SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION

Annual Financial Report

For the Year Ended December 31, 2023

KerberRose

www.kerberrose.com

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION

Table of Contents

December 31, 2023

KerberRose

Independent Auditors' Report

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission
Platteville, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Southwestern Wisconsin Regional Planning Commission (Commission), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Wisconsin Regional Planning Commission, as of December 31, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 opinion.

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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System and schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits – cost-sharing plan on pages 22 through 23 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 basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements are 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 basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for the purposes of additional analysis, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and are not a required part of the basic financial statements.

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2024 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 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
August 27, 2024

BASIC FINANCIAL STATEMENTS

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION

Statement of Net Position

As of December 31, 2023

CURRENT ASSETS	
Cash	$ 510,498
Receivables	
Accounts Receivable	347,304
Defederalized Revolving Loan Fund Receivable	117,313
Federalized Revolving Loan Fund Receivable	992,321
Prepaid Items	26,321
Total Current Assets	1,993,757
NON-CURRENT ASSETS	
Restricted Cash - RLF	521,622
TOTAL ASSETS	2,515,379
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	442,970
Deferred Outflows of Resources Related to OPEB	31,339
Total Deferred Outflows of Resources	474,309
LIABILITIES	
Accounts Payable	26,286
Accrued Payroll	33,641
Compensated Absences	31,643
Total Current Liabilities	91,570
NON-CURRENT LIABILITIES	
Net Pension Liability	114,711
Other Post-Employment Benefits	49,231
Total Non-Current Liabilities	163,942
TOTAL LIABILITIES	255,512
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pension	241,608
Deferred Inflows of Resources Related to OPEB	36,570
Total Deferred Inflows of Resources	278,178
NET POSITION	
Restricted for Revolving Loan Fund #1	172,656
Restricted for COVID Revolving Loan Fund #2	503,195
Restricted for Revolving Loan Fund #3	955,405
Restricted for Pension	86,651
Unrestricted	738,091
TOTAL NET POSITION	$ 2,455,998

See Accompanying Notes

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023

OPERATING REVENUES	
Federal, State, and Local Contracts and Grants	$ 1,467,687
County Appropriations	158,845
Total Operating Revenues	1,626,532
OPERATING EXPENSES	
Salaries and Wages	608,598
Employee Benefits	225,198
Professional Services	145,853
Travel and Conferences	40,028
Supplies and Expenses	60,080
Equipment Rental and Maintenance	17,641
Insurance	5,304
Occupancy	15,834
Total Operating Expenses	1,118,536
OPERATING INCOME	507,996
NON-OPERATING REVENUE	
Investment Income	50,783
CHANGE IN NET POSITION	558,779
NET POSITION - BEGINNING	1,897,219
NET POSITION - ENDING	$ 2,455,998

See Accompanying Notes

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION
Statement of Cash Flows
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Federal, State, and Local Contracts and Grants	$ 1,016,777
County Appropriations	158,845
Paid to Suppliers for Goods and Services	(310,113)
Paid to Employees for Operating Payroll	(801,762)
Net Cash Flows From Operating Activities	63,747
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	50,783
NET INCREASE IN CASH AND INVESTMENTS	114,530
CASH AND EQUIVALENTS - BEGINNING OF YEAR	917,590
CASH AND EQUIVALENTS - END OF YEAR	$ 1,032,120
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Income	$ 507,996
Changes in Assets and Liabilities:	
Accounts Receivable	23,434
Loans Receivable	(451,842)
Prepaid Items	(4,676)
Net Pension Liability (Asset)	285,759
Deferred Outflows Related to Pension	(102,379)
Deferred Outflows Related to OPEB	1,211
Accounts Payable	(20,697)
Accrued Payroll	(997)
Compensated Absences	7,049
Deferred Revenue	(22,502)
Net OPEB Liability	(20,429)
Deferred Inflows Related to Pension	(163,378)
Deferred Inflows Related to OPEB	25,198
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 63,747
RECONCILIATION OF CASH AND EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Investments in Current Assets	$ 510,498
Cash and Investments in Restricted Assets	521,622
TOTAL CASH AND EQUIVALENTS	$ 1,032,120

Note 1 - Summary of Significant Accounting Policies

Introduction

The Commission was created in 1970 by executive order of the governor at the request of Grant, Green, Iowa, Lafayette and Richland Counties. Each county provides funding to the Commission. The Commission is governed by a board appointed by the county boards of the member counties.

This summary of significant accounting policies of the Commission is presented to assist in understanding the Commission's financial statements. The financial statements and notes are representations of the Commission's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Commission are discussed below.

Reporting Entity

The reporting entity of the Commission is based upon criteria set forth by GASB Statement No. 61 *The Financial Reporting Entity: Omnibus an Amendment* to GASB Statements No. 14 and No 34. The reporting entity for the Commission consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. If a primary government appoints a voting majority of an organization's officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Blended Component Unit

The Commission reports the Southwestern Wisconsin Business Development Fund, Inc. (Fund) as a blended component unit. The Fund's purpose is to target job-creating business development/expansion projects that address a regional need or a specific unmet need in a community. It is intended to provide gap financing to make business loans bankable. It is not a grant program or intended to compete with banks and its interest rates are typically 1 to 1 ½ percent below prime. The Commission recommends members to the Board, who are approved by the existing Board members. The Fund's Board controls the use of funds by reviewing and approving loan applicants. In 2021 the U.S. Economic Development Administration (EDA) defederalized the revolving loan fund number 1.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the Commission is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the Commission have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Investments

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool (LGIP), and short-term investments with original maturities less than ninety days from date of acquisition.

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

The Commission may invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the LGIP administered by the state investment board.

Restricted Cash

Restricted cash is for the Revolving Loan Fund program that is administered through the U.S. Economic Development Administration.

Prepaid Items

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

Capital Assets

Capital assets are reported at historical cost or estimated historical cost. The Commission capitalizes equipment having a cost of $5,000 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Donated capital assets are valued at their estimated acquisition cost at the time of receipt.

Capital assets are depreciated using the straight-line method over the estimated useful lives, which range from three to ten years for furniture and equipment.

Accounts and Loans Receivable

The Commission has received federal grant funds for economic development loan programs to various businesses. The Commission records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as revolving loan funds receivable has not been reduced by an allowance for uncollectible accounts.

Interest received from loan repayments is recognized as revenue when earned.

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.

Compensated Absences

Under terms of employment, employees are granted varying amounts of vacation and sick leave. Unused vacation time is carried over through January 31st of the subsequent year.

Full-time employees earn sick leave at a rate of 104 hours annually. Part-time employees earn sick leave on a pro-rated basis. There is an unlimited accumulation of hours for employees hired before January 1, 2009. All employees hired on or after January 1, 2009 may only accumulate up to 960 hours. Upon retirement, 50% of the accrued sick leave remaining, up to 480 hours, in the employee's account may be converted to its monetary value based on the employee's current rate of pay. This monetary value may be used to pay monthly premiums under the Commission's health insurance program or may be contributed to a retirement plan. The compensated absences are accrued as incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has two items that qualify for reporting in this category. Accordingly, deferred outflows related to the pension plan and OPEB plan are both reported in the statement of net position. See Notes 6 and 7 for details on the pension plan and OPEB plan.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Commission has two items that qualify for reporting in this category. Accordingly, deferred inflows related to the pension plan and OPEB plan are both reported in the statement of net position. See Notes 6 and 7 for details on the pension plan and OPEB plan.

Pensions. The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Pension Expense

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

Other Post-Employment Benefits (OPEB). The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits
- OPEB Expense (Revenue)

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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Federal, State, and Local Contracts and Grants

The Commission receives funding from various federal, state, local contracts and grants. These revenues are earned as expenses are incurred. Such expenses may be incurred during the grantor's fiscal period, which may be different than that of the Commission.

Note 1 - Summary of Significant Accounting Policies (Continued)

County Appropriations

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 government 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. In accordance with state statutes, the amount charged to a local government unit shall not exceed .003% of such equalized value unless the governing body expressively approves the amount in excess of such percentage.

Revenues and Expenses

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are federal, state, and local contracts and grants and county appropriations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Equity Classifications

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

- Restricted component of net position - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – Net amount that does not meet the definition of “restricted”.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates, and such differences may be material.

Leases

The Commission follows GASB Statement No. 87 which requires recognition of certain lease assets and liabilities for leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use underlying assets. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Subscription-Based Information Technology Agreements

The Commission adopted GASB Statement No. 96 for the year ended December 31, 2023, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAs). A SBITA is any contract conveying control of the right to use another party’s information technology software. This statement requires the Commission to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended December 31, 2023.

Note 2 - Stewardship, Compliance and Accountability

The Commission's budget is adopted in accordance with Chapter 66.0309 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any Commission approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the fund's equity expected to finance expenditures of the current fiscal year. The operating budget is adopted each year for the Commission.

Note 3 - Cash and Investments

The Commission’s cash and cash equivalents consist of the following at December 31, 2023:

	Statement Balance	Carrying Value	Risk
Deposits with financial institutions	$ 1,019,211	$ 1,010,101	Custodial Credit
Local Government Investment Pool	22,019	22,019	Credit, interest rate
	$ 1,041,230	$ 1,032,120	

Credit Risk

The Commission is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

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

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Commission.

Custodial Credit Risk

At December 31, 2023, the Commission’s bank balance of cash was $1,019,211. The Commission maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission’s deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to $250,000 for the combined amounts of all time and savings accounts (including NOW accounts); up to $250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Note 3 - Cash and Investments (Continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of $400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2023, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished. As of December 31, 2023, $247,589 of the Commission's deposits were uninsured.

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2023.

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government or any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at amortized cost. The balance in the local government investment pool at December 31, 2023 was $22,019. Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the Commission's investments will decrease as a result of an increase in interest rates. The longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates.

The Commission's investment policy limits the maturity of any security to no more than five years from the date of purchase or in accordance with state and local statutes and ordinances, whichever is less. The policy indicates that the investment portfolio should be structured so that securities mature to meet the cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The policy sets a maximum duration range of two years with target duration of one year. As of December 31, 2023, the Commission's LGIP investments have a maturity of 12 months or less.

Note 4 - Revolving Loan Funds Receivable

The Commission is limited by the U.S. EDA to the amount of program income from the revolving loan fund loans that it may retain to be loaned to other businesses. Program income includes the principal and interest received from economic development loan repayments. At December 31, 2023, the Commission did not have at least 75% of the revolving loan fund number 2 capital in use.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Capital Assets Being Depreciated				
Furniture and Equipment	$ 12,096	$ -	$ 3,148	$ 8,948
Less Accumulated Depreciation For:				
Furniture and Equipment	12,096	-	3,148	8,948
Capital Assets, Net of Accumulated Depreciation	$ -	$ -	$ -	$ -

Note 6 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) 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 https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

***Benefits Provided**.* Employees who retire at or after age 65 (54 for protective 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.

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

Note 6 - Defined Benefit Pension Plan (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

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 reporting period, the WRS recognized $39,569 in contributions from the employer.

Contribution rates as of December 31, 2023 are:

Employee Category	Employee	Employer
General (including teachers)	6.80%	6.80%

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

At December 31, 2023, the Commission reported a liability of $114,711 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. 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 was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the Commission's proportion was 0.0021653% which was an increase of 0.00004316% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Commission recognized pension expense of $59,597.

Note 6 - Defined Benefit Pension Plan (Continued)

At December 31, 2023 the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 182,699	$ 240,025
Changes in assumptions	22,556	-
Net differences between projected and actual earnings on pension plan investments	194,867	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,279	1,583
Employer contributions subsequent to the measurement date	39,569	-
Total	$ 442,970	$ 241,608

The $39,569 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2024	$ 7,143
2025	33,293
2026	34,626
2027	86,731
	$ 161,793

Note 6 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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

Asset Allocation Targets and Expected Returns[1]
As of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %[2]
Global Equities	48%	7.6%	5.0%
Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund[3]	115% *	7.4%	4.8%
Variable Fund Asset Class			
U.S. Equities	70%	7.2%	4.6%
International Equities	30	8.1	5.5
Total Variable Fund	100%	7.7%	5.1%

[1]Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
[2]New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.
[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Note 6 - Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
The Commission's proportionate share of net pension liability (asset)	$ 380,722	$ 114,711	$ (68,281)

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. The Commission is required to remit the monthly required contribution for both the employee and the Commission's portions by the last day of the following month. The amount due to WRS is $6,675 as of December 31, 2023.

Note 7 - Post-Employment Benefits Other Than Pension Benefits

General Information About the Other Post-Employment Benefits Plan

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

OPEB Plan Fiduciary Net Position. ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided. 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.

Note 7 - Post-Employment Benefits Other Than Pension Benefits (Continued)

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

Employers are required to pay the following contributions based on 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 as of December 31, 2023 are:

Coverage Type	Employee
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement 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). The member contribution rates in effect for the year ended December 31, 2022 are as listed below:

Life Insurance
Member Contribution Rates *
For the Year Ended December 31, 2022

Attained Age	Basic/Supplemental
Under 30	$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

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

During the reporting period, the LRLIF recognized $293 in contributions from the employer.

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

At December 31, 2023, the Commission reported a liability of $49,231 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Commission's proportion of the net OPEB liability was based on the Commission's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Commission's proportion was 0.01292200%which was an increase of 0.00113600% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Commission recognized OPEB expense of $6,268.

Note 7 - Post-Employment Benefits Other Than Pension Benefits (Continued)

At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,817
Changes in assumptions	17,687	29,060
Net differences between projected and actual earnings on OPEB plan investments	924	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,435	2,693
Employer contributions subsequent to the measurement date	293	-
Total	$ 31,339	$ 36,570

The $293 reported as deferred outflows related to OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2024	$ 337
2025	816
2026	1,747
2027	(1,365)
2028	(3,321)
Thereafter	(3,738)
	$ (5,524)

Actuarial Assumptions. The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index.

Note 7 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50%	2.45%
U.S. Mortgages	Blookberg U.S. MBS	50	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate. A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

Note 7 - Post-Employment Benefits Other Than Pension Benefits (Continued)

Sensitivity of the Commission's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the Commission's proportionate share of the net OPEB liability calculated using the discount rate of 3.76 percent, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
The Commission's proportionate share of net OPEB liability	$ 67,121	$ 49,231	$ 35,520

Payables to the OPEB Plan

AS of December 31, 2023, the Commission had no outstanding payables to the OPEB plan.

Note 8 - Contingencies

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

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

Note 9 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; and unemployment compensation claims for which the Commission purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past year.

Note 10 - Blended Component Unit

The Commission reports the Southwestern Wisconsin Business Development Fund, Inc. (Fund) as a blended component unit. Summary financial information for the Fund is presented below:

Assets:	
Restricted cash	$ 55,343
Note receivable	117,313
Total Assets	$ 172,656
Net Position:	
Restricted	$ 172,656

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Last Ten Years *

WRS Fiscal Year End Date (Measurement Date)	Commission's Proportion of the Net Pension Asset/Liability	Commission's Proportionate Share of the Net Pension (Asset)/Liability	Commission's Covered Payroll	Commission's Proportionate Share of the Net Pension Asset/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2022	0.00216530%	$ 114,711	$ 468,774	24.47%	95.72%
12/31/2021	0.00212214%	(171,048)	344,525	49.65%	106.02%
12/31/2020	0.00214644%	(134,005)	317,168	42.25%	105.26%
12/31/2019	0.00211580%	(68,223)	400,357	17.04%	102.96%
12/31/2018	0.00199700%	71,030	316,079	22.47%	96.45%
12/31/2017	0.00211900%	(62,924)	263,924	23.84%	102.93%
12/31/2016	0.00228300%	18,818	312,895	6.01%	99.12%
12/31/2015	0.00237800%	38,650	345,548	11.19%	98.20%
12/31/2014	0.00239100%	(58,719)	315,123	18.63%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)
Last Ten Years *

Commission Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	$ 39,569	$ 39,569	$ -	$ 581,894	6.80%
12/31/2022	30,470	30,470	-	468,774	6.50%
12/31/2021	23,255	23,255	-	344,525	6.75%
12/31/2020	21,408	21,408	-	317,168	6.75%
12/31/2019	26,223	26,223	-	400,357	6.55%
12/31/2018	21,177	21,177	-	316,079	6.70%
12/31/2017	17,946	17,946	-	263,924	6.80%
12/31/2016	20,651	20,651	-	312,895	6.60%
12/31/2015	23,497	23,497	-	345,548	6.80%

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

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Other Post-Employment Benefits - Cost-Sharing Plan
Last Ten Years *

Fiscal Year End Date (Measurement Date)	Commission's Proportion of the Net OPEB Liability	Commission's Proportionate Share of the Net OPEB Liability	Commission's Covered Payroll	Commission's Proportionate Share of the Net OPEB Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2022	0.01292200%	$ 49,231	$ 435,000	11.32%	38.81%
12/31/2021	0.01178600%	69,660	290,000	24.02%	29.57%
12/31/2020	0.01048900%	57,697	290,000	19.90%	31.36%
12/31/2019	0.01037500%	44,179	341,000	12.96%	37.58%
12/31/2018	0.00881700%	22,751	296,000	7.69%	48.69%
12/31/2017	0.00627600%	18,882	263,924	7.15%	44.81%

Schedule of Employer Contributions
Other Post-Employment Benefits Other Than Pensions
Last Ten Years *

Commission Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	$ 293	$ 293	$ -	$ 449,000	0.07%
12/31/2022	264	264	-	435,000	0.06%
12/31/2021	238	238	-	305,000	0.08%
12/31/2020	209	209	-	290,000	0.07%
12/31/2019	187	187	-	341,000	0.05%
12/31/2018	169	169	-	296,000	0.06%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
Ten years of data will be accumulated starting with 2018.

Defined Benefit Pension Plan

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

Changes of assumptions.

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Post-Employment Benefits Other Than Pension Benefits – Cost–Sharing Plan

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.
The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission
Platteville, 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 the Southwestern Wisconsin Regional Planning Commission, (the "Commission") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated August 27, 2024.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

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.*

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission
Platteville, Wisconsin

Southwestern Wisconsin Regional Planning Commission's Responses to Findings

Government Auditing Standards requires the auditors to perform limited procedures on the Commission's responses to the findings identified in our audit and described in the accompanying *schedule of findings and questioned costs* and *corrective action plan*. The Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
August 27, 2024

ADDITIONAL REPORT AND SCHEDULES

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the *State Single Audit Guidelines*

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission
Platteville, Wisconsin

Report On Compliance for Each Major Federal and State Program

Opinion on the Major Federal and State Programs

We have audited Southwestern Wisconsin Regional Planning Commission's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Wisconsin *State Single Audit Guidelines* that could have a direct and material effect on Southwestern Wisconsin Regional Planning Commission's major federal and state programs for the year ended December 31, 2023. Southwestern Wisconsin Regional Planning Commission's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southwestern Wisconsin Regional Planning Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Wisconsin *State Single Audit Guidelines*. Our responsibilities under those standards, 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 Southwestern Wisconsin Regional Planning 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 the major federal and state programs. Our audit does not provide a legal determination of Southwestern Wisconsin Regional Planning 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 Southwestern Wisconsin Regional Planning Commission's federal and state programs.

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission
Platteville, Wisconsin

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 Southwestern Wisconsin Regional Planning 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 generally accepted auditing standards, *Government Auditing Standards*, 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 Southwestern Wisconsin Regional Planning Commission's compliance with the requirements of the major federal and state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Wisconsin *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 Southwestern Wisconsin Regional Planning 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 Southwestern Wisconsin Regional Planning 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 Wisconsin *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Southwestern Wisconsin Regional Planning 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 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 Auditor's 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.

To the Board of Commissioners
Southwestern Wisconsin Regional Planning Commission
Platteville, Wisconsin

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
August 27, 2024

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Grantor Agency/Federal Program Title	ALN	Pass Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/23	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/23	Total Expenditures	Subrecipient Payment
ECONOMIC DEVELOPMENT ADMINISTRATION								
Cluster Grants	11.020	Direct Program	ED20HDQ0200059	$ (5,166)	$ 5,166	$ -	$ -	$ -
Economic Development Support for Planning Organizations	11.302	Direct Program	ED21CHI3020013	(2,247)	17,465	57,646	72,864	-
Economic Adjustment Assistance	11.307	Direct Program	ED20CHI3070032	(70,867)	196,619	-	125,752	-
Economic Adjustment Assistance	11.307	Direct Program	06-79-06220	-	530,403	-	530,403	-
Economic Adjustment Assistance	11.307	Direct Program	06-79-06369	(144,000)	908,324	-	764,324	-
Economic Adjustment Assistance	11.307	Direct Program	06-69-06368	(24,934)	65,145	64,706	104,917	-
Economic Adjustment Assistance	11.307	Direct Program	06-69-06180	(38,176)	47,829	48,096	57,749	-
Total Economic Development Administration				(285,390)	1,770,951	170,448	1,656,009	-
FEDERAL HIGHWAY ADMINISTRATION								
Federal Planning and Construction	20.205	WI DOT	395-0097-22-45	(19,940)	66,028	11,911	57,999	-
DEPARTMENT OF THE TREASURY								
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	WEDC	MS-BB FY22-52909	16,000	(16,000)	-	-	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ (289,330)	$ 1,820,979	$ 182,359	$ 1,714,008	$ -

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

SOUTHWESTERN WISCONSIN REGIONAL PLANNING COMMISSION
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2023

Grantor Agency/State Program Title	State ID Number	Pass Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/23	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/23	Total Expenditures	Subrecipient Payment
DEPARTMENT OF NATURAL RESOURCES								
River Planning	370.675	WI DNR	N/A	$ (2,128)	$ 2,128	$ -	$ -	$ -
DEPARTMENT OF TRANSPORTATION								
Planning Commission Program	395.202	Direct Program	395-0097-22-45	-	6,444	-	6,444	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				$ (2,128)	$ 8,572	$ -	$ 6,444	$ -

The notes to the schedule of expenditures of state awards are an integral part of this schedule.

Note 1: Basis of Presentation

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

Note 2: Significant Accounting Policies

Expenditures in the schedules are presented in accordance with the full accrual basis of accounting and are generally in agreement with expenditures reported in the Commission's 2023 financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the Commission in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded Commission expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances. Such expenditures are recognized following the cost principles contained in the Uniform Guidance guidelines and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Commission has not elected to charge a de minimis rate of 10% of modified total costs, as it has a different approved rate.

Note 3: Oversight Agencies

The federal oversight agencies for the Commission are as follows:

Federal - Federal Highway Administration
Federal - Department of the Treasury
Federal - Economic Development Administration

Note 4: Pass Through Entities

Federal awards have been passed through the following entities:

WEDC - Wisconsin Economic Development Corporation
WI DOT - Wisconsin Department of Transportation
WI DNR - Wisconsin Department of Natural Resources

Section I – Summary of Auditor's Results

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

Federal and State Awards

Internal control over major program:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance With the *Uniform Guidance*?	No
Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?	No

Identification of major federal programs:

ALN	Name of Federal Program
11.307	Economic Adjustment Assistance

Identification of major state programs:

State ID Number	Name of State Program
395.202	Planning Commission Program

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	$750,000
State Awards	$250,000

Auditee qualified as low-risk auditee	Yes

Section II – Financial Statement Findings

2023-001 **Financial Reporting**

Condition: During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Cause: Management does not have the required experience and expertise to prepare financial statements. Therefore, management requested that KerberRose SC assist in preparing a draft of the audited financial statements, including the related footnote disclosures. The outsourcing is a result of management's cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.

Effect: Although the auditors are assisting with the preparation of the financial statements and related footnotes, management of the Commission thoroughly reviews them and accepts responsibility for their completeness and accuracy.

Recommendation: We recommend that management continues to make this decision on a cost/benefit basis.

Management's Response: The Commission will continue to contract with an outside audit firm to complete the statements and related notes to comply with GAAP. Management does review and approve the financial statements and management accepts responsibility for the financial statements.

Responsible Official: Troy Maggied – Executive Director

Anticipated Completion Date: This finding will not completely resolve itself given the cost/benefit basis the Commission continues to make.

Section II – Financial Statement Findings

2023-002 **Schedules of Expenditures of Federal and State Awards**

Condition: The Uniform Guidance and the *State Single Audit Guidelines* require the Commission to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the Commission maintain records supporting amounts reported in the schedules of federal and state awards, the Commission contracts with KerberRose SC to compile the data from these records and assist in the preparation of the single audit report for the Commission.

Criteria: Having staff with expertise in federal and state financial reporting prepare the Commission's single audit reports is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal and state awards, or accompanying notes to the schedule.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the Commission's single audit report, including the additional training time, outweigh the derived benefits.

Effect: Although the auditors are assisting with the preparation of the schedule of federal and state awards, management of the Commission thoroughly reviews the schedules and accepts responsibility for the schedules' completeness and accuracy.

Recommendation: We recommend management and the Commission Board continue to monitor the transactions and the financial records of the Commission, including those related to federal and state awards. We also recommend continuing to review the schedules of federal and state awards upon their preparation.

Management's Response: The Commission is aware of the requirements and will attempt to compile the information necessary in the future.

Responsible Official: Troy Maggied – Executive Director

Anticipated Completion Date: The finding will not completely resolve itself given the cost/benefit basis the Commission continues to make.

<u>Section III – Federal and State Award Findings and Questioned Costs</u>

There are no findings related to the federal and state awards for the year ended December 31, 2023.

<u>Section IV – Other Issues</u>

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 non-compliance, non-material, non-compliance, 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*:

Economic Development Administration	No
Federal Highway Administration	No
Department of the Treasury	No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? — Yes

SOUTHWESTERN WISCONSIN
REGIONAL PLANNING
COMMISSION
20 S. Court St.
Platteville WI 53818
p: 608.342.1636 • f: 608.342.1220
e: info@swwrpc.org
www.swwrpc.org

Corrective Action Plan

Financial Statement Findings

2023-001 – Financial Reporting – The Commission is aware that their staff does not have training to prepare financial statements and related notes in accordance with GAAP. The Commission will rely on the assistance of the auditors for preparation of the financial statements and related notes.

Responsible Official – Troy Maggied – Executive Director

Anticipated Completion Date – This finding will not completely resolve itself given the cost/benefits basis the Commission continues to base this decision on.

2023-002 – Preparation of Schedule of Federal and State Awards – The Commission will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the schedule of expenditures of federal and state awards while reviewing for completeness and accuracy.

Responsible Official – Troy Maggied – Executive Director

Anticipated Completion Date – This finding will not completely resolve itself given the cost/benefit basis the Commission continues to make.