Assistance Listing #20.205

(*viii*) The dollar threshold used to distinguish Type A and Type B programs was $750,000.

(*ix*) Tri-County Regional Planning Commission does not qualify as a low-risk auditee.

2. Findings – Financial Statement Audit

None noted.

3. Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

TRI-COUNTY REGIONAL PLANNING COMMISSION
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

2022-001: Material Adjusting Journal Entries Identified as a Result of Procedures Applied by the Commission's External Auditors.

Conditions

Our audit procedures identified material misstatements of financial statement amounts provided to us by management. Subsequent to identifying the misstatements, we proposed, and management approved, adjusting journal entries, which have corrected the identified misstatements in the financial statements.

Recommendations

1. The Commission's management should record all adjusting journal entries necessary to report the account balances and transactions of the Commission prior to providing the trial balance summarization to the auditor for use in the annual financial statement audit.

2. If there are adjusting entries that management leaves knowingly for the auditor to calculate and record as a part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

Current Status

No similar finding was noted in the audit for the fiscal year ended June 30, 2023.

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

To the Board of Commissioners
Tri-County Regional Planning Commission
Peoria, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tri-County Regional Planning Commission (the Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 17, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances 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 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 statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Martin Hood LLC

Champaign, Illinois
November 17, 2023

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

To the Board of Commissioners
Tri-County Regional Planning Commission
Peoria, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-County 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 June 30, 2023. 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 (Schedule 2).

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 its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). 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 each 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.

Auditor's Responsibility 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 generally accepted auditing standards, *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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the 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 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 the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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.

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.

Martin Hood LLC

Champaign, Illinois
November 17, 2023

TRI-COUNTY REGIONAL PLANNING COMMISSION
Illinois Grant Accountability and Transparency - Consolidated Year-End Financial Report
For the Year Ended June 30, 2023

CSFA Number	Program Name	State Funding	Federal Funding	Other Funding	Total
494-00-1009	Metropolitan Planning Program	$ -	$ 740,308	$ -	$ 740,308
494-00-1437	State Planning Funds	263,513	-	-	263,513
494-00-1439	Statewide Planning and Research Funds	-	288,764	-	288,764
494-80-1291	Enhanced Mobility Funds	-	179,419	-	179,419
588-40-0449	Hazard Mitigation Grant	-	62,630	-	62,630
	Other Grant Programs and Activities	-	83,349	-	83,349
	All Other Costs Not Allocated	-	-	90,941	90,941
Total		$ 263,513	$ 1,354,470	$ 90,941	$ 1,708,924