

**EAST CENTRAL WISCONSIN
REGIONAL PLANNING COMMISSION**

FINANCIAL STATEMENTS

December 31, 2016 and 2015

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

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Independent Auditors' Report

To the Commissioners
East Central Wisconsin Regional Planning Commission
Menasha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of East Central Wisconsin Regional Planning Commission (Commission) as of and for the years ended December 31, 2016 and 2015 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 East Central Wisconsin Regional Planning Commission as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of proportionate share of the net pension liability (asset) and employer contributions 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

Management 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise East Central Wisconsin Regional Planning Commission's basic financial statements. The schedule of revenues, expenses and changes in net position – comparison of budget to actual and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 2016 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 2016 financial statements. Such information, except for the budget information on page 20, has been subjected to the auditing procedures applied in the audit of the basic 2016 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 2016 financial statements or to the basic 2016 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of revenues, expenses and changes in net position – comparison of budget to actual, except the budget information, and schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic 2016 financial statements as a whole.

The budget information on page 20 has not been subjected to the auditing procedures applied in the audit of the basic 2016 financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Commissioners
East Central Wisconsin Regional Planning Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2017, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "KerberRose SC". The signature is written in a cursive, flowing style.

KerberRose SC
Certified Public Accountants
April 17, 2017

Financial Statements

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Statements of Net Position
As of December 31, 2016 and 2015

	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Unrestricted Cash and Investments	\$ 104,166	\$ 161,105
Restricted Cash and Investments	36,540	30,194
Accounts Receivable	337,575	794,349
Prepaid Items	9,610	15,619
Net Pension Asset	-	191,626
Capital Assets - Net	39,795	28,968
Total Assets	<u>527,686</u>	<u>1,221,861</u>
Deferred Outflows of Resources		
Pension Related Amount	<u>726,852</u>	<u>200,663</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,254,538</u></u>	<u><u>\$ 1,422,524</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities		
Accounts Payable	\$ 48,152	\$ 516,094
Accrued Interest	2,507	3,060
Accrued Vacation Leave	33,873	30,799
Unearned Revenues	36,540	30,194
Long-Term Obligations:		
Due Within One Year	14,641	13,934
Due in More Than One Year	48,462	63,103
Net Pension Liability	130,204	-
Total Liabilities	<u>314,379</u>	<u>657,184</u>
Deferred Inflows of Resources		
Pension Related Amount	<u>283,442</u>	<u>6,059</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>597,821</u>	<u>663,243</u>
NET POSITION		
Investment in Capital Assets	39,795	28,968
Restricted for Pension Benefits	313,206	386,230
Unrestricted	303,716	344,083
TOTAL NET POSITION	<u>656,717</u>	<u>759,281</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 1,254,538</u></u>	<u><u>\$ 1,422,524</u></u>

See Accompanying Notes

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Intergovernmental:		
Federal Grants	\$ 1,443,669	\$ 2,296,096
State Grants	64,028	58,344
Intergovernmental Charges for Service:		
Local Districts Membership Levy	771,690	746,709
Local Contracts	95,375	65,998
NR-135 Program	139,104	138,562
Public Charges for Services	1,715	2,124
Total Operating Revenues	<u>2,515,581</u>	<u>3,307,833</u>
OPERATING EXPENSES		
Salaries and Wages	1,234,865	1,192,649
Employee Fringes and Benefits	627,099	545,310
Direct Grant Expenses	506,207	1,365,503
Meetings and Staff Development	29,786	37,453
Supplies	7,127	6,623
Office Space and Equipment	153,454	145,077
Reference Materials, Subscriptions and Dues	5,895	6,071
Printing and Publishing	12,899	15,933
Postage	3,796	3,234
Staff Expenses	1,344	1,002
Insurance and Professional Fees	13,743	23,428
Depreciation	19,188	13,407
Total Operating Expenses	<u>2,615,403</u>	<u>3,355,690</u>
OPERATING LOSS	<u>(99,822)</u>	<u>(47,857)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest Income	567	662
Interest Expense	(3,309)	(3,988)
Total Nonoperating Revenues (Expenses)	<u>(2,742)</u>	<u>(3,326)</u>
CHANGE IN NET POSITION	(102,564)	(51,183)
NET POSITION - BEGINNING	<u>759,281</u>	<u>810,464</u>
NET POSITION - ENDING	<u>\$ 656,717</u>	<u>\$ 759,281</u>

See Accompanying Notes

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Charges	\$ 1,959,891	\$ 2,093,265
Cash Received from Other Government Payments	1,018,810	930,312
Cash Paid to Suppliers	(1,197,280)	(1,349,158)
Cash Paid for Employee Wages and Benefits	(1,784,770)	(1,742,651)
Net Cash Flows From Operating Activities	<u>(3,349)</u>	<u>(68,232)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Note Payable-Winnebago County	(13,934)	(13,281)
Interest Paid on Debt	(3,862)	(4,516)
Net Cash Flows From Noncapital and Related Financing Activities	<u>(17,796)</u>	<u>(17,797)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	<u>(30,015)</u>	<u>(7,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>567</u>	<u>662</u>
NET DECREASE IN CASH AND INVESTMENTS	(50,593)	(93,001)
CASH AND INVESTMENTS - BEGINNING OF YEAR	<u>191,299</u>	<u>284,300</u>
CASH AND INVESTMENTS - END OF YEAR	<u><u>\$ 140,706</u></u>	<u><u>\$ 191,299</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (99,822)	\$ (47,857)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation	19,188	13,407
Changes in Pension Deferred Outflows and Inflows	(248,806)	(117,213)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	456,774	(282,749)
Prepaid Items	6,009	(2,617)
Net Pension Asset	191,626	107,343
Accounts Payable	(467,942)	257,887
Accrued Vacation	3,074	5,074
Unearned Revenues	6,346	(1,507)
Net Pension Liability	<u>130,204</u>	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (3,349)</u></u>	<u><u>\$ (68,232)</u></u>

See Accompanying Notes

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of East Central Wisconsin Regional Planning Commission (Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Authority are described below.

REPORTING ENTITY

East Central Wisconsin Regional Planning Commission is a public agency formed under Section 66.0309 of the Wisconsin Statutes. The Commission provides planning and other services to Wisconsin County governments and local communities within the counties of Calumet, Fond du Lac, Green Lake, Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and Winnebago. The reporting entity for the Commission is based upon criteria set forth by statements issued by the Governmental Accounting Standards Board (GASB). All functions of the Commission for which it exercises oversight responsibility are included. The Commission has not identified any potential component units that need to be considered in defining the government's reporting entity.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Commission distinguishes operating revenues and expenses from nonoperating items. The principal operating revenues of the Commission consist of operating grants received from federal, state and local governments and dues from member counties. Operating expenses include the payroll costs of operating the Commission, occupancy costs, administrative expenses, costs associated with providing program services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INDIRECT ALLOCATIONS

Employee fringe benefits, employee's time off with pay and indirect costs are allocated to specific Commission programs based on a cost allocation plan. The cost allocation plan distributes the aforementioned expenses to specific programs based on direct salary charges and predetermined charge out rates. The rates used in 2016 are as follows:

Employee fringe benefits and time off with pay	90.34%
All other indirect costs	56.23%

Actual indirect rates for 2016 based on 2016 expenses totaled 88.04% for employee fringe benefits and time off with pay and 52.84% for all other indirect costs. In an effort to charge grants for the actual costs incurred by the Commission, a slight modification in the calculation of the 2016 rate for employee fringe benefits was made by using the actual cash contributions to the pension fund instead of the pension expense required by GASB. This modification resulted in a rate decrease of 8.76 percentage-points.

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND INVESTMENTS

Investment of Commission funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. For purposes of the statement of cash flows, cash and investments that have original maturities of three months or less from the date of acquisition are considered cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount the Commission expects to collect from outstanding balances. No allowance for uncollectible accounts is provided for accounts receivable. Balances that are still outstanding after the Commission has used reasonable collection efforts are written off through a charge to expense and a credit to accounts receivable. All receivables are expected to be collected within one year.

RESTRICTED ASSETS

Restricted assets are part of the NR-135 program and upon termination of the program would be returned to the four member counties (Outagamie, Shawano, Waupaca, and Winnebago) based on active acreage. In addition, restricted assets at December 31, 2016, include \$5,000 received in advance from a grantor. Upon termination of the grant without fulfilling the project requirements, the unspent funds would be returned to the grantor. All grant requirements are expected to be fulfilled in 2017. The liability associated with these assets is included with unearned revenues on the statements of net position.

CAPITAL ASSETS

Capital assets are defined by the Commission as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Asset	Years
Vehicle	4
Computer Equipment	2 - 4
Other Equipment	4 - 10

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The Commission adopted various policies in regard to the accumulation of sick leave and vacation time. Sick leave is not accrued and is expensed as costs are paid. Vacation time earned in one accounting period and carried over to the next period is recorded as a liability in the Commission's financial statements.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate 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 four items at December 31, 2016 and three items at December 31, 2015 that qualify for reporting in this category. The deferred outflows related to the pension plan are reported in the statements of net position. The deferred outflows related to the pension plan are explained in more detail in Note 5.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate 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 two types at December 31, 2016 and one item at December 31, 2015 of deferred inflows of resources related to the pension plan. The deferred inflows related to the pension plan are recorded in the statements of net position and are explained in more detail in Note 5.

EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

- Investment in Capital Assets – This component of net position consists of capital assets, including restricted assets, net of accumulated depreciation.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of net position that does not meet the definition of "restricted" or "investment in capital assets".

NOTE 2 - CASH AND INVESTMENTS

The carrying amount of the Commission's cash and investments on December 31, 2016 and 2015 is summarized below:

	2016	2015
Petty Cash Funds	\$ 100	\$ 100
Deposits with Financial Institutions	123,183	189,147
Investments in the Wisconsin Local Governmental Investment Pool	17,423	2,052
Total Cash and Investments	<u>\$ 140,706</u>	<u>\$ 191,299</u>

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts and up to \$250,000 for the combined amounts of all interest and non-interest bearing demand deposit accounts. There were no uninsured and uncollateralized deposits at December 31, 2016.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2016, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositories for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted above.

Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be returned to the Commission.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds on one day's notice. At December 31, 2016 and 2015, the fair value of the Commission's share of the LGIP's assets was substantially equal to the amount reported in these financial statements. The Commission's investment in the LGIP is not categorized for purposes of custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized rating agencies. The Commission's formal investment policy limits credit risk by diversifying the investment portfolio so that losses from any one type of security or from any one individual issuer will be minimized. The Commission's investment in the Wisconsin LGIP is not rated. Investments in Wisconsin's LGIP are not insured against losses arising from principal defaults on securities acquired by the pool.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission's formal investment policy limits investment maturities to shorter-term securities, money market mutual funds, or similar investment pools and limits the average maturity of its portfolio as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin LGIP mature in 12 months or less.

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated:				
Vehicle	\$ 14,839	\$ -	\$ -	\$ 14,839
Computer Equipment	73,428	16,993	13,520	76,901
Other Equipment	59,480	13,022	-	72,502
Total Capital Assets Being Depreciated	147,747	30,015	13,520	164,242
Less Accumulated Depreciation:				
Vehicle	14,839	-	-	14,839
Computer Equipment	58,462	12,049	13,520	56,991
Other Equipment	45,478	7,139	-	52,617
Total Accumulated Depreciation	118,779	19,188	13,520	124,447
Total Capital Assets, Net of Depreciation	\$ 28,968	\$ 10,827	\$ -	\$ 39,795

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated:				
Vehicle	\$ 14,839	\$ -	\$ -	\$ 14,839
Computer Equipment	79,411	7,634	13,617	73,428
Other Equipment	59,480	-	-	59,480
Total Capital Assets Being Depreciated	153,730	7,634	13,617	147,747
Less Accumulated Depreciation:				
Vehicle	14,839	-	-	14,839
Computer Equipment	64,072	8,007	13,617	58,462
Other Equipment	40,078	5,400	-	45,478
Total Accumulated Depreciation	118,989	13,407	13,617	118,779
Total Capital Assets, Net of Depreciation	\$ 34,741	\$ (5,773)	\$ -	\$ 28,968

NOTE 4 - LONG-TERM OBLIGATIONS

The Commission holds a \$125,000 promissory note payable to Winnebago County which was issued on December 15, 2010 and bears an annual interest rate of 5.0%. Proceeds from the note were used to retire an unfunded pension liability. The note matures March 15, 2020 and requires annual principal and interest payments of \$17,796.

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 4 - LONG-TERM OBLIGATIONS (Continued)

The following schedule is a summary of changes in the long-term obligations for the years ended December 31, 2016 and 2015:

	Balance 1/1/16	Increase	Decrease	Balance 12/31/16	Due Within One Year
Note Payable - Winnebago County	\$ 77,037	\$ -	\$ 13,934	\$ 63,103	\$ 14,641

	Balance 1/1/15	Increase	Decrease	Balance 12/31/15	Due Within One Year
Note Payable - Winnebago County	\$ 90,318	\$ -	\$ 13,281	\$ 77,037	\$ 13,934

Debt service requirements on the note payable are as follows:

Year	Principal	Interest
2017	\$ 14,641	\$ 3,155
2018	15,373	2,423
2019	16,142	1,654
2020	16,947	849
	<u>\$ 63,103</u>	<u>\$ 8,081</u>

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting Changes. The WRS adopted GASB Statement No. 82, *Pension Issues, an amendment of GASB No. 67, No. 68 and No. 73* during the year ended December 31, 2015. Statement No. 82 addresses the presentation of payroll related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions. The effect on the Commission's beginning net position and change in net pension liability due to the implementation of GASB Statement No. 82 was \$11 and \$53, respectively, and deemed to be immaterial. The change was included in current year activity.

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etfwi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, and executives and elected officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the 2016 and 2015 reporting periods, the WRS recognized \$80,089 and \$77,391 in contributions from the Commission.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the Commission reported a liability (asset) of \$130,204 and (\$191,626), respectively, for its proportionate share of the net pension liability (asset). The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Commission's proportion of the net pension liability (asset) was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Commission's proportion was .00801265% which was an increase of .00021116% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016 and 2015, the Commission recognized pension expense of \$153,661 and \$70,218, respectively.

At December 31, 2016 and 2015, the Commission reported deferred outflows and inflows of resources related to the pension from the following sources:

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,027	\$ (274,012)	\$ 27,780	-
Changes in assumptions	91,096	-	-	-
Net differences between projected and actual earnings on pension plan investments	533,092	-	92,794	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(9,430)	-	\$ (6,059)
Employer contributions subsequent to the measurement date	80,637	-	80,089	-
Total	\$ 726,852	\$ (283,442)	\$ 200,663	\$ (6,059)

The \$80,637 and \$80,089 reported as deferred outflows at December 31, 2016 and 2015 related to pension resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017 and 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at December 31, 2016 will be recognized in pension expense as follows:

Year ending December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 167,783	\$ (68,843)
2018	167,783	(68,843)
2019	167,783	(68,843)
2020	139,952	(67,995)
2021	2,914	(8,918)

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability at December 31, 2015 is based upon a roll-forward of the asset calculated from the December 31, 2014 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107%	120%	7.4%	4.5%

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Variable Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Commission's proportionate share of the net pension liability at December 31, 2016, calculated using the discount rate of 7.2 percent, as well as the Commission's proportionate share of what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Commission's proportionate share of the net pension liability (asset)	\$913,253	\$130,204	(\$481,372)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the Pension Plan

The Commission is required to remit the monthly required contributions for both the employee and Commission portions by the last day of the following month. The amounts due to WRS is \$13,562 and \$13,403 as of December 31, 2016 and 2015, respectively.

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Financial Statements
December 31, 2016 and 2015

NOTE 6 - OPERATING LEASE

The Commission leases office and storage space under an operating lease agreement that originally was to expire on July 31, 2016. In 2016, an amendment was executed to extend the term of the lease and modify the annual rent. The lease now expires on July 31, 2021 and requires monthly payments with scheduled annual increases. Rent expense for the years ended December 31, 2016 and 2015 was \$95,969 and \$97,584, respectively.

The future minimum rental payments as of December 31, 2016 are as follows:

Year Ending December 31,	
2017	\$ 92,116
2018	93,965
2019	95,854
2020	97,775
2021	57,701
	<u>\$ 437,411</u>

NOTE 7 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 8 - CONTINGENT LIABILITIES

From time to time, the Commission is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Commission's financial position or results of operations.

The Commission participates in a number of federal and state assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives. Accordingly, the Commission's compliance with applicable grant requirements will be established at some future date. The amount of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Commission expects such amounts, if any, to be immaterial.

Required Supplementary Information

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Schedule of Proportionate Share of the Net Pension Liability (Asset)

	2016	2015
Commission's proportion of the net pension liability (asset)	0.00801265%	0.00780149%
Commission's proportionate share of the net pension liability (asset)	\$ 130,204	\$ (191,626)
Commission's covered-employee payroll	\$ 1,177,775	\$ 1,105,566
Commission's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	11.06%	(17.33%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.20%	102.74%

Schedule of Employer Contributions

	2016	2015
Contractually required contributions	\$ 80,089	\$ 77,391
Contributions in relation to the contractually required contributions	(80,089)	(77,391)
Contributions deficiency (excess)	\$ -	\$ -
Commission's covered-employee payroll	\$ 1,177,775	\$ 1,105,566
Contributions as a percentage of covered-employee payroll	6.8%	7.0%

* The amounts presented for each year were determined as of the calendar year-end.
Ten years of data will be accumulated beginning with 2015.

Notes to Required Supplementary Information

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

Supplementary Information

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Schedule of Revenues, Expenses, and Changes in Net Position

Comparison of Budget to Actual

For the Year Ended December 31, 2016

	Approved Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Intergovernmental:			
Federal Grants	\$ 2,896,211	\$ 1,443,669	\$ (1,452,542)
State and Other Grants	118,504	64,028	(54,476)
Other Grants	10,000	-	(10,000)
Intergovernmental Charges for Service:			
Local Districts Membership Levy	771,690	771,690	-
Local Contracts	151,111	95,375	(55,736)
NR-135 Program	133,880	139,104	5,224
Public Charges for Services	2,500	1,715	(785)
Total Operating Revenues	<u>4,083,896</u>	<u>2,515,581</u>	<u>(1,568,315)</u>
OPERATING EXPENSES			
Salaries and Wages	1,246,574	1,234,865	11,709
Employee Fringes and Benefits	574,843	627,099	(52,256)
Direct Grant Expenses	1,974,947	506,207	1,468,740
Meetings and Staff Development	35,160	29,786	5,374
Supplies	11,600	7,127	4,473
Office Space and Equipment	158,064	153,454	4,610
Reference Materials, Subscriptions and Dues	8,350	5,895	2,455
Printing and Publishing	14,600	12,899	1,701
Postage	3,000	3,796	(796)
Staff Expenses	9,500	1,344	8,156
Insurance and Professional Fees	15,957	13,743	2,214
Depreciation	18,000	19,188	(1,188)
Total Operating Expenses	<u>4,070,595</u>	<u>2,615,403</u>	<u>1,455,192</u>
OPERATING INCOME (LOSS)	<u>13,301</u>	<u>(99,822)</u>	<u>(113,123)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	600	567	(33)
Interest Expense	(3,300)	(3,309)	(9)
Total Nonoperating Revenues (Expenses)	<u>(2,700)</u>	<u>(2,742)</u>	<u>(42)</u>
CHANGE IN NET POSITION	10,601	(102,564)	(113,165)
NET POSITION - BEGINNING	<u>759,281</u>	<u>759,281</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 769,882</u>	<u>\$ 656,717</u>	<u>\$ (113,165)</u>

Single Audit

**Independent Auditors' 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
East Central Wisconsin Regional Planning Commission
Menasha, Wisconsin

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 East Central Wisconsin Regional Planning Commission (Commission) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated April 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 may exist that have not been identified.

Compliance and Other Matters

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

To the Board of Commissioners
East Central Wisconsin Regional Planning Commission

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KerberRose SC
Certified Public Accountants
April 17, 2017

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2016

Federal or State Grantor/Pass-through Grantor/Program Title Expenditures	Federal CFDA Number	Project ID	Expenditures
Federal Awards			
U.S. Department of Commerce			
Direct Program			
Economic Development Grant-Partnership Planning	11.302	F068305964	\$ 51,628
U.S. Department of Defense/Office of Economic Adjustment			
Direct Program			
Oshkosh Region Defense Industry Diversification Initiative	12.611	CR1327-14-01	331,841
Pass-through program from Wisconsin Economic Development Corporation			
Initiative 41	12.617	ST1564-16-01	6,469
Total U.S. Department of Defense/Office of Economic Adjustment			<u>338,310</u>
U.S. Environmental Protection Agency			
Pass-through program from Wisconsin Department of Natural Resources			
Water Quality Management Planning	66.454	N/A	<u>22,000</u>
U.S. Department of Transportation			
Pass-through program from Wisconsin Department of Transportation			
Metropolitan Transportation Planning-Fox Cities and Oshkosh	20.205	0095-55-79	82,378
Metropolitan Transportation Planning-Fox Cities and Oshkosh	20.205	0095-65-79	451,185
Metropolitan Transportation Planning-Fond du Lac	20.205	0095-65-93	99,201
Transit Aids - Public Transportation for Non-Urban Areas	20.205	0430-64-46	62,373
Safe Routes to School Grant	20.205	1009-00-55	159,951
Safe Routes to School Grant	20.205	1009-00-68	129,213
Transit Development Plan for Fond du Lac	20.515	0451-14-85	11,366
Mobility Management Feasibility Study for Waupaca County	20.515	0451-14-87	13,131
Urban Area Bounday & Functional Classification System Updates	20.205	0095-64-14	2,995
WIS 15 Corridor Access Management Study	20.205	1146-40-00	19,938
Total U.S. Department of Transportation			<u>1,031,731</u>
Total Expenditures of Federal Awards			<u>1,443,669</u>
State Awards		State ID	
Wisconsin Department of Transportation			
Direct Program			
Planning Commission Program	-	395.202	7,796
Fox Cities-Oshkosh Metro Planning	-	395.202	34,820
Fond du Lac Metro Planning	-	395.202	6,427
WIS 15 Corridor Access Management Study	-	none	4,985
Total Wisconsin Department of Transportation			<u>54,028</u>
Wisconsin Department of Natural Resources			
Direct Program			
Local Water Quality Planning	-	370.604	<u>10,000</u>
Total Expenditures of State Awards			<u>64,028</u>
Total Expenditures of Federal and State Awards			<u>\$ 1,507,697</u>

See accompanying notes to schedule of expenditures of federal and state awards

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state awards (schedule) includes the federal and state award activity of East Central Wisconsin Regional Planning Commission (Commission) under programs of the federal government and Wisconsin state government for the year ended December 31, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, change in net position, or cash flows of the Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OVERSIGHT AGENCIES

The federal oversight agency for the Commission is the U.S. Department of Commerce. The state oversight agency is the Wisconsin Department of Transportation.

Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Commissioners
East Central Wisconsin Regional Planning Commission
Menasha, Wisconsin

Report on Compliance for the Major Federal Program

We have audited East Central Wisconsin Regional Planning Commission's (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 December 31, 2016. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

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.

Auditors' 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* (CFR) 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 the major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, East Central Wisconsin Regional Planning 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 December 31, 2016.

Report on Internal Control Over Compliance

Management of East Central Wisconsin Regional Planning 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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.



KerberRose SC

Certified Public Accountants

April 17, 2017

EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION

Schedule of Findings
For the Year Ended December 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal program

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction
Dollar threshold used to distinguish between Type A and Type B Programs.	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II - Financial Statement Findings

There were no findings for the financial statements.

Section III - Federal Award Findings

There were no findings for federal awards.