Martin | Hood

Martin Hood LLC
2507 South Neil Street
Champaign, Illinois 61820
Tel: 217.351.2000
Fax: 217.351.7726
www.martinhood.com

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, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 12, 2018.

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 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 have not been identified.

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 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 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
October 12, 2018

Martin | Hood

Martin Hood LLC
2507 South Neil Street
Champaign, Illinois 61820
Tel: 217.351.2000
Fax: 217.351.7726
www.martinhood.com

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

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, 2018. 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).

Management's Responsibility

Management is responsible for compliance with 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 the Commission's major federal program 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 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.

AICPA
GAQC Member

CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

We believe that our audit provides a reasonable basis for our opinion on compliance for the 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 its major federal program for the year ended June 30, 2018.

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 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 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 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
October 12, 2018

TRI-COUNTY REGIONAL PLANNING COMMISSION

Peoria, Illinois

Basic Financial Statements and Supplementary Information

For the Year Ended

June 30, 2018

CONTENTS

Martin Hood LLC
2507 South Neil Street
Champaign, Illinois 61820
Tel: 217.351.2000
Fax: 217.351.7726
www.martinhood.com

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Tri-County Regional Planning Commission (the Commission) as of and for the year ended June 30, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2018, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Account principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming 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 presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are not required parts of the basic financial statements.

The schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, including the information in the Schedule of Expenditures of Federal Awards, is 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 October 12, 2018, 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
October 12, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

About the Financial Statements of Tri-County Regional Planning Commission

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, 2018 and 2017. 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 9 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 10 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 11 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 12 through 19 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 20 through 22.

Financial Highlights

The Commission is showing increase in net position for the fiscal years 2018 and 2017 of $119,308 and $70,904, 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 2018 or 2017. 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)

	2018	2017
Current Assets	$ 1,039.5	$ 714.7
Capital Assets, Net of Accumulated Depreciation	12.7	13.5
Total Assets	1,052.2	728.2
Current Liabilities	363.4	189.7
Long-Term Liabilities	31.0	-
Total Liabilities	394.4	189.7
Net Position:		
Net Investment in Capital Assets	12.7	13.5
Unrestricted	645.1	525.0
Total Net Position	$ 657.8	$ 538.5

Overall Financial Position

For the year ended June 30, 2018, the Commission's total net position increased from $538,471 to $657,779. 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)

	2018	2017
Operating Revenues:		
Charges for Services	$ 93.2	$ 113.8
Less: Operating Expenses	1,294.9	962.4
Operating Income (Loss)	(1,201.7)	(848.6)
Non-Operating Revenues (Expenses):		
Federal Grants	957.7	685.6
Local Matching Contributions	194.3	147.2
Member Dues	41.3	44.1
State Grants	122.9	41.6
Other	4.8	1.0
Increase (Decrease) in Net Position	119.3	70.9
Net Position, Beginning of Year	538.5	467.6
Net Position, End of Year	$ 657.8	$ 538.5

Change in Net Position Analysis

For the year ended June 30, 2018, the Commission's operating revenue decreased by $20,557. 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, the decrease in sales is directly attributable to less need and/or less budget for services from the Commission.

Total operating expenses increased in the current year by $332,558, or 35 percent. A few of the significant line item increases and/or decreases were as follows:

- Salaries and wages increased by 20 percent from the prior year ($88,340). In general, this increase is the result of personnel changes and increased staffing to accommodate a heavier workload. (Total revenues, excluding gain on sale of capital assets increased by 36.7 percent $379,362). More specifically, two new Planners were hired in 2018, but the costs were partially offset by the termination of a Senior Planner ($46,016 increase.) Three interns were hired. ($24,267 increase). The GIS Manager left and was not replaced ($32,481 decrease). The Program Manager position was vacant for 2 months in

2017, but not in 2018 resulting in a $19,680 increase. Salary increases ($10,000), accrued paid time off liability increase ($13,662), and turnover in accounting personnel ($4,237) account for most of the remaining salaries and wages increase.

- Contractual services increased 85.3 percent ($199,720) to accommodate the heavier workload and meet increased demands.

- Employee benefits increased 14.5 percent ($12,634) nearly all of which is attributable to rising health insurance costs.

- Payroll taxes increased by 23.7 percent ($9,311) partly due to the increased wages and partly due to an increase in the Illinois Unemployment tax rate.

- Professional services increased by $10,301 for speaker fees and video recordings for a 'Complete Streets' symposium to educate the public of the return on investment of having a complete infrastructure.

Capital Assets Administration

The Commission invested $7,299 in GPS equipment during the year ended June 30, 2018. The assets were added to the fixed asset schedule and are being depreciated monthly over three years. Eighty percent of the cost ($5,839) was reimbursed by the Illinois Department of Transportation and the other twenty percent ($1,460) was reimbursed by PPUATS.

The Commission disposed of a '98 Dodge Caravan with an original cost of $17,623 and no book value at a gain of $1,600.

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 is the only long-term liability. In the current year the Commission accrued $27,787 and paid out $14,195 of compensated absences. More detailed information about long-term debt can be found in Note 8 to the financial statements.

Economic Trends

The Commission will be adding revenue to the FY19 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 data collection projects. This work 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 look to partner with the United States Army Corps of Engineers to fund or cost share in planning projects.

The Commission expects to keep the personnel at the same level over FY19. The Commission will continue to invest in employee training in order 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.

Exhibit A

TRI-COUNTY REGIONAL PLANNING COMMISSION
Balance Sheet
June 30, 2018

ASSETS

Current Assets		
Cash	$	573,350
Cash - Restricted		103,461
Accounts and Grants Receivable		341,848
Prepaid Expenses		20,841
Total Current Assets		1,039,500
Capital Assets, Net of Accumulated Depreciation		12,652
Total Assets	$	1,052,152

LIABILITIES AND NET POSITION

Current Liabilities		
Accounts Payable	$	244,258
Accrued Expenses		54,918
Unearned Revenue		49,982
Accrued Compensated Absences		14,195
Total Current Liabilities		363,353
Long-Term Liabilities		
Accrued Compensated Absences - Net of Current		31,020
Total Liabilities		394,373
Net Position		
Net Investment in Capital Assets		12,652
Unrestricted		645,127
Total Net Position		657,779
Total Liabilities and Net Position	$	1,052,152

See Accompanying Notes

TRI-COUNTY REGIONAL PLANNING COMMISSION
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

Operating Revenues	
Charges for Services	$ 93,266
Operating Expenses	
Salaries and Wages	529,006
Contractual Services	433,883
Employee Benefits	99,581
Rent and Utilities	50,854
Payroll Taxes	48,609
Equipment and Maintenance	39,067
Professional Services	33,573
Travel	17,922
General Insurance	11,049
Office Supplies and Expenses	9,830
Depreciation	8,097
Telephone	5,295
Dues and Subscriptions	2,702
Other	5,458
Total Operating Expenses	1,294,926
Operating Income (Loss)	(1,201,660)
Non-Operating Revenues (Expenses)	
Federal Grants	957,650
State Grants	122,939
Local Matching Contributions	194,323
Member Dues	41,250
Interest Income	1,099
Gain (Loss) on Sale of Capital Assets	1,600
Other Income	2,107
Total Non-Operating Revenues (Expenses)	1,320,968
Increase (Decrease) in Net Position	119,308
Net Position, Beginning of Year	538,471
Net Position, End of Year	$ 657,779

See Accompanying Notes

TRI-COUNTY REGIONAL PLANNING COMMISSION
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash Flows From Operating Activities		
Receipts from Customers	$	88,562
Payments to Employees and Benefits		(601,193)
Payments to Vendors		(452,951)
Net Cash Provided by (Used in) Operating Activities		(965,582)
Cash Flows From Non-Capital Financing Activities		
Federal and State Grants		890,504
Local Matching Contributions		157,265
Member Dues		37,250
Other Non-Operating Income		2,107
Net Cash Provided by (Used in) Non-Capital Financing Activities		1,087,126
Cash Flows From Capital and Related Financing Activities		
Purchases of Capital Assets		(7,299)
Proceeds from Sale of Capital Assets		1,600
Net Cash Provided by (Used in) Capital and Related Financing Activities		(5,699)
Cash Flows From Investing Activities		
Interest Received		1,099
Increase (Decrease) in Cash		116,944
Cash, Beginning of Year		559,867
Cash, End of Year	$	676,811
Included in the Balance Sheet Under the Following Captions		
Cash	$	573,350
Cash - Restricted		103,461
Total Cash	$	676,811
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$	(1,201,660)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation		8,097
(Increase) Decrease in Current Assets		
Accounts Receivable		(9,861)
Prepaid Expenses		(3,876)
Increase (Decrease) in Current Liabilities		
Accounts Payable		210,322
Accrued Expenses		12,647
Unearned Revenue		5,157
Accrued Compensated Absences		13,592
Net Adjustments		236,078
Net Cash Provided by (Used in) Operating Activities	$	(965,582)

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 Number 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 Number 14, as amended by GASB Statement Number 61. According to GASB Statement 14, as amended by Statement 61, 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, 2018, 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, 2018 as management estimates that all receivables are fully collectible.

f. Capital Assets

Capital assets, which consist of office furniture and fixtures, computer equipment, vehicles, and leasehold improvements, are valued at cost (or estimated historical cost if actual cost is unavailable). Estimated historical cost was used to value assets acquired prior to June 30, 1999. 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 of depreciation.

The range of estimated useful lives by types of asset is as follows:

	Years
Computer and Equipment	3
Vehicles	5
Office Furniture and Fixtures	7
Leasehold Improvements	Life of Lease

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, 2018.

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, 2018.

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, 2018.

i. Operating Revenue

Operating Revenue consists of revenue received from contracted services. Non-operating revenue consists of grant revenue, Peoria/Pekin Urbanized Area Transportation Studies Committee (PPUATS) 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 useful lives of capital assets

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

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, 2018, the Commission held $29,080 of cash restricted for payment to the employee's retirement account trustee, $1,620 for employee flexible spending account payments, and $72,761 for PPUATS activities.

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 does not have a formal written investment policy; however, the Commission's management maintains a goal of protecting all deposits by requiring that all bank deposit amounts in excess of federal depository insurance are to be collateralized by a pledge of securities from the depository bank at 110 percent of the uninsured amount. At June 30, 2018, $436,776 of the Commission's bank deposits of $686,776, which reconciled to a book balance of $676,811, was exposed to custodial credit risk. The $436,776 balance exposed to custodial credit risk was fully collateralized by a repurchase agreement with the Commission's bank.

4. Accounts and Grants Receivable

Accounts and grants receivable from other governmental agencies as of June 30, 2018 were as follows:

Due from Federal Agencies	$ 214,739
Due from State of Illinois Agencies	105,104
Due from Counties	19,380
Due from Municipalities	525
Due from Other	2,100
Total Accounts and Grants Receivable	$ 341,848

5. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Capital Assets	June 30, 2017	Additions	Deletions	June 30, 2018
Depreciable Capital Assets:				
Computer Equipment	$ 83,413	$ 7,299	$ -	$ 90,712
Office Furniture and Equipment	54,533	-	-	54,533
Vehicles	41,567	-	17,623	23,944
Leasehold Improvements	7,081	-	-	7,081
	186,594	7,299	17,623	176,270
Accumulated Depreciation:				
Computer Equipment	72,914	6,681	-	79,595
Office Furniture and Equipment	54,533	-	-	54,533
Vehicles	41,567	-	17,623	23,944
Leasehold Improvements	4,130	1,416	-	5,546
	173,144	8,097	17,623	163,618
Total Capital Assets	$ 13,450	$ (798)	$ -	$ 12,652

6. **Accrued Expenses**

As of June 30, 2018, the Commission had accrued expenses consisting of the following:

Accrued Payroll	$	21,598
Unvested Retirement Contributions		29,080
Other Accruals		4,240
Total Accrued Expenses	$	54,918

7. **Unearned Revenue**

As of June 30, 2018, the Commission had unearned revenue consisting of the following:

Unearned Service Contract Revenue	$	19,238
Unearned Local Matching		26,077
Unearned Grant Revenue		4,667
Total Unearned Revenue	$	49,982

8. **Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	June 30, 2017	Issued	Retired	June 30, 2018	Due Within One Year
Accrued Compensated Absences	$ 31,623	$ 27,787	$ 14,195	$ 45,215	$ 14,195

9. **Revolving Line of Credit**

The Commission maintains a revolving line of credit agreement with a bank on which it may borrow up to $100,000. The agreement runs through August 30, 2019. The line of credit bears interest at the U.S. Prime Rate with a minimum rate of 4.25 percent through August 30, 2018 and 4.75 percent thereafter, and is secured by all of the accounts of the Commission. This line of credit had no outstanding balance as of June 30, 2018 and the interest rate was 5 percent.

10. **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 5 percent of monthly gross earnings in years one through ten of employment and 7 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 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, 2018 was $26,017. At June 30, 2018, the Commission had a payable of $1,122 due to the Plan.

11. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers' compensation. During the year ended June 30, 2018, 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.

12. Lease Commitments

The Commission leases its office space under an operating lease, which requires monthly lease payments through the expiration of the lease on July 31, 2019. The lease agreement provides for cancellation of the lease under certain conditions.

The Commission leases a copier under an operating lease, which requires monthly lease payments through the expiration of the lease on July 31, 2021.

The future annual minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30,		
2019	$	38,656
2020		7,320
2021		4,472
2022		373
Total	$	50,821

Total rent expense for the year ended June 30, 2018 was $38,656 including $34,184 in rent and utilities and $4,472 in office supplies and expenses.

13. Related-Party Transactions

During the year ended June 30, 2018, the Commission received $41,250 in member dues from the three counties that are the member organizations of the Commission and $59,351 in charges for services from the member organizations.

At June 30, 2018, the Commission had $19,380 due from the member organizations.

14. Concentrations of Revenues and Receivables

For the year ended June 30, 2018, the Commission had the following concentration of revenues:

- Approximately 66 percent, or $929,699 of the Commission's revenue was earned from grants originating from the U.S. Department of Transportation passed through the Illinois Department of Transportation (IDOT).

At June 30, 2018, the Commission had the following concentration of receivables:

- Approximately 18 percent, or $190,893, of the Commission's assets total was due from receivables for grants originating from the U.S. Department of Transportation passed through 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, 2018.

16. Other Commitments

The Commission had one significant in-progress contract with an unrelated consultant through the date of the Independent Auditor's Report. The remaining commitment on this contract, after costs incurred through June 30, 2018, was approximately $103,000. The majority of this commitment will be funded with grants from federal and State of Illinois agencies and is expected to be completed in Fiscal Year 2019.

TRI-COUNTY REGIONAL PLANNING COMMISSION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures	Total Provided to Sub-recipients
Department of Transportation					
Direct					
Job Access and Reverse Commute Program	20.516	IL-37-X088-00		$ 77,168	$ 77,168
New Freedom Program	20.521	IL-57-X029-00		33,313	33,313
Passed through the Illinois Department of Transportation					
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	17-751-05201	*	613,592	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	17-751-05201		163,702	-
Formula Grants for Rural Areas	20.509	IL-18-XO31		41,924	-
Total Department of Transportation				929,699	110,481
Federal Emergency Management Agency					
Passed through the Illinois Emergency Management Agency					
IEMA Hazard Mitigation (Pre-Disaster Mitigation Grant Program)	97.047	TRICOUNTYPDM15		27,951	-
Total Expenditures of Federal Awards				$ 957,650	$ 110,481

* - 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 awarc 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, 2018.

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

Subrecipient/Program Title	CFDA Number	Amount Provided
Greater Peoria Mass Transit District		
Job Access and Reverse Commute Program	20.516	$ 77,168
New Freedom Program	20.521	33,313
		$ 110,481

TRI-COUNTY REGIONAL PLANNING COMMISSION
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

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 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
    - CFDA #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, 2018

No findings noted in the prior year.