TRI-COUNTY REGIONAL PLANNING COMMISSION

Peoria, Illinois

Basic Financial Statements

For the Year Ended

June 30, 2017

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

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, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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. 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, 2017, 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

The Commission has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
September 27, 2017

TRI-COUNTY REGIONAL PLANNING COMMISSION
Balance Sheet
June 30, 2017

ASSETS		
Current Assets		
Cash	$	448,988
Cash - Restricted		110,879
Accounts and Grants Receivable		137,902
Prepaid Expenses		16,965
Total Current Assets		714,734
Capital Assets, Net of Accumulated Depreciation		13,450
Total Assets	$	728,184
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable	$	33,936
Accrued Expenses		42,271
Unearned Revenue		81,883
Accrued Compensated Absences		31,623
Total Current Liabilities		189,713
Net Position		
Net Investment in Capital Assets		13,450
Unrestricted		525,021
Total Net Position		538,471
Total Liabilities and Net Position	$	728,184

See Accompanying Notes

TRI-COUNTY REGIONAL PLANNING COMMISSION
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2017

Operating Revenues	
Charges for Services	$ 113,823
Operating Expenses	
Salaries and Wages	440,666
Contractual Services	234,163
Employee Benefits	86,947
Rent and Utilities	50,566
Payroll Taxes	39,298
Equipment and Maintenance	33,983
Professional Services	23,272
Travel	13,716
General Insurance	12,229
Office Supplies and Expenses	9,712
Telephone	6,033
Depreciation	3,911
Dues and Subscriptions	2,817
Other	5,055
Total Operating Expenses	962,368
Operating Income (Loss)	(848,545)
Non-Operating Revenues (Expenses)	
Federal Grants	685,576
Local Matching Contributions	147,155
Member Dues	44,063
State Grants	41,619
Interest Income	1,036
Total Non-Operating Revenues (Expenses)	919,449
Increase (Decrease) in Net Position	70,904
Net Position, Beginning of Year	467,567
Net Position, End of Year	$ 538,471

See Accompanying Notes

Exhibit C

TRI-COUNTY REGIONAL PLANNING COMMISSION
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows From Operating Activities		
Receipts from Customers	$	139,236
Payments to Employees and Benefits		(526,652)
Payments to Vendors		(433,380)
Net Cash Provided by (Used in) Operating Activities		(820,796)
Cash Flows From Non-Capital Financing Activities		
Federal and State Grants		710,148
Local Matching Contributions		157,793
Member Dues		42,892
Net Cash Provided by (Used in) Non-Capital Financing Activities		910,833
Cash Flows From Capital and Related Financing Activities		
Purchases of Capital Assets		(12,745)
Cash Flows From Investing Activities		
Interest Received		1,036
Increase (Decrease) in Cash		78,328
Cash, Beginning of Year		481,539
Cash, End of Year	$	559,867
Included in the Balance Sheet Under the Following Captions		
Cash	$	448,988
Cash - Restricted		110,879
Total Cash	$	559,867
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$	(848,545)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation		3,911
(Increase) Decrease in Current Assets		
Accounts and Grants Receivable		31,520
Prepaid Expenses		(1,922)
Increase (Decrease) in Current Liabilities		
Accounts Payable		(1,595)
Accrued Expenses		9,434
Unearned Revenue		(6,107)
Accrued Compensated Absences		(7,492)
Net Adjustments		27,749
Net Cash Provided by (Used in) Operating Activities	$	(820,796)

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, 2017, 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, 2017 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, 2017.

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, 2017.

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, 2017.

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. Net Position

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, 2017, the Commission held $15,411 of cash restricted for payment to the employee's retirement account trustee, $1,620 for employee flexible spending account payments, and $93,848 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, 2017, $304,732 of the Commission's bank deposits of $554,732, which reconciled to a book balance of $559,867, was exposed to custodial credit risk. The $304,732 balance exposed to custodial credit risk was collateralized by securities pledged by the Commission's bank, which are not held in the Commission's name. The pledged securities had a market value of $467,440 at June 30, 2017.

4. Accounts and Grants Receivable

Accounts and grants receivable from other governmental agencies as of June 30, 2017 were as follows:

Due from Federal Agencies	$ 104,709
Due from State of Illinois Agencies	20,942
Due from Counties	7,334
Due from Other	4,917
Total Accounts and Grants Receivable	$ 137,902

5. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Capital Assets	June 30, 2016	Additions	Deletions	June 30, 2017
Depreciable Capital Assets:				
Computer Equipment	$ 70,668	$ 12,745	$ -	$ 83,413
Office Furniture and Equipment	54,533	-	-	54,533
Vehicles	41,567	-	-	41,567
Leasehold Improvements	7,081	-	-	7,081
	173,849	12,745	-	186,594
Accumulated Depreciation:				
Computer Equipment	70,419	2,495	-	72,914
Office Furniture and Equipment	54,533	-	-	54,533
Vehicles	41,567	-	-	41,567
Leasehold Improvements	2,714	1,416	-	4,130
	169,233	3,911	-	173,144
Total Capital Assets	$ 4,616	$ 8,834	$ -	$ 13,450

6. Accrued Expenses

As of June 30, 2017, the Commission had accrued expenses consisting of the following:

Accrued Payroll	$	21,667
Unvested Retirement Contributions		15,411
Other Accruals		5,193
Total Accrued Expenses	$	42,271

7. Unearned Revenue

As of June 30, 2017, the Commission had unearned revenue consisting of the following:

Unearned Service Contract Revenue	$	19,238
Unearned Local Matching		57,978
Unearned Grant Revenue		4,667
Total Unearned Revenue	$	81,883

8. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	June 30, 2016	Issued	Retired	June 30, 2017	Due Within One Year
Accrued Compensated Absences	$ 39,115	$ 25,032	$ 32,524	$ 31,623	$ 31,623

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, 2018. The line of credit bears interest at the U.S. Prime Rate with a minimum rate of 4.25 percent and is secured by all of the accounts of the Commission. This line of credit had no outstanding balance as of June 30, 2017 and the interest rate was 4.25 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, 2017 was $24,440. At June 30, 2017, the Commission had a payable of $1,024 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, 2017, 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 after July 31, 2016.

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,		
2018	$	38,656
2019		38,656
2020		7,320
2021		4,472
2022		373
Total	$	89,477

Total rent expense for the year ended June 30, 2017 was $38,283 including $34,184 in rent and utilities and $4,099 in office supplies and expenses.

13. Related Party Transactions

During the year ended June 30, 2017, the Commission received $44,063 in member dues from the three counties that are the member organizations of the Commission and $47,765 in charges for services from the member organizations.

At June 30, 2017, the Commission had $7,334 due from the member organizations.

14. Concentrations of Revenues and Receivables

For the year ended June 30, 2017, the Commission had the following concentration of revenues:

- Approximately 66 percent, or $685,576, 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, 2017, the Commission had the following concentration of receivables:

- Approximately 14 percent, or $104,709, 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, 2017.