



Region 1 Planning Council

RESOLUTION NO. 2022- 04

A Resolution Adopting Updates to Board Policy: Financial Policy

WHEREAS, it is prudent for governmental bodies to maintain a financial policy to establish fiscal parameters and controls;

WHEREAS, the Board of Commissioners of the Region 1 Joint Regional Planning Commission have reviewed the proposed the updates submitted for consideration;

WHEREAS, it is the finding and conclusion of the Board that the policy, including any board-proposed and adopted changes to the document, meet the needs of Region 1 Planning Council in managing its fiscal responsibilities;

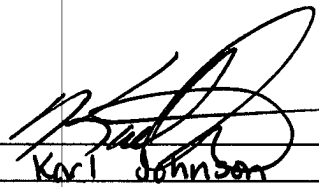
NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of Region 1 Joint Planning Commission, the policy, as updated and attached hereto, is hereby adopted and shall become effective immediately.

We hereby certify the foregoing has been approved by a majority of the Region 1 Joint Planning Commission Board Members on this 14th day of September, 2022.

REGION 1 JOINT PLANNING COMMISSION



Greg Dury
Commission Chair



Karl Johnson
Commission Vice-Chair



Financial Policy

1. Objective

The purpose of this policy is to ensure Region 1 Planning Council (R1) conformance with Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB), to ensure Board is apprised of the financial condition of R1, and to establish parameters for the administrative operation of financial affairs.

2. Standard

R1 shall maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall goals and objectives are met.

Records and Reporting: R1 will maintain accounting records and produce budget reports in accordance with state and federal law and regulations, using an accrual basis of accounting. R1 will report its financial condition and results of operations in accordance with state regulations and generally accepted accounting principles applicable to governments.

Fund Structure: R1 will minimize the number of funds, while maintaining funds categorized in accordance with generally accepted accounting principles for reporting purposes. Some funds may be functional classifications, but may also be referred to as fund types. To preserve the ability to determine the best use of available resources to meet changing service requirements, unrestricted resources will not be earmarked for specific purposes in the General Fund, except as explicitly required by grantors.

Internal Control: R1 will maintain a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed policies. Controls shall provide reasonable assurance of: proper authorization, proper record keeping, appropriate and limited access, independent verification, and segregation of duties.

Audit: R1 will obtain the services of an independent audit firm to annually perform the financial and compliance audit. The independent audit opinion will be contained in a Comprehensive Annual Financial Report (CAFR) to be issued no later than six months following fiscal year-end. A management letter, resulting from the annual audit, shall be provided to the Region 1 Joint Regional Planning Commission within 60 days of issuance of the CAFR.

Budget: A balanced budget will be presented annually for Board review and approval. The cash revenue resources for the budget period shall not be exceeded by the expenses. The budget shall be constructed to align to achieving the long-term strategic priorities established by the Board. When

appropriate, a needs assessment of stakeholder priorities, challenges, and opportunities will be integrated into the process to assist in development.

The budget will be based on operational planning to achieve the strategic priorities of the Board. An objective, analytical approach to forecasting shall be taken in estimating as accurately as possible.

Revenue incomes and expenditure outflows will be monitored on an ongoing basis to assess the implications of the annual budget in order to provide timely updates on actual financial performance. Amendments will be considered by the Board when an interfund shift is necessary greater than can be restored by the end of the fiscal year, to match the budgetary condition equal to that approved by the Board.

Calendar: The fiscal year shall run concurrent with the State of Illinois fiscal calendar, July 1 to June 30.

Phase	Timeframe
• Administrative Planning	January - March
• Preliminary Presentation	April
• Budget Approval	June
• CAFR Due	By December 30
• Management Letter Due	By February 28

Revenues: R1 will strive to maintain diversified revenue sources to shelter it from budgetary shortfall, and to maintain services during periods of depressed economic activity. All grants and federal and state funds shall be managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.

Pricing: Pricing for services will, at minimum, cover costs of service delivery to ensure organizational financial sustainability, and to provide reliability and cost-efficiency to member agencies. R1 will periodically recalculate the full cost of providing services to provide a basis for fees. Full cost shall incorporate direct and indirect costs. Non-member fees will include a margin to minimize the burden of costs on member agencies.

Cash Management: Cash management systems will ensure the accurate and timely accounting, investment, and security of all cash assets. All payments received by R1 will be deposited with two business days of receipt. Deposit may be delayed due to incorrect or partial payment amounts, pending lien release approval, or absence of staff required for proper internal control procedures. In case of delay, receipt shall be immediately documented with an explanation of delay and method of resolution being sought.

Cash Reserves: An adequate cash reserve will be maintained to be used for cash flow, contingency purposes, and to minimize the necessity to borrow. The target minimum Operating Reserve Fund will be equal to 25% of annual operating costs. The calculation will include all recurring, predictable expenses such as salaries, benefits, contractual services, occupancy, and other anticipated cash

79 expenses. The calculation will exclude grant-funded operational expenses, pass-through program
80 expenses, depreciation, one-time capital purchases, or unusual expenses. The Fund may be comingled
81 with the general cash and accounts. Cash reserve status will be reported to the Board in the quarterly
82 financial reports.

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84 Investments: Investment considerations shall take into account the full R1 portfolio, including short-
85 and long-term operational planning and commitments. Therefore, all investments are subject to
86 recommendation by operational management, as well as review and approval of the Board, which is
87 responsible and accountable for the supervision and coordination of all financial affairs and fiscal
88 agency.

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90 Expenditures: One-time and recurring expenditures should be within current resources (equal to or
91 less than ongoing revenues, and comply with the Procurement Policy.) Each fund must identify ongoing
92 resources that match expected ongoing operational requirements.

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94 Fund Balance: See Fund Balance Policy

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96 Capital Improvements: Capital improvements will be considered by the Board at such time as they are
97 necessary to the operation.

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99 Debt Management: R1 may hold, with authorization of the Board, a line of credit. At no time shall the
100 balance of the line exceed 50% without notification to the Board. Until such time additional financing is
101 deemed necessary and a Debt Management Policy is adopted by the Board, no other loans may be
102 secured.

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104 Asset Protection: R1 will maintain all assets at a level that protects capital investment and minimizes
105 replacement costs. Risk management practices will be deployed to protect R1 against loss and reduce
106 exposure to liability.

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108 Property Control: A physical inventory of assets is performed no less than every 24 months by
109 personnel responsible for assets/equipment. Point-in-time inventory record will be submitted to
110 Internal Services and maintained for State grant funding requirements.

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112 Accounting System Back-Up: The cloud-based accounting application is backed-up by the contractual
113 provider nightly and at the end of the month. Nightly back-ups are maintained for 14 days and monthly
114 back-ups are maintained for four months.

115 Continuous Improvement: R1 will seek to optimize the efficiency and effectiveness of its services
116 through process improvement, analysis, and review to determine best use of available resources and
117 meet changing service requirements.

118 119 **3. Procedure**

120 Standard operational procedures instituting processes and controls for accounting, accounts receivable
121 and payable, and cost allocation, shall be established and maintained by the Executive Director.

123 **4. Responsibility and Accountability**

124 The Executive Director is responsible for budget development, compliance, and reporting.

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126 All funds under the control of Region 1 Planning Council are the direct responsibility of the Executive
127 Director. The Executive Director shall be responsible for all transactions and shall establish a system of
128 controls and written procedures for the activity of all persons assigned related responsibilities.

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130 The Executive Director shall advise the Board of significant financial information, including an
131 assessment of the impact on the budget and financial condition as soon as reasonably possible.
132 Additionally, the Board shall be presented quarterly financial reports. Irregularities will be specified
133 and explained within the reports.

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135 The Executive Director shall be responsible for ensuring timely audit completion and resolution of audit
136 recommendations.

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138 **5. Review Schedule**

139 This policy is recommended for review at least every three years. The Executive Director will ensure it
140 is maintained and approved by the Board accordingly.

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142 **6. Prevailing Authority**

143 [50 ILCS/ Local Government](#) - Finances
144 Governmental Accounting Standards Board [Governmental Accounting Standards](#)

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146 **7. Internal Cross-Reference**

147 Fund Balance Policy

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149 **8. Attachments and Forms**

150 None
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