

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN**

ANNUAL FINANCIAL REPORT

YEARS ENDED DECEMBER 31, 2021 AND 2020

**-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION**

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
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MENASHA, WISCONSIN
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**-TENTATIVE REPORT-
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the East Central Wisconsin Regional Planning Commission, Menasha, Wisconsin (the Commission) as of and for the years ended December 31, 2021 and 2020, and the related notes to the 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 financial position of the Commission as of December 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission 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 Commission'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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS and *Government 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 GAAS 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 Commission'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 Commission'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 schedules relating to pensions and other postemployment benefits on pages 38 to 40 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 the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenses, and changes in net position – budget and actual and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the 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 March 30, 2022, 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 results 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 the Commission’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
March 30, 2022

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

FINANCIAL STATEMENTS

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|---------------------------------------|------------|------------|
| ASSETS | | |
| Cash and Investments | \$ 431,675 | \$ 312,270 |
| Restricted Cash and Investments | 901,111 | 64,550 |
| Accounts Receivable | 420,730 | 416,433 |
| Prepaid Items | 21,644 | 11,773 |
| Net Pension Asset | 450,471 | 254,500 |
| Capital Assets - Net | 40,994 | 24,337 |
| Total Assets | 2,266,625 | 1,083,863 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| OPEB Related Amounts | 89,494 | 63,213 |
| Pension Related Amounts | 733,155 | 573,984 |
| Total Deferred Outflows of Resources | 822,649 | 637,197 |
| LIABILITIES | | |
| Accounts Payable | 68,510 | 76,565 |
| Accrued and Other Current Liabilities | 16,944 | 22,036 |
| Accrued Vacation Leave | 22,469 | 24,766 |
| Unearned Revenue | 901,111 | 64,550 |
| Long-Term Obligations: | | |
| Due Within One Year | 6,275 | 5,148 |
| Due in More Than One Year | 20,711 | - |
| OPEB Liability | 244,381 | 214,100 |
| Total Liabilities | 1,280,401 | 407,165 |
| DEFERRED INFLOWS OF RESOURCES | | |
| OPEB Related Amounts | 26,047 | 23,857 |
| Pension Related Amounts | 998,314 | 768,239 |
| Total Deferred Inflows of Resources | 1,024,361 | 792,096 |
| NET POSITION | | |
| Net Investment in Capital Assets | 14,008 | 19,189 |
| Restricted for Pension Benefits | 450,471 | 254,500 |
| Unrestricted | 320,033 | 248,110 |
| Total Net Position | \$ 784,512 | \$ 521,799 |

See accompanying Notes to Financial Statements.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| OPERATING REVENUES | | |
| Intergovernmental: | | |
| Federal Grants | \$ 3,415,566 | \$ 1,040,959 |
| State Grants | 218,156 | 66,788 |
| Community Grants | 34,786 | - |
| Intergovernmental Charges for Services: | | |
| Local Districts Membership Levy | 587,178 | 787,205 |
| Local Contracts | 88,525 | 93,561 |
| NR-135 Program | 142,834 | 132,927 |
| Public Charges for Services | <u>4,620</u> | <u>4,773</u> |
| Total Operating Revenues | <u>4,491,665</u> | <u>2,126,213</u> |
| OPERATING EXPENSES | | |
| Salaries and Wages | 1,076,633 | 1,117,986 |
| Employee Fringes and Benefits | 262,392 | 472,861 |
| Direct Grant Expenses | 2,688,735 | 180,905 |
| Meetings and Staff Development | 7,460 | 13,051 |
| Supplies | 4,059 | 2,290 |
| Office Space and Equipment | 121,811 | 142,020 |
| Reference Materials, Subscriptions, and Dues | 775 | 3,135 |
| Printing and Publishing | 88 | 572 |
| Postage | - | 45 |
| Staff Expenses | 994 | 1,575 |
| Insurance and Professional Fees | 43,889 | 36,123 |
| Depreciation | <u>19,360</u> | <u>17,329</u> |
| Total Operating Expenses | <u>4,226,196</u> | <u>1,987,892</u> |
| OPERATING INCOME | 265,469 | 138,321 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest Income | 1,163 | 1,352 |
| Gain (Loss) on Disposal of Capital Assets | (3,127) | - |
| Interest and Fiscal Charges | <u>(792)</u> | <u>(630)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(2,756)</u> | <u>722</u> |
| CHANGE IN NET POSITION | 262,713 | 139,043 |
| Net Position - Beginning of Year | <u>521,799</u> | <u>382,756</u> |
| NET POSITION - END OF YEAR | <u>\$ 784,512</u> | <u>\$ 521,799</u> |

See accompanying Notes to Financial Statements.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | 2021 | 2020 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Grants and Charges | \$ 4,512,723 | \$ 1,078,822 |
| Cash Received from Other Government Payments | 811,206 | 998,674 |
| Cash Paid for Employee Wages and Benefits | (1,463,649) | (1,557,679) |
| Cash Paid to Suppliers | (2,887,379) | (346,243) |
| Net Cash Provided by Operating Activities | 972,901 | 173,574 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Principal Payments on Note Payable - Winnebago Co. | - | (16,947) |
| Interest Paid on Debt | - | (850) |
| Net Cash Provided (Used) by Noncapital Financing Activities | - | (17,797) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of Capital Assets | (7,771) | (12,509) |
| Principal Payments on Lease Payable | (9,535) | (4,898) |
| Interest Paid on Debt | (792) | (453) |
| Net Cash Used by Capital and Related Financing Activities | (18,098) | (17,860) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Received | 1,163 | 1,352 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 955,966 | 139,269 |
| Cash and Cash Equivalents - Beginning of Year | 376,820 | 237,551 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 1,332,786 | \$ 376,820 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income | \$ 265,469 | \$ 138,321 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | 19,360 | 17,329 |
| Change in Liability (Asset) and Deferred Outflows and Inflows of Resources: | | |
| Change in Pension Asset/Liability | (195,971) | (547,660) |
| Change in Pension Deferred Outflow | (159,171) | 209,596 |
| Change in Pension Deferred Inflow | 230,075 | 358,642 |
| Change in OPEB Liability | 30,281 | 68,301 |
| Change in OPEB Deferred Outflow | (26,281) | (55,730) |
| Change in OPEB Deferred Inflow | 2,190 | 1,092 |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | (4,297) | (39,065) |
| Prepaid Items | (9,871) | 954 |
| Accounts Payable | (8,055) | 31,625 |
| Accrued and Other Current Liabilities | (5,092) | 3,533 |
| Accrued Vacation Leave | (2,297) | (3,712) |
| Unearned Revenue | 836,561 | (9,652) |
| Net Cash Provided by Operating Activities | \$ 972,901 | \$ 173,574 |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | |
| Cash and Cash Equivalents in Current Assets | \$ 431,675 | \$ 312,270 |
| Cash and Cash Equivalents in Restricted Assets | 901,111 | 64,550 |
| Total Cash and Cash Equivalents | \$ 1,332,786 | \$ 376,820 |
| SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital Lease Addition | \$ 31,373 | \$ - |

See accompanying Notes to Financial Statements.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Commission is a public agency formed under Section 66.0309 of the Wisconsin Statutes. The Commission provides planning and other services to Wisconsin County governments and local communities within the counties of Calumet, Fond du Lac, Green Lake, Marquette, Menominee, Outagamie, Shawano, Waupaca, Waushara, and Winnebago. In accordance with U.S. GAAP, the financial statements are required to include the Commission and any separate component units that have a significant operational or financial relationship with the Commission. The Commission has not identified any component units that are required to be included in the financial statements.

B. Enterprise Funds

The accounts of the Commission are accounted for in an enterprise fund as required by U.S. GAAP. Enterprise funds are used to account for government operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (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 and other purposes.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows and outflows of resources associated with the operation are included on the statement of net position. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unpaid enterprise fund service receivables are recorded at year-end. All capital assets are capitalized at historical cost and depreciated over their useful lives.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are operating grants received from federal, state, and local governments and dues from member counties. Operating expenses for the Commission include the payroll costs of operating the Commission, occupancy costs, administrative expenses, costs associated with providing program services to its members, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

D. Indirect Cost Allocations

Employee fringe benefits, including employee's time off with pay, and indirect costs are allocated to specific Commission programs based on a cost allocation plan. The cost allocation plan distributes the aforementioned expenses to specific programs based on direct salary charges and negotiated indirect cost rate (NICRA) with a fixed rate with carryforward:

| | |
|--|---------|
| Employee Fringe Benefits and Time Off with Pay | 68.84 % |
| All Other Indirect Costs | 61.00 |

The NICRA was received from Department of Interiors (DOI) in April of 2021. The rate was used for 2020 and 2021. The audit for 2020 was used to calculate any adjustment to the rate that will be effective for 2022. The audit for 2021 will be used to calculate any adjustment for the rate to be applied in 2023. This process will be ongoing.

E. Budget

In accordance with Wisconsin Statute 66.0309 the annual budget of a regional planning commission is adopted on or before October 1 of the preceding year. The amount of the budget charged to any local governmental unit shall be in the proportion of the equalized value for tax purposes of the land, buildings and other improvements thereon of such local governmental unit, within the region, to the total such equalized value within the region. The amount charged to a local governmental unit shall not exceed .003% of such equalized value unless the governing body of the unit expressly approves the amount in excess of such percentage. For the 2021 budget, the Commission assessed all local governmental units within the region a charge of .001126% of equalized value.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
 MENASHA, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

3. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

4. Capital Assets

Capital assets, which include property and equipment are reported in the financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of \$5,000 or higher or an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Commission are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|--------------------|-------|
| Vehicle | 4 |
| Computer Equipment | 2-4 |
| Other Equipment | 4-10 |

5. Unearned Revenue

The Commission reports unearned revenues on its statement of net position. Unearned revenues arise when resources are received by the Commission before it has a legal claim to them as when grant or local project funds are received prior to the incurrence of qualifying expenses. In subsequent periods, when the Commission has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and the revenue is recognized.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

6. Compensated Absences

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

7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the Commission that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the Commission that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable.

8. Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

9. Other Postemployment Benefits Other Than Pensions (OPEB)

Single-Employer Defined Postemployment Benefit Plan

Qualifying employees are provided with other postemployment benefits. The OPEB is a cost sharing single employer defined benefit plan administered by the State of Wisconsin Group Insurance Board on behalf of the Commission. For purposes of measuring the OPEB liability, related deferred outflows and inflows of resources and OPEB expense, the Commission has used values provided by its actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Local Retiree Life Insurance Fund

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. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's 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.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

10. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), 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.

11. Net Position

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

Net Investment in Capital Assets – Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position – Amount of net position that is subject to restrictions that are imposed 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 Net Position – Net position that is neither classified as restricted nor as net investment in capital assets.

G. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES

A. Cash and Investments

The Commission maintains various cash and investment accounts which are displayed on the financial statements as "Cash and Investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

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

| | 2021 | 2020 |
|--|--------------|------------|
| Petty Cash and Cash on Hand | \$ 100 | \$ 100 |
| Deposits with Financial Institutions | 1,074,451 | 118,635 |
| Investments: | | |
| Wisconsin Local Government Investment Pool | 258,235 | 258,085 |
| Total | \$ 1,332,786 | \$ 376,820 |
| Government-Wide Statement of Net Position: | | |
| Cash and Investments | \$ 431,675 | \$ 312,270 |
| Restricted Cash and Investments | 901,111 | 64,550 |
| Total | \$ 1,332,786 | \$ 376,820 |

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. 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 observable inputs; Level 3 inputs are significant unobservable inputs. The Commission currently has no investments that are subject to fair value measurement.

Deposits and investments of the Commission are subject to various risks. Presented below is a discussion of the Commission's deposits and investments and the related risks.

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NOTE 2 DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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 will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Commission does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution.

Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2021, \$256,835 of the Commission's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Commission's formal investment policy limits credit risk by diversifying the investment portfolio so that losses from any one type of security or from any one individual issuer will be minimized. The Commission's investment in the Wisconsin local government investment pool is not rated.

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NOTE 2 DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission's formal investment policy limits investment maturities to shorter-term securities, money market mutual funds, or similar investment pools and limits the average maturity of its portfolio as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2021, 2021, the Wisconsin Local Government Investment Pool had a weighted average maturity of 61 days.

Investments

The Commission has investments in the Wisconsin Local Government Investment Pool of \$258,235 at December 31, 2021. The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021 and 2020, the fair value of the Commission's share of the LGIP's assets was substantially equal to the carrying value.

B. Restricted Assets

Restricted assets on December 31, 2021 and 2020 was \$901,111 and \$64,550, respectively, and consisted of cash and investments. The amount of \$40,801 was held for the NR-135 Mining Reclamation program and upon termination of the program would be returned to the four-member counties (Outagamie, Shawano, Waupaca, and Winnebago) based on active acreage. The liability associated with this program's restricted assets is included with unearned revenues on the statement of net position.

Restricted assets also include \$860,310 received in advance from grantors. If the grant program would end without fulfilling the project requirements, the unspent funds would be returned to the grantors. All grant requirements are expected to be fulfilled in 2022. The liability associated with these grants' restricted assets is included with unearned revenues on the statement of net position.

C. Grants and Projects Accounts Receivable

The Commission performs planning and other services for its members and certain other entities under agreements to provide these services. In addition, it performs certain services under terms of state and federal grants.

The Commission bills those receiving services and/or applies grant funds (recognizes revenues from grant proceeds) based on services performed. Unrecognized grant funds and prepaid local project services are treated as unearned revenues if expenses for the respective grant or project have not been incurred.

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NOTE 2 DETAILED NOTES (CONTINUED)

C. Grants and Projects Accounts Receivable (Continued)

The amount due from various grants and local projects on December 31, 2021 and 2020 was \$420,730 and \$416,433, respectively.

D. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------------|-----------------|-------------------|
| Capital Assets, Depreciable: | | | | |
| Vehicle | \$ 14,839 | \$ - | \$ - | \$ 14,839 |
| Computer Equipment | 96,828 | 36,374 | 26,171 | 107,031 |
| Other Equipment | 72,024 | 2,770 | | 74,794 |
| Subtotals | <u>183,691</u> | <u>39,144</u> | <u>26,171</u> | <u>196,664</u> |
| Less Accumulated Depreciation For: | | | | |
| Vehicle | 14,839 | - | - | 14,839 |
| Computer Equipment | 74,517 | 17,366 | 23,044 | 68,839 |
| Other Equipment | 69,998 | 1,994 | | 71,992 |
| Subtotals | <u>159,354</u> | <u>19,360</u> | <u>23,044</u> | <u>155,670</u> |
| Total Capital Assets, Depreciable, Net | <u>24,337</u> | <u>19,784</u> | <u>3,127</u> | <u>40,994</u> |
| Business-Type Capital Assets, Net | <u>\$ 24,337</u> | <u>\$ 19,784</u> | <u>\$ 3,127</u> | <u>40,994</u> |
| Less: Capital Related Debt | | | | <u>26,986</u> |
| Net Investment in Capital Assets | | | | <u>\$ 14,008</u> |

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NOTE 2 DETAILED NOTES (CONTINUED)

D. Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|---------------|-------------------|
| Capital Assets, Depreciable: | | | | |
| Vehicle | \$ 14,839 | \$ - | \$ - | \$ 14,839 |
| Computer Equipment | 100,388 | 12,509 | 16,069 | 96,828 |
| Other Equipment | 72,502 | - | 478 | 72,024 |
| Subtotals | <u>187,729</u> | <u>12,509</u> | <u>16,547</u> | <u>183,691</u> |
| Less Accumulated Depreciation For: | | | | |
| Vehicle | 14,839 | - | - | 14,839 |
| Computer Equipment | 75,372 | 15,214 | 16,069 | 74,517 |
| Other Equipment | 68,361 | 2,115 | 478 | 69,998 |
| Subtotals | <u>158,572</u> | <u>17,329</u> | <u>16,547</u> | <u>159,354</u> |
| Total Capital Assets, Depreciable, Net | <u>29,157</u> | <u>(4,820)</u> | <u>-</u> | <u>24,337</u> |
| Capital Assets, Net | <u>\$ 29,157</u> | <u>\$ (4,820)</u> | <u>\$ -</u> | <u>24,337</u> |
| Less: Capital Related Debt | | | | <u>5,148</u> |
| Net Investment in Capital Assets | | | | <u>\$ 19,189</u> |

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Commission for the year ended December 31, 2021:

| | Beginning Balance | Issued | Retired | Ending Balance | Due Within One Year |
|-----------------------------|----------------------|------------------|-----------------|-------------------|------------------------|
| Capital Leases | \$ 5,148 | \$ 31,373 | \$ 9,535 | \$ 26,986 | \$ 6,275 |
| Total Long-Term Obligations | <u>\$ 5,148</u> | <u>\$ 31,373</u> | <u>\$ 9,535</u> | <u>\$ 26,986</u> | <u>\$ 6,275</u> |

Total interest paid during the year on long-term debt totaled \$792.

The following is a summary of changes in long-term obligations of the Commission for the year ended December 31, 2020:

| | Beginning Balance | Issued | Retired | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|-------------|------------------|-------------------|------------------------|
| Note Payable - Winnebago County | \$ 16,947 | \$ - | \$ 16,947 | \$ - | \$ - |
| Capital Leases | 10,046 | - | 4,898 | 5,148 | 5,148 |
| Total Long-Term Obligations | <u>\$ 26,993</u> | <u>\$ -</u> | <u>\$ 21,845</u> | <u>\$ 5,148</u> | <u>\$ 5,148</u> |

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
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NOTE 2 DETAILED NOTES (CONTINUED)

E. Long-Term Obligations (Continued)

Capital Lease

Under a lease that was signed in April 2021, the Commission is obligated to account for a capital lease that was used to finance the acquisition of a printer. The cost of the capital asset under the capital lease is \$31,373 and the related accumulated depreciation is \$4,183 as of December 31, 2021. The following is a schedule of the minimum lease payments under the lease agreement and the present value of the minimum lease payments at December 31, 2021:

| <u>Year Ending December 31,</u> | <u>Payments</u> |
|--|-------------------------|
| 2022 | \$ 7,702 |
| 2023 | 7,326 |
| 2024 | 6,949 |
| 2025 | 6,573 |
| 2026 | 1,584 |
| Subtotal | <u>30,134</u> |
| Less: Amount Representing Interest | 3,148 |
| Present Value of Future Minimum Lease Payments | <u><u>\$ 26,986</u></u> |

F. Pension Plan

Plan Description

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

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

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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

Plan Description (Continued)

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.

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 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 participants may retire at or after 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.

Postretirement 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.

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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

Postretirement Adjustments (Continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|-------------------------|-----------------------------|
| 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 |
| 2018 | 2.4 | 17.0 |
| 2019 | - | (10.0) |
| 2020 | 1.7 | 21.0 |

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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 years ended December 31, 2021 and December 31, 2020, the WRS recognized \$70,967 and \$71,051, respectively, in contributions from the Commission.

Contribution rates for the 2021 reporting period are:

| Employee Category | Employee | Employer |
|--|----------|----------|
| General (Including Teachers, Executives, and Elected Officials) | 6.75 % | 6.75 % |
| Protective with Social Security | 6.75 | 11.75 |
| Protective without Social Security | 6.75 | 16.35 |

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MENASHA, WISCONSIN
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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

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

At December 31, 2021 and 2020, the Commission reported a liability (asset) of (\$450,471) and (\$254,500), respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Commission's proportion of the net pension liability (asset) was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Commission's proportion was 0.00721547 %, which was a decrease of 0.00067736% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2021 and 2020, the Commission recognized pension expense (revenue) of \$(53,969) and \$91,794, respectively.

At December 31, 2021 and 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2021 | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ 651,971 | \$ 140,433 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | - | 845,724 |
| Changes in Assumptions | 10,217 | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | 12,157 |
| Employer Contributions Subsequent to the Measurement Date | 70,967 | - |
| Total | \$ 733,155 | \$ 998,314 |

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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

| | 2020 | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ 483,101 | \$ 241,759 |
| Net Differences Between Projected and Actual | | |
| Earnings on Pension Plan Investments | - | 520,290 |
| Changes in Assumptions | 19,832 | - |
| Changes in Proportion and Differences Between | | |
| Employer Contributions and Proportionate Share | | |
| of Contributions | - | 6,190 |
| Employer Contributions Subsequent to the | | |
| Measurement Date | 71,051 | - |
| Total | \$ 573,984 | \$ 768,239 |

The \$70,967 and \$71,051 reported as deferred outflows at December 31, 2021 and 2020 related to pension resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the years ending December 31, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at December 31, 2021 will be recognized in pension expense as follows:

| Year Ended December 31, | Expense |
|-------------------------|--------------|
| 2022 | \$ (87,465) |
| 2023 | (26,069) |
| 2024 | (156,187) |
| 2025 | (66,405) |
| Total | \$ (336,126) |

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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------------|--------------------------------|
| Actuarial Valuation Date: | December 31, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality | Wisconsin 2018 Mortality Table |
| Postretirement Adjustments* | 1.9% |

** No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

Long-Term Expected Return on Plan Assets (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| | <u>Asset Allocation %</u> | <u>Long-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
|----------------------------|-------------------------------|--|---|
| Core Fund Asset Class: | | | |
| Global Equities | 51.0 % | 7.2 % | 4.7 % |
| Fixed Income | 25.0 | 3.2 | 0.8 |
| Inflation Sensitive Assets | 16.0 | 2.0 | (0.4) |
| Real Estate | 8.0 | 5.6 | 3.1 |
| Private Equity/Debt | 11.0 | 10.2 | 7.6 |
| Multi-Asset | 4.0 | 5.8 | 3.3 |
| Cash | (15.0) | 0.9 | N/A |
| Total Core Fund | <u>100.0 %</u> | <u>6.6 %</u> | <u>4.1 %</u> |
| Variable Fund Asset Class: | | | |
| U.S. Equities | 70.0 % | 6.6 % | 4.1 % |
| International Equities | 30.0 | 7.4 | 4.9 |
| Total Variable Fund | <u>100.0 %</u> | <u>7.1 %</u> | <u>4.6 %</u> |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.40%

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

Single Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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NOTE 2 DETAILED NOTES (CONTINUED)

F. Pension Plan (Continued)

Single Discount Rate (Continued)

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.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|--|--|-------------------------------------|--|
| Commission's Proportionate Share of the Net Pension Liability (Asset) | \$ 428,786 | \$ (450,471) | \$ (1,096,280) |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan

At December 31, 2021 and 2020, the Commission reported a payable of \$11,738 and \$11,727, respectively, for the outstanding amount of contributions to the pension plan for the years then ended.

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NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits

The Commission reports OPEB related balances at December 31, 2021 and 2020 as summarized below:

| | 2021 | | | |
|--|-------------------|--------------------------------------|-------------------------------------|------------------|
| | OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
| Single-Employer Defined OPEB Plan | \$ 135,549 | \$ 45,100 | \$ 3,311 | \$ 13,281 |
| Local Retiree Life Insurance Fund (LRLIF) | 108,832 | 44,394 | 22,736 | 11,513 |
| Total | <u>\$ 244,381</u> | <u>\$ 89,494</u> | <u>\$ 26,047</u> | <u>\$ 24,794</u> |
| | 2020 | | | |
| | OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
| Single-Employer Defined OPEB Plan | \$ 121,948 | \$ 26,804 | \$ 3,679 | \$ 7,981 |
| Local Retiree Life Insurance Fund (LRLIF) | 92,152 | 36,409 | 20,178 | 6,028 |
| Total | <u>\$ 214,100</u> | <u>\$ 63,213</u> | <u>\$ 23,857</u> | <u>\$ 14,009</u> |

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

The plan is a single-employer defined benefit postemployment health plan that covers retired employees of the Commission. Eligible retired employees have access to group medical coverage through the Commission's group plan. Commission paid medical benefits are paid for as indicated below. All employees of the Commission are eligible for the plan if they meet the following age and service requirements below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided and Eligibility Requirements

The Commission provides medical (including prescription drugs) coverage for retired employees through the Commission's group health insurance plan. Employees must retire from the Commission and be eligible for Wisconsin Retirement System benefits to be eligible for this other postemployment benefit.

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NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

| | |
|--|----|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 5 |
| Active Employees | 13 |
| Total | 18 |

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute 100% of the cost of insurance premiums. Commission paid medical benefits are comprised solely of the implicit rate subsidy incurred when the premium rate paid by retirees is lower than it would be if the retiree's premium was rated separately from the active employees.

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021 and 2020, the Commission reported a liability of \$135,549 and \$121,948, respectively. The Commission's total OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. No material changes in eligibility or benefit terms occurred between the actuarial valuation date and the measurement date.

At December 31, the Commission reported deferred inflows of resources related to OPEB from the following sources:

| | 2021 | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ 6,658 | \$ - |
| Changes in Assumptions | 20,098 | 3,311 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | - | - |
| Commission Contributions Subsequent to the Measurement Date | 18,344 | - |
| Total | \$ 45,100 | \$ 3,311 |

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

| | 2020 | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ 7,398 | \$ - |
| Changes in Assumptions | 16,433 | 3,679 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | - | - |
| Commission Contributions Subsequent to the Measurement Date | 2,973 | - |
| Total | \$ 26,804 | \$ 3,679 |

The \$18,344 reported as deferred outflows at December 31, 2021 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 (asset) in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | Expense |
|-------------------------|-------------|
| 2022 | \$ (2,546) |
| 2023 | (2,546) |
| 2024 | (2,546) |
| 2025 | (2,546) |
| 2026 | (2,546) |
| Thereafter | (10,715) |
| Total | \$ (23,445) |

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation: | 2.00% |
| Salary Increases, Including Inflation: | 0.1% to 3.5% based on years of service plus 3% |
| Discount Rate: | 2.25% |
| Healthcare Cost Trend Rates: | 6.5% decreasing by 0.10% down to 5.0%, and level thereafter |

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates are based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the December 31, 2019 valuation were based on an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015-17.

Discount Rate

A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.75% for the prior year. The discount rate is based on the 20-year AA Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability

| | Total OPEB Liability (a) |
|---|--------------------------------|
| Balance - December 31, 2020 | \$ 121,948 |
| Changes for the Year: | |
| Service Cost | 7,322 |
| Interest | 3,413 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | 5,839 |
| Benefit Payments | <u>(2,973)</u> |
| Net Changes | <u>13,601</u> |
| Balance - December 31, 2021 | <u>\$ 135,549</u> |

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

| | 1% Decrease to Discount Rate (1.25%) | Current Discount Rate (2.25%) | 1% Increase to Discount Rate (3.25%) |
|----------------------|--|-------------------------------------|--|
| Total OPEB Liability | \$ 147,795 | \$ 135,549 | \$ 124,073 |

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 healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

| | 1% Decrease (5.5% Decreasing to 4.0%) | Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%) | 1% Increase (7.5% Decreasing to 6.0%) |
|----------------------|---|--|---|
| Total OPEB Liability | \$ 117,232 | \$ 135,549 | \$ 157,617 |

OPEB Expense

For the years ended December 31, 2021 and 2020, the Commission recognized OPEB expense of \$13,281 and \$7,981, respectively.

Payable to the OPEB Plan

At December 31, 2021 and 2020, the Commission reported no outstanding contribution to the plan required for the years then ended.

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost-sharing 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 postemployment life insurance benefits for all eligible members.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Plan Description (Continued)

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 postretirement benefit.

Employers are required to pay the following contributions based on member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the 2021 reporting period are:

| <u>Coverage Type</u> | <u>Employer Contribution</u> |
|-----------------------------|------------------------------|
| 50% Postretirement Coverage | 40% of Member Contribution |
| 25% Postretirement Coverage | 20% of Member Contribution |

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active).

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

The member contribution rates in effect for the reporting period ended December 31, 2020 are as listed below:

| Life Insurance Member Contribution Rates* | | |
|--|--------|--------------|
| For the Reporting Period Ended December 31, 2020 | | |
| Attained Age | Basic | Supplemental |
| Under 30 | \$0.05 | \$0.05 |
| 30 - 34 | 0.06 | 0.06 |
| 35 - 39 | 0.07 | 0.07 |
| 40 - 44 | 0.08 | 0.08 |
| 45 - 49 | 0.12 | 0.12 |
| 50 - 54 | 0.22 | 0.22 |
| 55 - 59 | 0.39 | 0.39 |
| 60 - 64 | 0.49 | 0.49 |
| 65 - 69 | 0.57 | 0.57 |

*Disabled members under age 70 receive a waiver-of-premium benefit

During the years ended December 31, 2021 and December 31, 2020, the LRLIF recognized \$223 and \$355, respectively, in contributions from the Commission.

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

At December 31, 2021 and 2020, the Commission reported a liability of \$108,832 and \$92,152, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefits 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, 2020, the Commission's proportion was .019785%, which was a decrease of .001856% from its proportion measured as of December 31, 2019.

For the years ended December 31, 2021 and 2020, the Commission recognized OPEB expense of \$11,513 and \$6,028, respectively.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

At December 31, 2021 and 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2021 | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ - | \$ 5,193 |
| Net Differences Between Projected and Actual Earnings on OPEB Plan Investments | 1,584 | - |
| Changes in Assumptions | 42,337 | 7,467 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 250 | 10,076 |
| Employer Contributions Subsequent to the Measurement Date | 223 | - |
| Total | \$ 44,394 | \$ 22,736 |
| | 2020 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ - | \$ 4,128 |
| Net Differences Between Projected and Actual Earnings on OPEB Plan Investments | 1,738 | - |
| Changes in Assumptions | 33,996 | 10,134 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 320 | 5,916 |
| Employer Contributions Subsequent to the Measurement Date | 355 | - |
| Total | \$ 36,409 | \$ 20,178 |

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

The \$223 reported as deferred outflows at December 31, 2021 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 (asset) in the year ending December 31, 2022. 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> | <u>Expense</u> |
|--------------------------------|------------------|
| 2022 | \$ 4,047 |
| 2023 | 3,876 |
| 2024 | 3,699 |
| 2025 | 3,136 |
| 2026 | 4,746 |
| Thereafter | 1,931 |
| Total | <u>\$ 21,435</u> |

Actuarial Assumptions

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | January 1, 2020 |
| Actuarial Cost Method: | Entry age normal |
| 20-Year Tax-Exempt Municipal Bond Yield: | 2.12% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 2.25% |
| Salary Increases: | |
| Inflation | 3.00% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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.

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-Term Expected Geometric Real Rate of Return %</u> |
|-----------------------------------|-----------------|--------------------------|---|
| U.S. Credit Bonds | Barclays Credit | 50 % | 1.47 % |
| U.S. Mortgages | Barclays MBS | 50 | 0.82 |
| Inflation | | | 2.20 |
| Long-Term Expected Rate of Return | | | 4.25 |

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20%, respectively. 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.

Single Discount Rate

A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

G. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Single Discount Rate (Continued)

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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Commission's Proportionate Share of 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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

| | 1% Decrease to Discount Rate (1.25%) | Current Discount Rate (2.25%) | 1% Increase to Discount Rate (3.25%) |
|---|--|-------------------------------------|--|
| Commission's Proportionate Share of the Net OPEB Liability (Asset) | \$ 148,042 | \$ 108,832 | \$ 79,178 |

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>.

Payable to the OPEB Plan

At December 31, 2021 and 2020, the Commission reported no outstanding contribution to the plan for the years then ended.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES (CONTINUED)

H. Operating Lease

The Commission leases office and storage space under an operating lease agreement that ends on July 31, 2024 with an early termination clause allowing termination on or after July 1, 2023, by providing written notice to the landlord of intent to terminate the lease not less than three months before the effective date of such termination. Rent expense for the years ended December 31, 2021 and 2020 was \$75,600 and \$95,832, respectively.

The future minimum rental payments as of December 31, 2021 are as follows:

| <u>Year Ended December 31,</u> | <u>Payments</u> |
|--------------------------------|-------------------|
| 2022 | \$ 75,600 |
| 2023 | 75,600 |
| 2024 | 44,100 |
| Total | <u>\$ 195,300</u> |

NOTE 3 OTHER INFORMATION

A. Risk Management

The Commission is exposed to various risks of loss related torts; theft of, damage to, or destruction of assets; errors and omission; 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.

B. Contingencies

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

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

REQUIRED SUPPLEMENTARY INFORMATION

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS**

| <u>Measurement Period Ending</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Covered Payroll (Plan Year)</u> | <u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u> |
|----------------------------------|--|---|------------------------------------|--|---|
| 12/31/14 | 0.00780149 % | \$ (191,626) | \$ 1,105,566 | 17.33 % | 102.74 % |
| 12/31/15 | 0.00801265 | 130,204 | 1,177,775 | 11.06 | 98.20 |
| 12/31/16 | 0.00821119 | 67,680 | 1,221,768 | 5.54 | 99.12 |
| 12/31/17 | 0.00833588 | (247,502) | 1,228,150 | 20.15 | 102.93 |
| 12/31/18 | 0.00824019 | 293,160 | 1,232,174 | 23.79 | 96.45 |
| 12/31/19 | 0.00789283 | (254,500) | 1,186,316 | 21.45 | 102.96 |
| 12/31/20 | 0.00721547 | (450,471) | 1,052,602 | 42.80 | 105.26 |

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

| <u>Commission Fiscal Year Ending</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to the Contractually Required Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Payroll (Fiscal Year)</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|--------------------------------------|---|--|---|--------------------------------------|---|
| 12/31/15 | \$ 80,089 | \$ 80,089 | \$ - | \$ 1,177,775 | 6.80 % |
| 12/31/16 | 80,637 | 80,637 | - | 1,221,768 | 6.60 |
| 12/31/17 | 83,515 | 83,515 | - | 1,228,150 | 6.80 |
| 12/31/18 | 82,556 | 82,556 | - | 1,232,174 | 6.70 |
| 12/31/19 | 77,704 | 77,704 | - | 1,186,316 | 6.55 |
| 12/31/20 | 71,051 | 71,051 | - | 1,052,602 | 6.75 |
| 12/31/21 | 70,967 | 70,967 | - | 1,051,362 | 6.75 |

See accompanying Notes to Required Supplementary Information.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS ***

| | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|------------------|------------------|
| Total OPEB Liability: | | | | |
| Service Cost | \$ 7,322 | \$ 5,813 | \$ 6,400 | \$ 6,400 |
| Interest | 3,413 | 3,570 | 2,961 | 2,645 |
| Changes of Benefit Terms | - | - | - | - |
| Differences Between Expected and Actual Experience | - | 8,138 | - | - |
| Changes of Assumptions | 5,839 | 18,076 | (4,415) | - |
| Benefit Payments | (2,973) | - | - | - |
| Net Change in Total OPEB Liability | <u>13,601</u> | <u>35,597</u> | <u>4,946</u> | <u>9,045</u> |
| Total OPEB Liability - Beginning | <u>121,948</u> | <u>86,351</u> | <u>81,405</u> | <u>72,360</u> |
| Total OPEB Liability - Ending | <u>\$ 135,549</u> | <u>\$ 121,948</u> | <u>\$ 86,351</u> | <u>\$ 81,405</u> |
| Covered-Employee Payroll | \$ 1,052,602 | \$ 1,187,946 | \$ 1,234,041 | \$ 1,274,914 |
| Commission's Total OPEB Liability as a Percentage of Covered-Employee Payroll | 12.88 % | 10.27 % | 7.00 % | 6.39 % |

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end. Amounts for prior years were not available.

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

| <u>Measurement Period Ending</u> | <u>Proportion of the Net OPEB Liability (Asset)</u> | <u>Proportionate Share of the Net OPEB Liability (Asset)</u> | <u>Covered Employee Payroll (Plan Year)</u> | <u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u> |
|----------------------------------|---|--|---|--|--|
| 12/31/17 | 0.02424000 | \$ 72,928 | \$ 1,164,055 | 6.26 % | 44.81 % |
| 12/31/18 | 0.02303900 | 59,448 | 1,172,123 | 5.07 | 48.69 |
| 12/31/19 | 0.02164100 | 92,152 | 1,139,382 | 8.09 | 37.58 |
| 12/31/20 | 0.01978500 | 108,832 | 1,016,477 | 10.71 | 31.36 |

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN FISCAL YEARS**

| <u>Commission Fiscal Year Ending</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to the Contractually Required Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered Employee Payroll (Fiscal Year)</u> | <u>Contributions as a Percentage of Covered Employee Payroll</u> |
|--------------------------------------|---|--|---|---|--|
| 12/31/18 | \$ 441 | \$ 441 | \$ - | \$ 1,172,123 | 0.04 % |
| 12/31/19 | 433 | 433 | - | 1,139,382 | 0.04 |
| 12/31/20 | 355 | 355 | - | 1,016,477 | 0.03 |
| 12/31/21 | 223 | 223 | - | 1,051,362 | 0.02 |

See accompanying Notes to Required Supplementary Information.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021 AND 2020**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms

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

Changes of Assumptions

No significant change in assumptions were noted from the prior year.

The Commission is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Single-employer Defined Benefit Postemployment Benefit Plan

Changes of Benefit Terms

There were no changes of benefit terms.

Changes of Assumptions

The discount rate changed in the roll-forward of the valuation as of December 31, 2019 to the measurement date of December 31, 2020. The previous rate was 2.75%. The current rate is 2.25%.

No assets are accumulated in a trust to provide for future benefits.

The Commission is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Local Retiree Life Insurance Fund

Changes of Benefit Terms

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

Changes of Assumptions

The Single Discount Rate assumption used to develop Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

The Commission is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

| | Approved Budget | Actual | Variance with Budget - Positive (Negative) |
|--|--------------------|-------------------|---|
| OPERATING REVENUES | | | |
| Intergovernmental: | | | |
| Federal Grants | \$ 4,512,567 | \$ 3,415,566 | \$ (1,097,001) |
| State Grants | 297,674 | 218,156 | (79,518) |
| Community Grants | - | 34,786 | 34,786 |
| Intergovernmental Charges for Services: | | | |
| Local Districts Membership Levy | 587,178 | 587,178 | - |
| Local Contracts | 106,863 | 88,525 | (18,338) |
| NR-135 Program | 118,998 | 142,834 | 23,836 |
| Public Charges for Services | 5,895 | 4,620 | (1,275) |
| Total Operating Revenues | <u>5,629,175</u> | <u>4,491,665</u> | <u>(1,137,510)</u> |
| OPERATING EXPENSES | | | |
| Salaries and Wages | 1,126,440 | 1,076,633 | 49,807 |
| Employee Fringes and Benefits | 438,361 | 262,392 | 175,969 |
| Direct Grant Expenses | 3,670,957 | 2,688,735 | 982,222 |
| Meetings and Staff Development | 12,100 | 7,460 | 4,640 |
| Supplies | 7,000 | 4,059 | 2,941 |
| Office Space and Equipment | 141,601 | 121,811 | 19,790 |
| Reference Materials, Subscriptions, and Dues | 850 | 775 | 75 |
| Printing and Publishing | 1,000 | 88 | 912 |
| Postage | 1,700 | - | 1,700 |
| Staff Expenses | 7,500 | 994 | 6,506 |
| Insurance and Professional Fees | 61,034 | 43,889 | 17,145 |
| Depreciation | 15,000 | 19,360 | (4,360) |
| Total Operating Expenses | <u>5,483,543</u> | <u>4,226,196</u> | <u>1,257,347</u> |
| OPERATING INCOME | 145,632 | 265,469 | 119,837 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest Income | 1,800 | 1,163 | (637) |
| Gain (Loss) on Disposal of Capital Assets | - | (3,127) | (3,127) |
| Interest and Fiscal Charges | (140) | (792) | (652) |
| Total Nonoperating Revenues (Expenses) | <u>1,660</u> | <u>(2,756)</u> | <u>(4,416)</u> |
| CHANGE IN NET POSITION | 147,292 | 262,713 | 115,421 |
| Net Position - Beginning of Year | <u>521,799</u> | <u>521,799</u> | <u>-</u> |
| NET POSITION - END OF YEAR | <u>\$ 669,091</u> | <u>\$ 784,512</u> | <u>\$ 115,421</u> |

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR FINANCIAL STATEMENTS**

**-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION**

**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
East Central Wisconsin Regional Planning Commission
Menasha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Central Wisconsin Regional Planning Commission, Menasha, Wisconsin (the Commission) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated March 30, 2022.

Report on 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) as a basis for designing 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Report on 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 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*.

Commission’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Commission’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Commission’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 Commission’s internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
March 30, 2022

TENTATIVE REPORT
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISIONS

FEDERAL AND STATE AWARDS

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**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 SINGLE AUDIT GUIDELINES**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the East Central Wisconsin Regional Planning Commission, Menasha, Wisconsin's (the Commission) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Our responsibilities under those standards, the Uniform Guidance and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state programs. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 or state 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
March 30, 2022

TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

| Federal Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Agency | Pass-Through Entity Identifying Number | Federal Expenditures | Subrecipient Payment |
|--|-----------------------------------|--|--|----------------------|----------------------|
| U.S. DEPARTMENT OF COMMERCE | | | | | |
| Economic Development Support for Planning Organizations | 11.302 | Direct program | N/A | \$ 37,055 | \$ - |
| Economic Development Cluster | | | | | |
| Economic Recovery and Resiliency COVID-19 | 11.307 | Direct program | N/A | 194,359 | - |
| Total U.S. Department of Commerce | | | | <u>231,414</u> | <u>-</u> |
| U.S. DEPARTMENT OF TREASURY | | | | | |
| Coronavirus State and Local Fiscal Recovery Funds COVID-19 | | | | | |
| WEDC Main Street Bounceback Program | 21.027 | Wisconsin Economic Development Corporation | 22-529100 | 2,226,905 | - |
| Total U.S. Department of Treasury | | | | <u>2,226,905</u> | <u>-</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | |
| Federal Highway Administration: | | | | | |
| Highway Planning and Construction Cluster: | | | | | |
| Metropolitan Transportation Planning-Fox Cities and Oshkosh | 20.205 | Wisconsin Department of Transportation | 395-0095-05-79 | 441,567 | - |
| Federal Transit Metropolitan Planning Grant | 20.205 | Wisconsin Department of Transportation | 0095-05-80 | 39,301 | 39,301 |
| Metropolitan Transportation Planning-Fond du Lac | 20.205 | Wisconsin Department of Transportation | 395-0095-05-93 | 101,626 | - |
| Regional Transportation Planning | 20.205 | Wisconsin Department of Transportation | 395-0430-04-46 | 62,373 | - |
| Regional Safe Routes to School | 20.205 | Wisconsin Department of Transportation | 1009-00-74 | 34,204 | - |
| Regional Safe Routes to School | 20.205 | Wisconsin Department of Transportation | 1009-01-06 | 133,321 | - |
| Regional Safe Routes to School | 20.205 | Wisconsin Department of Transportation | 1009-01-07 | 106,583 | - |
| Regional Safe Routes to School | 20.205 | Wisconsin Department of Transportation | 1009-01-09 | 179 | - |
| Total Highway Planning and Construction Cluster | | | | <u>919,154</u> | <u>39,301</u> |
| Federal Transit Administration: | | | | | |
| Metropolitan and State Transportation Improvement Planning: | | | | | |
| Transit Development Plan for the City of Appleton | 20.505 | Wisconsin Department of Transportation | Unknown | 8,925 | - |
| Commuter Service Feasibility Study | 20.505 | Wisconsin Department of Transportation | Unknown | 16,567 | - |
| Total Metropolitan and State Transportation Improvement Planning | | | | <u>25,492</u> | <u>-</u> |
| Total U.S. Department of Transportation | | | | 944,646 | 39,301 |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | |
| Water Quality Management Planning | 66.454 | Wisconsin Department of Natural Resources | Unknown | 12,600 | - |
| Total Environmental Protection Agency | | | | <u>12,600</u> | <u>-</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u>\$ 3,415,565</u> | <u>\$ 39,301</u> |

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2021**

| <u>Grantor Agency/State Program Title</u> | <u>State I.D. Number</u> | <u>Pass-Through Agency</u> | <u>State Identifying Number</u> | <u>Total Expenditures</u> | <u>Subrecipient Payment</u> |
|---|------------------------------|--------------------------------|---|-------------------------------|---------------------------------|
| DEPARTMENT OF NATURAL RESOURCES | | | | | |
| Local Water Quality Management Planning Aids | 370.604 | Direct program | Unknown | \$ 19,400 | \$ - |
| Total Local Water Quality Management Planning Aids | | | | <u>19,400</u> | <u>-</u> |
| DEPARTMENT OF TRANSPORTATION | | | | | |
| Planning Commission Program: | | | | | |
| Metropolitan Transportation Planning-Fox Cities and Oshkosh | 395.202 | Direct program | 395-0095-05-79 | 24,198 | - |
| Freight Railroad Intermodal Study | 395.202 | Direct program | 0490-00-01 | 160,994 | 160,994 |
| Metropolitan Transportation Planning-Fond du Lac | 395.202 | Direct program | 395-0095-05-93 | 5,768 | - |
| Regional Transportation Planning | 395.202 | Direct program | 395-0430-94-46 | 7,796 | - |
| Total Planning Commission Program | | | | <u>198,756</u> | <u>160,994</u> |
| TOTAL STATE PROGRAMS | | | | <u>\$ 218,156</u> | <u>\$ 160,994</u> |

- TENTATIVE REPORT FOR DISCUSSION PURPOSES ONLY -
SUBJECT TO REVISIONS

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Commission are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the Commission. Because the schedules present only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Expenditures in the schedules of expenditures of federal and state awards are reported on the accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the Commission's 2021 financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines*. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules of expenditures of federal and state awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Commission has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3 OVERSIGHT AGENCIES

The federal and state oversight agencies for the Commission are as follows:

Federal – U.S. Department of Commerce
State – Wisconsin Department of Transportation

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
 MENASHA, WISCONSIN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes _____ no
 - Significant deficiency(ies) identified? _____ yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes _____ no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes _____ no
 - Significant deficiency(ies) identified? _____ yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes _____ no

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results (Continued)

State Awards

1. Internal control over state programs:

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

2. Type of auditors’ report issued on compliance for state projects:

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?

_____ yes x no

Identification of Major State Programs

State ID Number(s)

395.202

Name of State Project

Planning Commission Program

Dollar threshold used to distinguish between Type A and Type B state projects:

\$ 250,000

Auditee qualified as low-risk auditee?

 x yes _____ no

Section II – Financial Statement Findings

2021-001 Adjustments to Commission’s Financial Records

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: As part of our audit, we proposed adjusting journal entries that were significant to the Commission’s financial statements.

Criteria or specific requirement: Significant adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect: Year-end financial records prepared by the Commission may contain material misstatements.

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings (Continued)

Cause: While the Commission staff maintains financial records which accurately report revenues and expenses throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Repeat Finding: No

Recommendation: We recommend the Commission designate an individual to obtain additional training in order to prepare the adjusting and closing entries and consider modifying the files used to summarize the activity to be recorded. We are available to assist in this process.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal and State Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

**EAST CENTRAL WISCONSIN REGIONAL PLANNING COMMISSION
MENASHA, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section IV – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No
2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:
- Department of Natural Resources No
Department of Transportation No
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No
4. Name and signature of partner: Amber Danielski, CPA, CMA
Date of report: March 30, 2022

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION