

**SOUTHEASTERN WISCONSIN REGIONAL
PLANNING COMMISSION
Waukesha, Wisconsin**

**FINANCIAL STATEMENTS AND SINGLE AUDIT
December 31, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Southeastern Wisconsin Regional Planning Commission
Waukesha, Wisconsin

Report on the Financial Statements

We have audited the accompanying statement of net position, statement of revenues, expenses and changes in net position, and cash flows of the Southeastern Wisconsin Regional Planning Commission ("Commission"), as of and for the year ended December 31, 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.

Auditors' 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 auditors' 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 Commission'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 Commission'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 December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 10, to the financial statements, in 2018, the Commission adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation, the Commission reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as presented in the table of contents, 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.

The Commission has not presented 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, as required by the Governmental Accounting Standards Board, who consider 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 is not affected by the missing information.

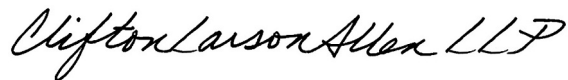
Other Information

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 statement of revenues, expenses, and changes in net position - budget to actual and the schedule of member contributions are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State of Wisconsin Single Audit Guidelines* is also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of revenues, expenses, and changes in net position - budget to actual, schedule of member contributions, and the schedules of expenditures of federal and state awards 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 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 July 8, 2019 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 result 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 Commission's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 8, 2019

BASIC FINANCIAL STATEMENTS

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
December 31, 2018

ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 6,525,669
Receivables	1,425,966
Prepaid expenses	<u>168,850</u>
Total current assets	<u>8,120,485</u>
NONCURRENT ASSETS	
Net pension asset	853,500
Capital assets, not being depreciated	335,300
Capital assets, net of accumulated depreciation	<u>2,137,188</u>
Total noncurrent assets	<u>3,325,988</u>
Total assets	<u>11,446,473</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension activity	1,535,656
OPEB activity	<u>59,921</u>
Total deferred outflows of resources	<u>1,595,577</u>
Total assets and deferred outflows of resources	<u>\$ 13,042,050</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 297,559
Accrued liabilities	148,756
Deposits	1,332
Compensated absences	186,576
Unearned revenues	<u>368,486</u>
Total current liabilities	<u>1,002,709</u>
NONCURRENT LIABILITIES	
Compensated absences	388,328
Net OPEB Liability	<u>831,096</u>
Total noncurrent liabilities	<u>1,219,424</u>
Total liabilities	<u>2,222,133</u>
DEFERRED INFLOWS OF RESOURCES	
Pension activity	1,708,393
OPEB activity	<u>42,508</u>
Total deferred inflows of resources	<u>1,750,901</u>
NET POSITION	
Investment in capital assets	2,472,488
Restricted	853,500
Unrestricted	<u>5,743,028</u>
Total net position	<u>9,069,016</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 13,042,050</u>

The accompanying notes are an integral part of the basic financial statements.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year Ended December 31, 2018

OPERATING REVENUES

Intergovernmental:	
Charges for services	\$ 1,291,485
Grants:	
Federal	3,419,979
State	308,567
Contributions	2,370,245
Miscellaneous	2,948
Total operating revenues	<u>7,393,224</u>

OPERATING EXPENSES

Salaries and fringe benefits	6,020,625
Technical consultants	239,465
Office supplies	59,055
Insurance, audit, legal fees	80,379
Library acquisition and dues	38,852
Printing and graphic supplies	54,750
Postage expenses	13,991
Travel expenses	91,437
Telephone expenses	27,757
Building usage	26,034
Building maintenance	134,273
Other operating expenses	20,903
Software and equipment maintenance	125,315
Other equipment outlays	74,691
Depreciation	138,898
Total operating expenses	<u>7,146,425</u>

Operating income	<u>246,799</u>
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NONOPERATING REVENUES

Rental income	71,518
Investment income	101,025
Total nonoperating revenues	<u>172,543</u>

Change in net position	419,342
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Net position - beginning of year, as previously stated	9,410,070
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Restatement - note 10	<u>(760,396)</u>
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Net position at beginning of year, restated	<u>8,649,674</u>
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Net position - end of year	<u>\$ 9,069,016</u>
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The accompanying notes are an integral part of the basic financial statements.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Collection from intergovernmental activities and other sources	\$ 8,104,322
Payments made to suppliers	(726,562)
Payments made to employees	<u>(5,879,478)</u>
Net cash provided by operating activities	<u>1,498,282</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

Acquisition and construction of capital assets	<u>(131,487)</u>
Net cash used by capital and related financing activities	<u>(131,487)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Collection of rents	71,518
Interest on investments	<u>101,025</u>
Net cash provided by investing activities	<u>172,543</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,539,338

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 4,986,331

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 6,525,669

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 246,799
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	138,898
Effects on changes in operating assets and liabilities:	
Receivables	764,786
Prepaid expenses	18,909
Pension activities	106,449
OPEB activities	53,287
Accounts payable and other liabilities	242,599
Unearned revenues	(53,688)
Compensated absences	<u>(19,757)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 1,498,282

The accompanying notes are an integral part of the basic financial statements.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies utilized by the Southeastern Wisconsin Regional Planning Commission (the Commission).

A. Reporting Entity

The Commission was established in 1960 as the official area-wide planning agency for the southeastern region of the state of Wisconsin. The Commission serves the seven counties of Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha.

The Commission was created to provide objective information and professional planning initiatives to help solve problems and to focus regional attention on key issues of regional consequence. Regional planning provides a meaningful technical approach to the proper planning and design of public works systems.

The Commission's board of commissioners consists of twenty-one members, three from each of the seven member counties. One Commissioner from each county is appointed, or confirmed by the county board in those counties where a county executive appoints, and is usually an elected county board supervisor. The remaining two from each county are appointed by the Governor, one from a list prepared by the county.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

All activities of the Commission are accounted for within a single proprietary (enterprise) fund using the full accrual basis of accounting whereby revenues are recognized when earned and expenses, including depreciation, are recorded when incurred. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The preparation of financial statements in conformity with 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, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Deposits and investments

The Commission's deposits consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments consist of certificates of deposit with original maturities exceeding three months and the Local Government Investment Pool (LGIP). Certificates of deposits are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. The Local Government Investment Pool (LGIP) is reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin 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 value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on a one day's notice.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

3. Capital assets

Capital assets, which include property, plant, and equipment assets are reported in the statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the Commission constructs or acquires additional capital assets each period they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. *Capital Assets* (continued)

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Commission are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Lives</u>
Land improvements	20 years
Buildings and improvements	15 - 40 years
Office furniture	7 years
Computers and related equipment	3 years
Office equipment	5 years
Automobiles	5 years
Field equipment	5 years

4. *Deferred outflows and inflows of resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until then.

The Commission has two items that qualify for this reporting in the statement of net position. Activity related to the Commission's participation in the Wisconsin Retirement Pension System for the purpose of administering the defined benefit pension plan of the eligible employees. Further disclosure regarding these items can be identified in Note 5. Activity related to the Commission's Other Post-Employment Benefit plans for retiree medical and life insurance. Further disclosure regarding these items can be identified in Note 6.

5. *Pensions*

For purposes of measuring the net pension liability, 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.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB) Local Retiree Life Insurance – The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

Other Post-Employment Benefits (OPEB) Local Retiree Medical Insurance – The Commission allows eligible retirees to retain access to medical insurance. Eligibility and benefit provisions are based on the Commission's employee benefit policies. Under the provisions of the plan a retiree may choose to self-pay the full amount of premiums to remain on the Commission's group medical plan through the State indefinitely, provided they continue to pay all required premiums.

7. Compensated absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The Commission pays partial amounts of accumulated sick leave time when employees retire from services, and a liability is recorded for this amount. All vacation pay is accrued when incurred in the financial statements. Payments for accumulated vacation will be made at rates in effect when the benefits are used or paid out upon separation.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Net position

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

- a. Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted components of net position.

Sometimes the Commission will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position assumptions must be made about the order in which the resources are considered to be applied.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Receivables, Revenues, and Expenses

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. The principal operating revenues of the Commission are federal, state, and local grants, and charges to local government for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Receivables are recorded when funding is earned in accordance with grants and service agreements.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 – CASH AND CASH EQUIVALENTS

The Commission had the following deposits as of December 31, 2018:

	<u>Carrying</u> <u>Value</u>	<u>Financial</u> <u>Institution</u> <u>Balances</u>	<u>Associated Risks</u>
Petty cash	\$ 100	\$ -	N/A
Deposits:			
Demand deposits	1,002,908	51,518	Custodial Credit
Time and savings deposits	316,458	316,457	Custodial Credit
Certificates of deposit	1,029,894	1,036,573	Custodial Credit
Investments:			
Local Government Investment Pool (LGIP)	<u>4,176,309</u>	<u>4,176,309</u>	Credit, Interest Rate
 Total deposits and investments	 <u>\$ 6,525,669</u>	 <u>\$ 5,580,857</u>	

Deposits in each local bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental agencies. This coverage has not been considered in computing the custodial credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be returned. The Commission does not have a policy related to custodial credit risk. As of December 31, 2018, \$40,978 of the Commission's total bank balance of \$1,404,548 was uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Commission held amounts in LGIP which has a weighted average maturity of 19 days as of December 31, 2018.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The Commission has no investment policy which minimizes credit risk by limiting investments to specific types of securities, other than state laws and regulations. The Commission held amounts in LGIP which is not rated.

Fair Value Measurements

The Commission uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Commission follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Commission has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument

Financial assets and liabilities recorded on the statement of net position is based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The Commission does not have any assets or liabilities subject to fair value measurement as of December 31, 2018.

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

NOTE 3 – RECEIVABLES

The Commission has the following receivables outstanding as of December 31, 2018:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Other Sources</u>	<u>Total</u>
State of Wisconsin	\$ 1,003,135	\$ 84,880	\$ 100,606	\$ 1,188,621
Local governments	-	-	237,070	237,070
Other receivables	-	-	275	275
Total receivables	<u>\$ 1,003,135</u>	<u>\$ 84,880</u>	<u>\$ 337,951</u>	<u>\$ 1,425,966</u>

All receivables are expected to be collected within one year; as such, no long-term receivables have been recorded as of December 31, 2018.

As of December 31, 2018, the Commission has not established an allowance for doubtful accounts. During the year 2018, the Commission did not record any bad debt related to the outstanding receivables.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 335,300	\$ -	\$ -	\$ 335,300
Total capital assets, not being depreciated	<u>335,300</u>	<u>-</u>	<u>-</u>	<u>335,300</u>
Capital assets being depreciated				
Land improvements	213,655	-	-	213,655
Buildings and improvements	3,430,979	11,706	-	3,442,685
Computers and related equipment	111,182	13,144	-	124,326
Office equipment	133,623	69,084	79,908	122,799
Automobiles	119,156	37,553	-	156,709
Field equipment	62,139	-	-	62,139
Total capital assets being depreciated	<u>4,070,734</u>	<u>131,487</u>	<u>79,908</u>	<u>4,122,313</u>
Accumulated depreciation				
Land improvements	176,269	10,683	-	186,952
Buildings and improvements	1,409,599	86,659	-	1,496,258
Computers and related equipment	71,253	16,116	-	87,369
Office equipment	124,650	9,170	79,908	53,912
Automobiles	95,170	12,571	-	107,741
Field equipment	49,194	3,699	-	52,893
Total accumulated depreciation	<u>1,926,135</u>	<u>138,898</u>	<u>79,908</u>	<u>1,985,125</u>
Net capital assets being depreciated	<u>2,144,599</u>	<u>(7,411)</u>	<u>-</u>	<u>2,137,188</u>
Total capital assets, net of accumulated depreciation	<u>\$ 2,479,899</u>	<u>\$ (7,411)</u>	<u>\$ -</u>	<u>\$ 2,472,488</u>

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description – The Wisconsin Retirement System (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 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.

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 executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested employees may retire at age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)

General Information about the 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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, including teachers, 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 reporting period, the WRS recognized \$282,629 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.7%	6.7%
Executives & Elected Officials	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2018, the Commission reported an asset of \$853,500 for its proportional share of the net pension asset. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 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, 2017, the Commission’s proportion was 0.02874591%, which was an increase of 0.00001144% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Commission recognized pension expense of \$358,406.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)

Pension Assets, Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,084,393	\$ 507,243
Changes in assumptions	168,634	-
Net differences between projected and actual earnings on pension plan investments	-	1,173,056
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	28,094
Employer contributions subsequent to the measurement date	282,629	-
	\$ 1,535,656	\$ 1,708,393

\$282,629 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Deferred Outflows and Deferred Inflows of Resources
2019	\$ 80,526
2020	(16,475)
2021	(297,722)
2022	(223,725)
2023	2,030

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions

Actuarial assumptions – The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases	
Inflation:	3.2%
Seniority\Merit	0.2% - 5.6%
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions (continued)

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:

<u>Core Fund Asset Class</u>	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.00%	8.20%	5.30%
Fixed Income	24.50%	4.20%	1.40%
Inflation Sensitive Assets	15.50%	3.80%	1.00%
Real Estate	8.00%	6.50%	3.60%
Private Equity/Debt	8.00%	9.40%	6.50%
Multi-Asset	4.00%	6.50%	3.60%
Total Core Fund	<u>110.00%</u>	<u>7.30%</u>	<u>4.40%</u>
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70.00%	7.50%	4.60%
International Equities	30.00%	7.80%	4.90%
Total Variable Fund	<u>100.00%</u>	<u>7.90%</u>	<u>5.00%</u>

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 asset. 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 3.31%. 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 will 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 asset.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – DEFINED BENEFIT PENSION PLAN (continued)

Sensitivity of the Commission’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Commission’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2%, as well as what the Commission’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate <u>(6.20%)</u>	Current Discount Rate <u>(7.20%)</u>	1% Increase to Discount Rate <u>(8.20%)</u>
The Commission’s proportionate share of the net pension liability (asset)	\$2,208,296	(\$853,500)	(\$3,180,560)

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://legis.wisconsin.gov/lab/>.

Payables to the Plan

Payables to the WRS as of December 31, 2018 are \$44,396 for the employer and employee portion of the December 2018 required contributions.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

As of December 31, 2018, the Commission reported OPEB for the retiree life insurance and medical benefits provided. The net OPEB liabilities and related deferred outflows and inflows of resources for each plan are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Retiree life insurance	\$ 545,143	\$ 58,955	\$ 42,508
Retiree medical insurance	285,953	966	-
Total	<u>\$ 831,096</u>	<u>\$ 59,921</u>	<u>\$ 42,508</u>

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE LIFE INSURANCE OPEB

General Information about the Other Post-Employment Benefits

Plan description – The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position – ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

Benefits provided – The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions – The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE LIFE INSURANCE OPEB (continued)

General Information about the Other Post-Employment Benefits (continued)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

Life Insurance		
Employee Contribution Rates		
For the year ended December 31, 2017		
<u>Attained Age</u>	<u>Basic</u>	
Under 30	\$	0.05
30-34		0.06
35-39		0.07
40-44		0.08
45-49		0.12
50-54		0.22
55-59		0.39
60-64		0.49
65-69		0.57

During the reporting period, the LRLIF recognized \$3,440 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2018, the Commission reported a liability of \$545,143 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 OPEB liability was based on the Commission's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Commission's proportion was 0.18119600%, which was a decrease of 0.01654100% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Commission recognized OPEB expense of \$52,352.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE LIFE INSURANCE OPEB (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Projected and Actual Experiences	\$ -	\$ 7,681
Changes of Actuarial Assumptions	52,678	-
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investment	6,277	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	34,827
Employer Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 58,955</u>	<u>\$ 42,508</u>

\$0 reported as deferred outflows related to OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	Deferred Outflows and Inflows of Resources
2019	\$ 3,127
2020	3,127
2021	3,127
2022	3,127
2023	1,558
Thereafter	2,381

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE LIFE INSURANCE OPEB (continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net Pension Liability:	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.2%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Long-term expected Return on Plan Assets – The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers’ general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018**

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE LIFE INSURANCE OPEB (continued)

Sensitivity of the Commission’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

Single Discount rate – A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient.

Sensitivity of the Commission’s proportionate share of the net OPEB liability to changes in the discount rate – The following presents the Commission’s proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the Commission’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Commission’s Proportionate Share of the Net OPEB Liability (Asset)	\$ 770,494	\$ 545,143	\$ 372,209

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

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE MEDICAL INSURANCE OPEB

General Information about the OPEB Plan

Plan description. The Commission allows all employees who upon retirement and eligible for benefits under the Wisconsin Retirement System to choose to remain on the Commission's group medical plan through the State indefinitely given certain conditions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. The Commission's retiree medical insurance OPEB allows eligible employees and their dependents to choose to remain on the Commission's group medical plan through the State indefinitely, provided they continue to pay all required premiums.

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	55
	57

Total OPEB Liability

The Commission's total OPEB liability of \$285,953 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2017
Measurement date	December 31, 2017
Inflation	2.50%
Discount rate	3.50%
Salary increases including inflation	WRS; see actuarial assumptions for details
Mortality	WRS; see actuarial assumptions for details
Actuarial cost method	Entry Age Normal

The discount rate was based on the 20-year Bond Buyer GO Index.

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE MEDICAL INSURANCE OPEB (continued)

General Information about the OPEB Plan (continued)

Mortality rates were based on the following criteria:

Pre-retirement: This assumption applies to death while in service. Rates are based on the Wisconsin 2012 Mortality table (multiplied by 50% for males and females) as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System.

Post-retirement: This assumption applies to death of participants after retirement. Rates are based on the Wisconsin 2012 Mortality Table as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System.

Post-Disability: This assumption applies to death after disablement. Rates are based on the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System (multiplied by the 50% for males and females and set forward one year for males).

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period 2012 – 2014.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2017	\$ 280,316
Changes for the year:	
Service Cost	17,660
Interest on total OPEB liability	9,739
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	-
Benefit payments	<u>(21,762)</u>
Balance at December 31, 2017	<u>\$ 285,953</u>

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE MEDICAL INSURANCE OPEB (continued)

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 310,320	\$ 285,953	\$ 263,203

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (6.0% decreasing to 4.0%)	Discount Rate (7.00% decreasing to 5.0%)	1% Increase (8.00% decreasing 6.00%)
Total OPEB Liability	\$ 261,858	\$ 285,953	\$ 314,531

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Commission recognized OPEB expense of \$5,637. At December 31, 2018, the Commission reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions	\$ -
Employer contributions	
subsequent to measurement date	966
Total	\$ 966

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (continued)

RETIREE MEDICAL INSURANCE OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2018. There were no other amounts reported as deferred outflows or deferred inflows of resources related to OPEB that will be recognized in OPEB expense in future years.

NOTE 7 – COMPENSATED ABSENCES

Compensated absences as of December 31, 2018 are comprised of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accrued vacation	\$ 226,144	\$ 26,129	\$ 57,638	\$ 194,635	\$ 84,776
Accrued sick	346,981	36,273	25,275	357,979	101,800
Termination benefit	21,536	754	-	22,290	-
Total	<u>\$ 594,661</u>	<u>\$ 63,156</u>	<u>\$ 82,913</u>	<u>\$ 574,904</u>	<u>\$ 186,576</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

The Commission has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 9 – NET POSITION

Net position reported on the statement of net position is comprised of the following:

Investment in capital assets:	
Land	\$ 335,300
Other capital assets, net of accumulated depreciation	<u>2,137,188</u>
Total investment in capital assets	<u>2,472,488</u>
Restricted	
Pension activity	<u>853,500</u>
Unrestricted	<u>5,743,028</u>
Total net position	<u>\$ 9,069,016</u>

NOTE 10 – 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 11 - RESTATEMENT

The Commission adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of January 1, 2018. The primary objective of the Statement is to improve accounting and financial reporting for postemployment benefits other than pensions, and replaces the requirements of Statement No. 45. As a result, the Commission's beginning of the year net position has been restated as follows:

Net position, December 31, 2017, as previously reported	\$ 9,410,070
Restatement to record the following post-employment liabilities:	
Retiree life insurance	(480,080)
Retiree medical insurance	<u>(280,316)</u>
Total restatement	<u>(760,396)</u>
Net position, December 31, 2017, as restated	<u>\$ 8,649,674</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018**

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years***

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
The Commission's proportion of the net pension liability (asset)	0.02874591%	0.02873447%	0.02811519%	0.02759216%
The Commission's proportionate share of the net pension liability (asset)	(853,500)	236,841	457,516	(677,739)
The Commission's covered payroll	4,134,693	4,224,619	4,150,992	3,886,202
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.93%	99.12%	98.20%	102.74%

**SCHEDULE OF THE COMMISSION'S PENSION CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 282,629	\$ 281,159	\$ 278,825	\$ 282,268	\$ 272,178
Contributions in relation to the contractually required contributions	(282,629)	(281,159)	(278,825)	(282,268)	(272,178)
Contribution deficiency (excess)	-	-	-	-	-
The Commission's covered payroll	4,218,339	4,134,693	4,224,619	4,150,992	3,886,202
Contributions as a percentage of covered payroll	6.70%	6.80%	6.60%	6.80%	7.00%

See the accompanying notes to the required supplementary information.

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018**

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY (ASSET)
Local Retiree Life Insurance Fund**

	12/31/2017
The Commission's proportion of the net OPEB liability (asset)	0.18119600%
The Commission's proportionate share of the net OPEB liability (asset)	545,143
The Commission's covered-employee payroll	7,619,810
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	44.81%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**SCHEDULE OF THE COMMISSION'S OPEB CONTRIBUTIONS
Local Retiree Life Insurance Fund
Last 10 Fiscal Years***

	2018
Contractually required contributions	\$ 3,440
Contributions in relation to the contractually required contributions	(3,440)
Contribution deficiency (excess)	-
The Commission's covered payroll	7,619,810
Contributions as a percentage of covered payroll	0.05%

See the accompanying notes to the required supplementary information.

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018**

**Schedule of Changes in the Commission's
Total OPEB Liability and Related Ratios
Last 10 Fiscal Years*
December 31, 2017**

	<u>2017</u>
Balance at January 1, 2017	\$ 280,316
Service cost	17,660
Interest on total OPEB liability	9,739
Changes in benefit terms	-
Effect of economic/demographic gains (losses)	-
Effect of assumption changes or inputs	-
Benefit payments	<u>(21,762)</u>
Net change in total OPEB liability	5,637
Total OPEB liability, beginning	280,316
Total OPEB liability, ending	<u><u>\$ 285,953</u></u>
Covered-employee payroll	<u><u>\$ 4,126,138</u></u>
Total OPEB as a % of covered-employee payroll	<u><u>6.93%</u></u>

* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

See the accompanying notes to the required supplementary information.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1 – WISCONSIN RETIREMENT SYSTEM PENSION PLAN

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.

NOTE 2 – WISCONSIN RETIREMENT SYSTEM - LOCAL RETIREE LIFE INSURANCE OPEB PLAN

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.

NOTE 3 – RETIREE MEDICAL INSURANCE OPEB PLAN

The Commission is required to present the schedule of changes in the Commission's total OPEB liability and related ratios for the last 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. The information presented on the schedule was taken from a valuation performed as of December 31, 2017, except covered payroll information which was obtained from Commission records.

SUPPLEMENTARY INFORMATION

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – BUDGET TO ACTUAL
Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Intergovernmental:			
Charges for services	\$ 1,692,041	\$ 1,291,485	\$ (400,556)
Grants:			
Federal	3,038,866	3,419,979	381,113
State	378,901	308,567	(70,334)
Contributions	2,370,245	2,370,245	-
Miscellaneous	-	2,948	2,948
Total operating revenues	<u>7,480,053</u>	<u>7,393,224</u>	<u>(86,829)</u>
OPERATING EXPENSES			
Salaries and fringe benefits	6,269,924	6,020,625	249,299
Technical consultants	72,527	239,465	(166,938)
Office supplies	60,000	59,055	945
Insurance, audit, legal fees	87,150	80,379	6,771
Library acquisition and dues	40,000	38,852	1,148
Printing and graphic supplies	65,000	54,750	10,250
Postage expenses	25,000	13,991	11,009
Travel expenses	60,000	91,437	(31,437)
Telephone expenses	30,000	27,757	2,243
Building usage	24,720	26,034	(1,314)
Building maintenance	175,000	134,273	40,727
Other operating expenses	25,000	20,903	4,097
Software and equipment maintenance	192,850	125,315	67,535
Other equipment outlays	275,000	74,691	200,309
Depreciation	149,400	138,898	10,502
Total operating expenses	<u>7,551,571</u>	<u>7,146,425</u>	<u>405,146</u>
Operating income (loss)	<u>(71,518)</u>	<u>246,799</u>	<u>318,317</u>
NONOPERATING REVENUES			
Rental income	71,518	71,518	-
Investment income	-	101,025	101,025
Total nonoperating revenues	<u>71,518</u>	<u>172,543</u>	<u>101,025</u>
Change in net position	<u>\$ -</u>	<u>419,342</u>	<u>\$ 419,342</u>
Net position - beginning		<u>8,649,674</u>	
Net position - ending		<u>\$ 9,069,016</u>	

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
 SCHEDULE OF MEMBER CONTRIBUTIONS
 LAST 10 FISCAL YEARS**

<u>Year</u>	<u>Member Contributions</u>	<u>Dollar Change in Levied Amounts from the Preceding Year</u>	<u>Percentage Change in Levied Amounts from the Preceding Year</u>
2009	\$ 2,370,245		
2010	2,370,245	-	0.00%
2011	2,370,245	-	0.00%
2012	2,370,245	-	0.00%
2013	2,370,245	-	0.00%
2014	2,370,245	-	0.00%
2015	2,370,245	-	0.00%
2016	2,370,245	-	0.00%
2017	2,370,245	-	0.00%
2018	2,370,245	-	0.00%

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**

Board of Commissioners
Southeastern Wisconsin Regional Planning Commission
Waukesha, 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 accompanying statements of net position, revenues, expenses and changes in net position, and cash flows of the Southeastern Wisconsin Regional Planning Commission ("Commission"), as of and for the year ended December 31, 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 July 8, 2019.

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 the 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing 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 result 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.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 8, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE OF WISCONSIN SINGLE AUDIT GUIDELINES**

Board of Commissioners
Southeastern Wisconsin Regional Planning Commission
Waukesha, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Southeastern Wisconsin Regional Planning Commission's ("Commission") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines* that could have a direct and material effect on each of the Commission's major federal and state programs for the year ended December 31, 2018. The Commission's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal and state programs 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; 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) and the *State of Wisconsin Single Audit Guidelines*. Those standards and the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines* 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 and state 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 each major federal and state program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal and State 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 each of its major federal and state programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

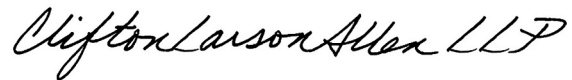
Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*, 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 and state 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 and 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.

Board of Commissioners
Southeastern Wisconsin Regional Planning Commission

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 and the *State of Wisconsin Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 8, 2019

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through No.	Receivable Jan. 1, 2018	Receipts Grantor Reimbursements	Expenditures	Receivable Dec. 31 2018
U.S. DEPARTMENT OF TRANSPORTATION						
Passed Through Wisconsin Department of Transportation						
Federal Highway Planning Grant - 2017	20.205	N/A	\$ 1,684,557	\$ 1,684,557	\$ -	\$ -
Federal Highway Planning Grant - 2018	20.205	N/A	-	2,396,844	3,272,437	875,593
Federal Transit Administration 5304 Funds	20.505	N/A	<u>17,322</u>	<u>17,322</u>	<u>10,644</u>	<u>10,644</u>
<i>Total U.S. Department of Transportation</i>			<u>1,701,879</u>	<u>4,098,723</u>	<u>3,283,081</u>	<u>886,237</u>
ENVIRONMENTAL PROTECTION AGENCY						
Passed Through Wisconsin Department of Natural Resources						
Federal 604B Funds	66.454	N/A	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>
U.S. DEPARTMENT OF COMMERCE						
Passed Through Wisconsin Department of Administration						
Coastal Management - Lake Michigan Coastal Resilience	11.419	N/A	-	-	6,898	6,898
Coastal Management	11.419	N/A	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<i>Total U.S. Department of Commerce</i>			<u>-</u>	<u>20,000</u>	<u>26,898</u>	<u>6,898</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,701,879</u>	<u>\$ 4,118,723</u>	<u>\$ 3,419,979</u>	<u>\$ 1,003,135</u>

See the accompanying notes to the schedules of expenditures of federal and state awards.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended December 31, 2018

State Grantor/ Pass-Through Agency/ Program Title	State ID Number	Passed Through No.	Receivable Jan. 1, 2018	Receipts Grantor Reimbursements	Expenditures	Receivable Dec. 31 2018
WISCONSIN DEPARTMENT OF NATURAL RESOURCES						
State Water Quality - 2017	370.604	N/A	\$ 45,000	\$ 45,000	\$ -	\$ -
State Water Quality - 2018	370.604	N/A	-	60,000	65,000	5,000
Wetland Inventory Update	370.959	N/A	-	18,000	18,000	-
Chloride Impact Study	370.419	N/A	-	-	20,000	20,000
<i>Total Wisconsin Department of Natural Resources</i>			<u>45,000</u>	<u>123,000</u>	<u>103,000</u>	<u>25,000</u>
WISCONSIN DEPARTMENT OF TRANSPORTATION						
Highway Planning - 2017	395.202	N/A	57,629	57,629	-	-
Highway Planning - 2018	395.202	N/A	-	145,687	202,905	57,218
Bus Rapid Transit - 2017	395.955	N/A	15,724	15,724	2,662	2,662
<i>Total Wisconsin Department of Transportation</i>			<u>73,353</u>	<u>219,040</u>	<u>205,567</u>	<u>59,880</u>
TOTAL STATE AWARDS			<u>\$ 118,353</u>	<u>\$ 342,040</u>	<u>\$ 308,567</u>	<u>\$ 84,880</u>

See the accompanying notes to the schedules of expenditures of federal and state awards.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
December 31, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying “Schedules of Expenditures of Federal and State Awards” includes the federal and state grant activity of the Southeastern Wisconsin Regional Planning Commission and is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Wisconsin Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – NONCASH FEDERAL ASSISTANCE

The Commission did not receive any noncash federal assistance for the year ended December 31, 2018.

NOTE 4 – INDIRECT COSTS

The Commission has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*.

NOTE 5 – SUBRECIPIENTS

The Commission did not pass any federal or state grant funding to any subrecipients for the year ending December 31, 2018.

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2018**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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20.205	Federal Highway Planning Grant
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Dollar threshold used to distinguish between Type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2018**

State Awards

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ yes X no

_____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with the *State of Wisconsin Single Audit Guidelines*?

_____ yes X no

Identification of major programs:

<u>State Number(s)</u>	<u>Name of State Program or Cluster</u>
------------------------	---

395.202	Highway Planning Grant
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Dollar threshold used to distinguish between Type A and type B programs:

\$ 250,000

Auditee qualified as low-risk auditee?

 X yes _____ no

Section II - Financial Statement Findings

There are no matters to report for the year ending December 31, 2018.

Section III - Federal and State Awards Findings and Questioned Costs

There are no matters to report for the year ending December 31, 2018.

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2018

Section IV – Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ yes X no

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants\contracts with funding agencies that require audits to be in accordance with the State of Wisconsin Single Audit Guidelines:

Department of Natural Resources _____ yes X no
Department of Transportation _____ yes X no

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? _____ yes X no

4. Name and signature of principal 

Jacob S. Lenell, CPA

5. Date of report July 8, 2019