

REGION 1 PLANNING COUNCIL, ILLINOIS
ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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REGION 1 PLANNING COUNCIL, ILLINOIS

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Basic Financial Statements

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INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Council's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

January 25, 2024

Members of the Board
Region 1 Planning Council
Rockford, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Region 1 Planning Council (the Council), Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2023, and the respective changes in financial position, and, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and required pension, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Region 1 Planning Council, Illinois' basic financial statements. The other supplementary information presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, other supplementary information 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 January 25, 2024, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

- Governmental Funds
- Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

REGION 1 PLANNING COUNCIL, ILLINOIS

Statement of Net Position

June 30, 2023

See Following Page

REGION 1 PLANNING COUNCIL, ILLINOIS

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 924,600
Land Held for Resale	50,000
Receivables - Net of Allowances	1,023,529
Prepays	58,230
Total Current Assets	<u>2,056,359</u>
Noncurrent Assets	
Capital Assets	
Depreciable	759,267
Accumulated Depreciation	<u>(221,445)</u>
Total Noncurrent Assets	<u>537,822</u>
Total Assets	2,594,181
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>434,677</u>
Total Assets and Deferred Outflows of Resources	<u>3,028,858</u>

The notes to the financial statements are an integral part of this statement.

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	129,897
Accrued Payroll	159,448
Other Payables	2,825
Current Portion of Long-Term Debt	93,898
Total Current Liabilities	<u>386,068</u>
Noncurrent Liabilities	
Compensated Absences Payable	76,509
Net Pension Liability - IMRF	196,195
Leases Payable	464,595
Total Noncurrent Liabilities	<u>737,299</u>
Total Liabilities	<u>1,123,367</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>163,288</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,286,655</u>
NET POSITION	
Net Investment in Capital Assets	(1,544)
Restricted	
Metropolitan Planning Organization	307,420
Winnebago County Geographic Information System	284,688
Northern Illinois Land Bank Authority	516,511
Unrestricted	<u>635,128</u>
Total Net Position	<u><u>1,742,203</u></u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Statement of Activities

For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expenses)/ Revenues and Changes in Net Position
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental Activities					
General Government	\$ 3,788,850	1,119,197	2,398,035	—	(271,618)
Interest on Long-Term Debt	11,849	—	—	—	(11,849)
Total Governmental Activities	<u>3,800,699</u>	<u>1,119,197</u>	<u>2,398,035</u>	<u>—</u>	<u>(283,467)</u>
		General Revenues			
		Miscellaneous			<u>328,030</u>
		Change in Net Position			44,563
		Net Position - Beginning			<u>1,697,640</u>
		Net Position - Ending			<u><u>1,742,203</u></u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Balance Sheet - Governmental Funds

June 30, 2023

See Following Page

REGION 1 PLANNING COUNCIL, ILLINOIS

Balance Sheet - Governmental Funds

June 30, 2023

	General	Special Metropolitan Planning Organization
ASSETS		
Cash and Investments	\$ 427,386	12,408
Land Held for Resale	—	—
Receivables - Net of Allowances		
Accounts	372,437	338,444
Due from Other Funds	98,631	—
Prepays	28,363	7,767
	<hr/>	<hr/>
Total Assets	926,817	358,619
LIABILITIES		
Accounts Payable	68,957	35,697
Accrued Payroll	159,448	—
Other Payables	1,130	1,271
Due to Other Funds	58,710	6,464
Total Liabilities	288,245	43,432
FUND BALANCES		
Nonspendable	28,363	7,767
Restricted	—	307,420
Unassigned	610,209	—
Total Fund Balances	638,572	315,187
	<hr/>	<hr/>
Total Liabilities and Fund Balances	926,817	358,619

The notes to the financial statements are an integral part of this statement.

<u>Revenue</u>				
Winnebago County Geographic Information System	Northern Illinois Land Bank Authority	Nonmajor Northern Council of Governments		Total
350,865	133,230	711		924,600
—	50,000	—		50,000
16,344	296,304	—		1,023,529
937	57,773	—		157,341
18,849	3,251	—		58,230
<u>386,995</u>	<u>540,558</u>	<u>711</u>		<u>2,213,700</u>
4,982	20,152	109		129,897
—	—	—		159,448
424	—	—		2,825
78,052	644	13,471		157,341
83,458	20,796	13,580		449,511
18,849	3,251	—		58,230
284,688	516,511	—		1,108,619
—	—	(12,869)		597,340
<u>303,537</u>	<u>519,762</u>	<u>(12,869)</u>		<u>1,764,189</u>
<u>386,995</u>	<u>540,558</u>	<u>711</u>		<u>2,213,700</u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

June 30, 2023

Total Governmental Fund Balances	\$ 1,764,189
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	537,822
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	271,389
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable	(95,636)
Net Pension Liability - IMRF	(196,195)
Leases Payable	<u>(539,366)</u>
Net Position of Governmental Activities	<u>1,742,203</u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2023**

See Following Page

REGION 1 PLANNING COUNCIL, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2023**

	General	Special Metropolitan Planning Organization
Revenues		
Membership Fee	\$ 772,559	—
Grants	784,832	1,445,845
Miscellaneous	63,171	—
Total Revenues	<u>1,620,562</u>	<u>1,445,845</u>
Expenditures		
General Government	1,528,683	1,465,849
Debt Service		
Interest and Fiscal Charges	5,730	1,744
Total Expenditures	<u>1,534,413</u>	<u>1,467,593</u>
Net Change in Fund Balances	86,149	(21,748)
Fund Balances - Beginning	<u>552,423</u>	<u>336,935</u>
Fund Balances - Ending	<u><u>638,572</u></u>	<u><u>315,187</u></u>

The notes to the financial statements are an integral part of this statement.

<u>Revenue</u>			
<u>Winnebago County Geographic Information System</u>	<u>Northern Illinois Land Bank Authority</u>	<u>Nonmajor Northern Council of Governments</u>	<u>Total</u>
297,887	—	48,751	1,119,197
—	167,358	—	2,398,035
60,190	204,089	580	328,030
<u>358,077</u>	<u>371,447</u>	<u>49,331</u>	<u>3,845,262</u>
378,959	348,655	59,026	3,781,172
—	4,375	—	11,849
<u>378,959</u>	<u>353,030</u>	<u>59,026</u>	<u>3,793,021</u>
(20,882)	18,417	(9,695)	52,241
324,419	501,345	(3,174)	1,711,948
<u>303,537</u>	<u>519,762</u>	<u>(12,869)</u>	<u>1,764,189</u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 52,241
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(75,924)
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	186,953
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Compensated Absences Payable	(11,246)
Change in Net Pension Liability - IMRF	(181,492)
Retirement of Debt	<u>74,031</u>
Changes in Net Position of Governmental Activities	<u><u>44,563</u></u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Statement of Fiduciary Net Position

June 30, 2023

	<u>Custodial Trustee Program</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 226,575</u>
LIABILITIES	
Accounts Payable	17,179
Other Payables	<u>3,467</u>
Total Liabilities	<u>20,646</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u><u>205,929</u></u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

**Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023**

	<u>Custodial Trustee Program</u>
Additions	
Miscellaneous	<u>\$ 588,595</u>
Deductions	
Office	56
Professional	427,246
Contractual	<u>105,364</u>
Total Deductions	<u>532,666</u>
Change in Net Position	55,929
Net Position Restricted for Individuals, Organizations, and Other Governments	
Beginning	<u>150,000</u>
Ending	<u><u>205,929</u></u>

The notes to the financial statements are an integral part of this statement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Region 1 Planning Council (RPC -the Council) is a special-purpose, regional government agency providing cross-jurisdictional, government-to-government collaborative planning across Northern Illinois. The regional planning model provides an efficient means to promoting a well-informed, comprehensive dialogue that holistically addresses regional issues by fulfilling the needs of government entities for long-range planning, securing funding, and analyzing and providing data in support of regional projects and initiatives.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Council's accounting policies established in GAAP and used by the Council are described below.

REPORTING ENTITY

The Council's financial reporting entity comprises the following:

Primary Government:	Region 1 Planning Council
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In determining the financial reporting entity, the Council complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Council. All component units that have a significant operational or financial relationship with the Council have been included.

BASIS OF PRESENTATION

Government-Wide Statements

The Council's basic financial statements include both government-wide (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Council only reports governmental activities. The Council's planning, geographic information system, and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities column is: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Council's net position is reported in two parts: restricted and unrestricted. The Council first utilizes restricted resources to finance qualifying activities.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions (general government). The functions are supported by general government revenues (membership fees and miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from foods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (miscellaneous revenues).

This government-wide focus is more on the sustainability of the Council as an entity and the change in the Council's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into governmental category. The emphasis in fund financial statements is on the major funds.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds. The Council may electively add funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is a primary operating fund of the Council or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Council:

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Council:

General Fund is the general operating fund of the Council. It accounts for all revenues and expenditures of the Council which are not accounted for in other funds. The General Fund is a major fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council maintains three major special revenue funds. The Metropolitan Planning Organization Fund accounts are restricted to grant-funded transportation planning. The Winnebago County Geographic Information System Fund accounts for are restricted to direct revenue and expenditures derived from hosting and disseminating Geographic Information System data for its members and subscribers. The Northern Illinois Land Bank Authority (the "Land Bank") Fund accounts are restricted to direct revenue and expenses derived from housing and operating the Land Bank which fosters the public purpose of combating community deterioration by returning property to productive use for citizens within the Region. The Council also maintains one nonmajor special revenue fund.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Council programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Custodial Funds are used to account for assets held by the Council in a purely custodial capacity. The Trustee Program accounts for financial transactions associated with contractual services provided as the County of Winnebago's agent in the operation of a delinquent tax program.

The Council's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Council, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Custodial funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Custodial funds equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. A sixty-day availability period is used for revenue recognition for governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for long-term debt principal and interest, which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are grants and membership fees. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Custodial funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Council categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Council has no investments at year-end.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include grants and membership fees.

Prepays

Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Compensated Absences

The Council accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components, as applicable:

Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation. Currently, the Council does not have any capital assets reported.

Restricted - Consists of net position with constraints placed on the 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.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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 an 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.

During the year, appropriations were made.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	Excess
General	\$ 35,328
Northern Illinois Land Bank Authority	9,537
Northern Council of Governments	4,826

DEFICIT FUND BALANCE

The following fund had deficit fund balance as of the date of this report:

Fund	Deficit
Northern Council of Governments	\$ 12,869

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Council maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Council's funds.

Permitted Deposits and Investments - Illinois Statutes authorizes the Council to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, and commercial paper rated within the three highest classifications by at least two standard rating services.

Interest Rate Risk, Concentration Risk, Credit Risk, and Custodial Credit Risk

Deposits. At year-end, the carrying amount of the Council's deposits totaled \$924,600 and the bank balances totaled \$951,118.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Council's investment policy does not address interest rate risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Council's investment in a single issuer. It is the policy of the Council that investment considerations shall take into account the full RPC portfolio, including short and long-term operational planning and commitments. Therefore, all investments are subject to recommendation by operational management, as well as review and approval of the Region 1 Joint Planning Commission. At year-end, the Council has no investments over 5 percent of the total cash and investment portfolio.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Interest Rate Risk, Concentration Risk, Credit Risk, and Custodial Credit Risk - Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Council’s investment policy does not impose further limits on investment choices.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. The Council’s investment policy does not address custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

INTERFUND BALANCES

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Metropolitan Planning Organization	\$ 6,464
General	Winnebago County Geographic Information System	78,052
General	Northern Illinois Land Bank Authority	644
General	Northern Council of Governments	13,471
Winnebago County Geographic Information System	General	937
Northern Illinois Land Bank Authority	General	<u>57,773</u>
		<u><u>157,341</u></u>

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable/Amortizable Capital Assets				
Leased Building	\$ 759,267	—	—	759,267
Less Accumulated Depreciation				
Leased Building	145,521	75,924	—	221,445
Total Net Depreciable/Amortizable Capital Assets	<u>613,746</u>	<u>(75,924)</u>	<u>—</u>	<u>537,822</u>

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 75,924</u>
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SHORT-TERM DEBT

Line of Credit

The Council has established a line of credit payable as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$600,000 Line of Credit - Loans are due within one year of issuance with interest at 8.50%.	\$ 25,000	589,500	614,500	—

LONG-TERM DEBT

Leases Payable

The Council has the following leases outstanding at year end:

Lease	Term Length	Start Date	Payments	Interest Rate
North Wyman Pioneer Building	10 years	August 1, 2020	\$80,165 per year	1.00%

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 84,390	22,492	11,246	95,636	19,127
Net Pension Liability - IMRF	14,703	181,492	—	196,195	—
Leases Payable	613,397	—	74,031	539,366	74,771
	<u>712,490</u>	<u>203,984</u>	<u>85,277</u>	<u>831,197</u>	<u>93,898</u>

For the governmental activities, payments on the compensated absences, the net pension liability, and the leases payable are made by the General Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending	Leases Payable	
	Principal	Interest
2024	\$ 74,771	5,394
2025	75,519	4,646
2026	76,274	3,891
2027	77,037	3,128
2028	77,807	2,358
2029	78,585	1,580
2030	79,373	794
Totals	<u>539,366</u>	<u>21,791</u>

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of June 30, 2023:

Governmental Activities		
Capital Assets - Net of Accumulated Depreciation	\$	537,822
Less Capital Related Debt:		
Installment Contracts Payable		<u>(539,366)</u>
Net Investment in Capital Assets		<u><u>(1,544)</u></u>

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Council considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Council first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board itself or b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The Council's highest level of decision-making authority is the Board, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The policy states that the General Fund should maintain a minimum fund balance equal to 30 days, or one of twelve months, of current year actual operating expenditures.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	Special Revenue					Totals
	General	Metropolitan Planning Organization	Winnebago County Geographic Information System	Northern Illinois Land Bank Authority	Nonmajor Northern Council of Governments	
Fund Balances						
Nonspendable						
Prepays	\$ 28,363	7,767	18,849	3,251	—	58,230
Restricted						
Metropolitan Planning Organization	—	307,420	—	—	—	307,420
Winnebago County Geographic Information System	—	—	284,688	—	—	284,688
Northern Illinois Land Bank Authority	—	—	—	516,511	—	516,511
	—	307,420	284,688	516,511	—	1,108,619
Unassigned	610,209	—	—	—	(12,869)	597,340
Total Fund Balances	638,572	315,187	303,537	519,762	(12,869)	1,764,189

NOTE 4 - OTHER INFORMATION

CONTINGENT LIABILITIES

Litigation

The Council is not currently involved in any lawsuits.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Council expects such amounts, if any, to be immaterial.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

The Council contributes to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	—
Inactive Plan Members Entitled to but not yet Receiving Benefits	31
Active Plan Members	<u>34</u>
Total	<u><u>65</u></u>

Contributions. As set by statute, the Council's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2023, the Council's contribution was 5.47% of covered payroll.

Net Pension Liability. The Council's net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Council contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Council calculated using the discount rate as well as what the Council's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 388,142	196,195	63,886

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2021	\$ 595,881	581,178	14,703
Changes for the year:			
Service Cost	125,099	—	125,099
Interest on the Total Pension Liability	47,631	—	47,631
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	132,856	—	132,856
Change of Assumptions	—	—	—
Contributions - Employer	—	106,326	(106,326)
Contributions - Employees	—	80,551	(80,551)
Net Investment Income	—	(46,653)	46,653
Benefit Payments, Including			
Refunds of Member Contributions	(2,909)	(2,909)	—
Other (Net Transfer)	—	(16,130)	16,130
Net Changes	302,677	121,185	181,492
Balances at December 31, 2022	898,558	702,363	196,195

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

For the year ended June 30, 2023, the Council recognized pension expense of \$100,663. At June 30, 2023, the Council reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 315,557	(145,576)	169,981
Change in Assumptions	7,906	(17,712)	(9,806)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	61,880	—	61,880
Contributions Made Subsequent to Measurement Date	385,343	(163,288)	222,055
	49,334	—	49,334
Total Deferred Amounts Related to IMRF	434,677	(163,288)	271,389

\$49,334 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2024	\$ 38,306
2025	37,854
2026	38,696
2027	42,956
2028	23,983
Thereafter	40,260
Totals	222,055

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The Council has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Council are required to pay 100% of the current premium. Based upon a review of census data and plan provisions, as well as minimal utilization rates, it has been determined that any liability is immaterial to the financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Additionally, the Council provides no explicit benefit. Therefore, the Council has not recorded a liability as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General Fund
Metropolitan Planning Organization - Special Revenue Fund
Winnebago County Geographic Information System - Special Revenue Fund
Northern Illinois Land Bank Authority - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

REGION 1 PLANNING COUNCIL, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
June 30, 2023**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	* \$ —	\$ 73,095	\$ 73,095	\$ 889,454	8.22%
2020	102,442	102,442	—	1,261,843	8.12%
2021	110,631	110,631	—	1,355,096	8.16%
2022	114,113	114,113	—	1,698,706	6.72%
2023	106,124	106,124	—	1,938,834	5.47%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

*The Council joined IMRF effective September 1, 2018.

REGION 1 PLANNING COUNCIL, ILLINOIS

**Illinois Municipal Retirement Fund - Regular Plan
Schedule of Changes in the Employer's Net Pension Liability
June 30, 2023**

	<u>12/31/18*</u>
Total Pension Liability	
Service Cost	\$ 72,770
Interest	2,729
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	158,582
Change of Assumptions	12,776
Benefit Payments, Including Refunds of Member Contributions	—
Net Change in Total Pension Liability	<u>246,857</u>
Total Pension Liability - Beginning	<u>—</u>
Total Pension Liability - Ending	<u><u>246,857</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 23,300
Contributions - Members	12,452
Net Investment Income	—
Benefit Payments, Including Refunds of Member Contributions	—
Other (Net Transfer)	<u>(2,149)</u>
Net Change in Plan Fiduciary Net Position	<u>33,603</u>
Plan Net Position - Beginning	<u>—</u>
Plan Net Position - Ending	<u><u>33,603</u></u>
Employer's Net Pension Liability	<u><u>\$ 213,254</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	13.61%
Covered Payroll	\$ 276,720
Employer's Net Pension Liability as a Percentage of Covered Payroll	77.06%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2018 and 2020.

*The Council joined IMRF effective September 1, 2018.

12/31/19	12/31/20	12/31/21	12/31/22
83,807	115,918	117,163	125,099
20,897	40,273	41,597	47,631
—	—	—	—
150,225	(111,456)	(77,166)	132,856
—	(22,995)	—	—
(1,048)	(6,415)	(1,776)	(2,909)
253,881	15,325	79,818	302,677
246,857	500,738	516,063	595,881
500,738	516,063	595,881	898,558
101,665	110,604	115,816	106,326
54,336	60,697	63,326	80,551
5,437	23,204	53,600	(46,653)
(1,048)	(6,415)	(1,776)	(2,909)
(9,752)	(9,247)	(12,872)	(16,130)
150,638	178,843	218,094	121,185
33,603	184,241	363,084	581,178
184,241	363,084	581,178	702,363
316,497	152,979	14,703	196,195
36.79%	70.36%	97.53%	78.17%
1,207,463	1,348,831	1,407,241	1,790,011
26.21%	11.34%	1.04%	10.96%

REGION 1 PLANNING COUNCIL, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	Budget		Actual
	Original	Final	
Revenues			
Membership Fee	\$ 624,637	624,637	772,559
Grants	785,529	785,529	784,832
Miscellaneous	12,500	12,500	63,171
Total Revenues	<u>1,422,666</u>	<u>1,422,666</u>	<u>1,620,562</u>
Expenditures			
General Government			
Personnel	1,095,639	1,095,639	1,268,105
Occupancy	45,177	45,177	35,632
Office	194,460	194,460	136,607
Professional	51,211	51,211	(146,444)
Contractual	112,264	112,264	234,783
Debt Service			
Interest and Fiscal Charges	334	334	5,730
Total Expenditures	<u>1,499,085</u>	<u>1,499,085</u>	<u>1,534,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,419)	(76,419)	86,149
Other Financing Sources			
Transfers In	126,414	126,414	—
Net Change in Fund Balance	<u>49,995</u>	<u>49,995</u>	86,149
Fund Balance - Beginning			<u>552,423</u>
Fund Balance - Ending			<u><u>638,572</u></u>

REGION 1 PLANNING COUNCIL, ILLINOIS

Metropolitan Planning Organization - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	Budget		Actual
	Original	Final	
Revenues			
Grants	\$ 1,618,474	1,618,474	1,445,845
Expenditures			
General Government			
Personnel	1,227,417	1,227,417	1,071,697
Occupancy	43,347	43,347	48,596
Office	10,991	10,991	8,881
Telecommunications	10,090	10,090	8,432
Professional	8,925	8,925	8,251
Contractual	317,156	317,156	319,992
Debt Service			
Interest and Fiscal Charges	550	550	1,744
Total Expenditures	1,618,476	1,618,476	1,467,593
Net Change in Fund Balance	(2)	(2)	(21,748)
Fund Balance - Beginning			336,935
Fund Balance - Ending			315,187

REGION 1 PLANNING COUNCIL, ILLINOIS

**Winnebago County Geographic Information System - Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Fiscal Year Ended June 30, 2023**

	Budget		Actual
	Original	Final	
Revenues			
Membership Fee	\$ 308,017	308,017	297,887
Miscellaneous	71,556	139,321	60,190
Total Revenues	<u>379,573</u>	<u>447,338</u>	<u>358,077</u>
Expenditures			
General Government			
Personnel	283,257	351,023	291,962
Occupancy	26,626	26,626	14,157
Office	1,274	1,274	909
Telecommunications	450	450	432
Professional	19,094	19,094	712
Contractual	61,320	61,320	70,787
Debt Service			
Interest and Fiscal Charges	183	183	—
Total Expenditures	<u>392,204</u>	<u>459,970</u>	<u>378,959</u>
Net Change in Fund Balance	<u>(12,631)</u>	<u>(12,632)</u>	(20,882)
Fund Balance - Beginning			<u>324,419</u>
Fund Balance - Ending			<u><u>303,537</u></u>

REGION 1 PLANNING COUNCIL, ILLINOIS

Northern Illinois Land Bank Authority - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	Budget		Actual
	Original	Final	
Revenues			
Grants	\$ 343,495	343,495	167,358
Miscellaneous	—	—	204,089
Total Revenues	<u>343,495</u>	<u>343,495</u>	<u>371,447</u>
Expenditures			
General Government			
Personnel	179,239	179,239	146,617
Occupancy	3,229	3,229	4,917
Office	498	498	4,232
Professional	350	350	645
Contractual	160,177	160,177	192,244
Debt Service			
Interest and Fiscal Charges	—	—	4,375
Total Expenditures	<u>343,493</u>	<u>343,493</u>	<u>353,030</u>
Net Change in Fund Balance	<u>2</u>	<u>2</u>	18,417
Fund Balance - Beginning			<u>501,345</u>
Fund Balance - Ending			<u><u>519,762</u></u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedule - Nonmajor Governmental Fund
- Consolidated Year-End Financial Report

REGION 1 PLANNING COUNCIL, ILLINOIS

Northern Council of Governments - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2023

	Budget		Actual
	Original	Final	
Revenues			
Membership Fee	\$ 46,700	46,700	48,751
Miscellaneous	7,500	7,500	580
Total Revenues	54,200	54,200	49,331
Expenditures			
General Government			
Personnel	47,379	47,379	54,437
Occupancy	2,292	2,292	1,357
Office	248	248	307
Professional	176	176	101
Contractual	4,072	4,072	2,824
Debt Service			
Interest and Fiscal Charges	33	33	—
Total Expenditures	54,200	54,200	59,026
Net Change in Fund Balance	—	—	(9,695)
Fund Balance - Beginning			(3,174)
Fund Balance - Ending			(12,869)

REGION 1 PLANNING COUNCIL, ILLINOIS

**Consolidated Year-End Financial Report
June 30, 2023**

CSFA #	Program Name	State	Federal	Other	Total
494-00-1009	Metropolitan Planning Program	\$ —	1,156,643	—	1,156,643
494-00-1437	State Planning Funds	289,202	—	—	289,202
444-80-3187	Illinois Humanities Council	126,874	—	—	126,874
532-30-2881	County Solid Waste Planning	9,071	—	—	9,071
532-30-0385	Brownfields Assessment and Cleanup Cooperative Agreements	—	953	—	953
420-27-2777	RISE Local and Regional Planning Grant Program	—	3,785	—	3,785
	Other Grant Programs and Activities	—	289,462	—	289,462
	All Other Costs Not Allocated	—	—	1,924,709	1,924,709
	Totals	425,147	1,450,843	1,924,709	3,800,699



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

January 25, 2024

Members of the Board
Region 1 Planning Council
Rockford, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Region 1 Planning Council, Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP