



We exist to provide outstanding opportunities through recreation for children and adults with disabilities.

**Northwest Special Recreation Association
Finance Committee Meeting
Friday, October 29, 2021
10:30 a.m.
Park Central**

Agenda

1. Investment Update – Michelle Bins
2. Proposed FY2022 Budget Documents
 - A. PYE 2021 Budget Summary
 - B. FY 2022 Line Item Descriptions and Budget Assumptions Memo
 - C. FY 2022 Proposed Budget Summary
3. NWSRA Policy Updates
 - A. Draft Capital Policy
 - B. Draft Fund Balance Policy
4. Unassigned Fund Balance Calculations

An extension of the local park districts serving

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Palatine • Prospect Heights • River Trails • Rolling Meadows • Salt Creek • Schaumburg • South Barrington • Streamwood • Wheeling

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1. Investment Update



NWSRA Investment Update

October 29, 2021

PFM Asset
Management LLC

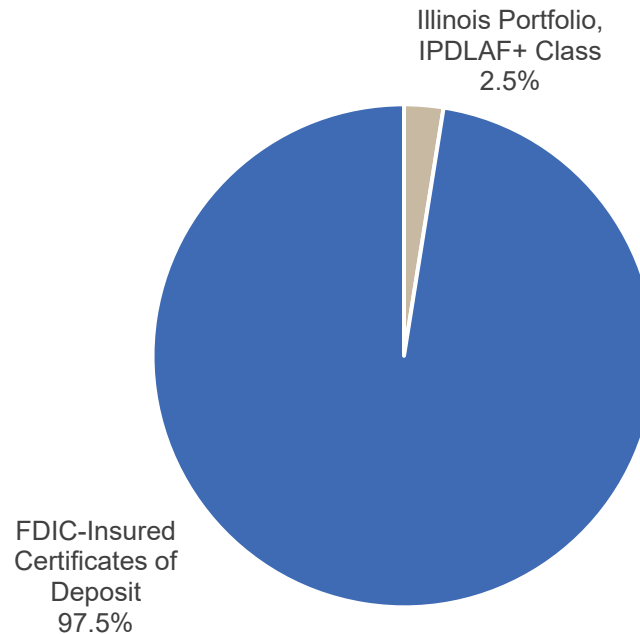
190 S LaSalle St
Suite 2000
Chicago, IL 60603

312-977-1570
pfm.com



NWSRA Investment Holdings as of September 30, 2021

Investment Type	Market Value	Yields as of 9/30/21	Yields as of 9/30/20
Illinois Portfolio, IPDLAF+ Class	32,643.13	0.02%	0.02%
FDIC-Insured Certificates of Deposit	\$1,265,000.00	0.20% - 0.35%	0.25% - 2.75%
Total	\$1,297,643.13		





NWSRA Investment Holdings as of September 30, 2021

Institution	Settlement Date	Maturity Date	Rate	Investment Amount	Value at Maturity
Preferred Bank, CA	02/16/21	11/15/21	0.25%	210,000	210,391
Gbc International Bank, CA	01/06/21	01/06/22	0.20%	135,000	135,270
Western Alliance Bank, AZ	06/11/21	03/08/22	0.20%	150,000	150,222
Royal Business Bank, CA	06/15/21	03/14/22	0.20%	150,000	150,224
Prospect Bank, IL	03/15/21	03/15/22	0.20%	150,000	150,300
Cfg Community Bank, MD	08/17/21	08/17/22	0.20%	100,000	100,200
First Capital Bank, TN	04/13/21	10/11/22	0.35%	120,000	120,628
Golden Bank N.A., TX	09/16/21	09/18/23	0.35%	150,000	151,053
Financial Federal Savings Bank, TN	09/30/21	10/02/23	0.30%	100,000	100,602
Totals				\$1,265,000	\$1,268,890



FOMC Acknowledges Economic Progress, Queues up Taper

September

22

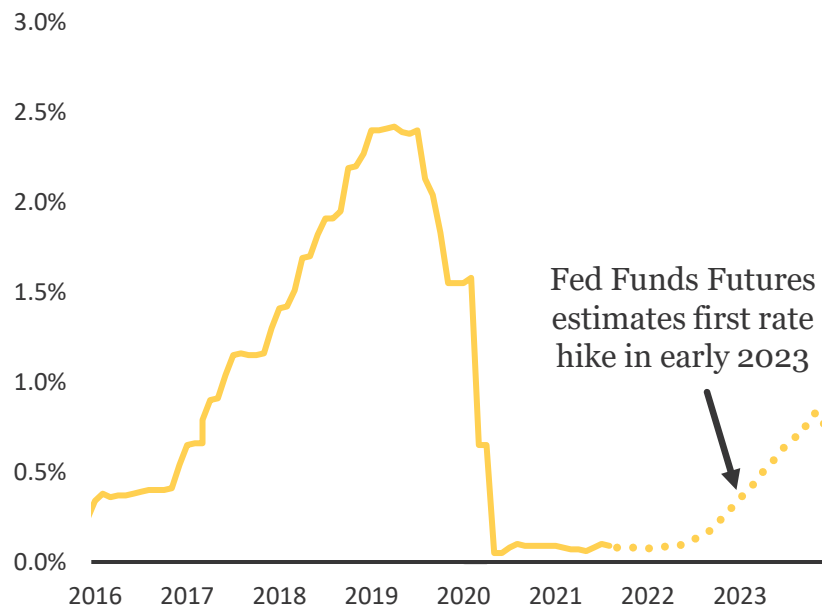
- With progress on vaccinations and strong policy support, ***indicators of economic activity and employment have continued to strengthen***. The sectors most adversely affected by the pandemic have improved in recent months, but the rise in COVID-19 cases has slowed their recovery.
 - ***Inflation is elevated, largely reflecting transitory factors***. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
 - The path of the economy ***continues to depend on the course of the virus...***
-
- The Committee ***decided to keep the target range for the federal funds rate at 0 to 1/4 percent*** and expects it will be appropriate to maintain this target range ***until*** labor market conditions have reached levels consistent with the Committee's assessments of ***maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time***.
 - Last December, the Committee indicated it would continue to increase its holdings of Treasury ... and of agency mortgage-backed securities...until substantial further progress has been made toward its maximum employment and price stability goals. Since then, the economy has made progress toward these goals. ***If progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted***.



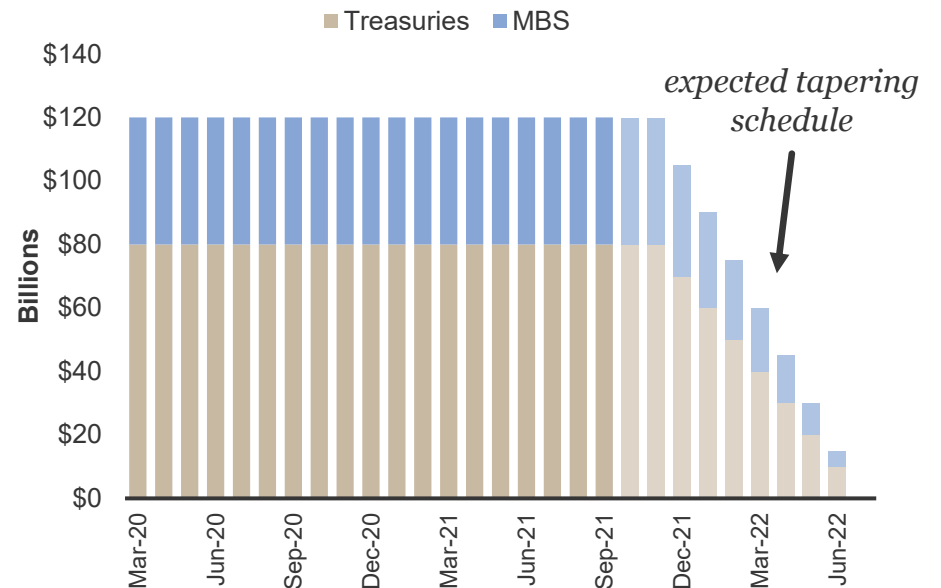
Tapering Likely to Begin in Late 2021; De-couples Rate Decision

*“If progress continues broadly as expected, **the Committee judges that a moderation in the pace of asset purchases may soon be warranted...** a gradual tapering process that concludes around the middle of next year is likely to be appropriate...The timing and pace of the coming reduction in asset purchases **will not be intended to carry a direct signal regarding the timing of interest rate liftoff**, for which we have articulated a different and substantially more stringent test.”*

Federal Funds Rate



Fed Asset Purchases

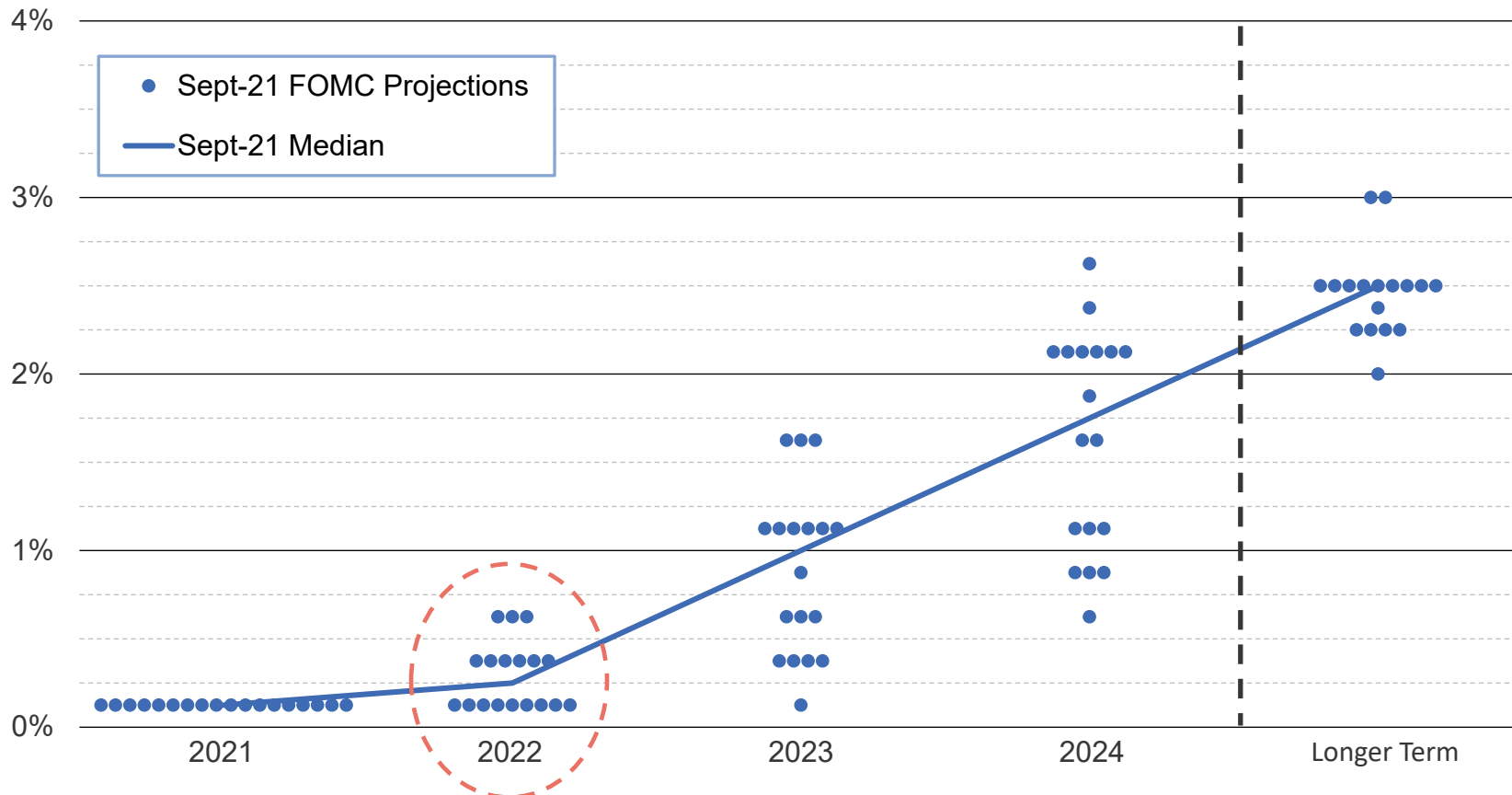


Source: Bloomberg, as of 9/30/2021 (chart). Fed Funds Futures projections as of 9/30/2021.



Fed's September "Dot Plot" Signals Rate Liftoff in 2022

Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.



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While both the IIIT and IPDLAF+ Classes of the Illinois Portfolio seek to maintain a stable net asset value of \$1.00 per share and the Illinois TERM series seek to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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Thank You



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2. Proposed FY2022 Budget Documents

NWSRA Budget FY 2021

		2021 Budget		
Line Item #	Description	Approved FY 2021	PYE 2021	PYE 2021 - FY 2021
Income				
310000	Member District Assessments	4,320,307.35	4,320,307.35	0.00
320000	Program Fees	252,434.25	249,982.46	(2,451.79)
321000	Transportation - Door to Door	1,227.80	2,169.00	941.20
321100	Transportation - Pick up Points	10,793.00	6,114.50	(4,678.50)
340000	Non-Program Revenue	158,458.20	2,134.00	(156,324.20)
350000	SLSF Grant Contributions	260,000.00	330,723.01	70,723.01
360000	Sale of Fixed Assets	500.00	1,550.00	1,050.00
370000	Interest	12,175.11	2,481.22	(9,693.89)
380000	Revenue SLSF	150.00	1,501.50	1,351.50
390000	Transfer	269,612.46	0.00	(269,612.46)
Total Income		5,285,658.17	4,916,963.04	(368,695.13)
OPERATING EXPENSE				
Administration				
421000	Professional Fees	12,355.00	7,551.40	(4,803.60)
421100	Office Supplies	3,790.00	8,918.92	5,128.92
421150	Credit Card & Bank Fees	11,772.00	0.00	(11,772.00)
421200	Postage	7,100.00	6,032.49	(1,067.51)
421300	Telephone/Fax	21,257.00	21,292.76	35.76
421400	Conference/Education	30,914.00	36,374.42	5,460.42
421500	Memberships	21,743.00	22,585.42	842.42
421600	Health Insurance	427,964.61	340,784.27	(87,180.34)
421700	Maintenance/Utilities	46,397.71	53,269.09	6,871.38
421800	Rent	120,186.00	120,186.00	0.00
421900	Computer	162,544.63	212,370.62	49,825.99
Subtotal Administration Expenses		866,023.95	829,365.39	(36,658.56)
Program				
422100	Rental Municipal	30,674.00	17,589.58	(13,084.42)
422200	Rental Commercial	34,271.38	32,370.53	(1,900.85)
422300	Program Development	9,672.50	4,855.42	(4,817.08)
422400	Program Supplies	69,810.29	119,412.28	49,601.99
422500	Commercial Transportation	0.00	0.00	0.00
422600	Mileage	8,000.00	7,072.31	(927.69)
422700	Transportation Maintenance	62,154.08	98,714.71	36,560.63
422800	Gas/Tolls	42,711.00	40,275.83	(2,435.17)
422900	Printing	15,150.00	15,485.39	335.39
423100	Public Awareness/Subscriptions/Ads	27,693.40	28,283.57	590.17
Subtotal Program Expenses		300,136.65	364,059.62	63,922.97
Salary				
424100	Full-Time Salaries	2,141,784.79	1,990,903.27	(150,881.52)
424200	Part-Time Salaries	293,430.97	323,790.54	30,359.57
424300	Payroll Processing	12,850.00	1,856.07	(10,993.93)
424400	Independent Contractors	45,012.40	28,553.89	(16,458.51)
424500	Car Allowance	7,800.00	7,800.00	0.00
Subtotal Salary Expenses		2,500,878.16	2,352,903.77	(147,974.39)
Liabilities				
441000	Liabilities	124,807.26	73,203.90	(51,603.36)
442000	Audit	6,625.00	9,050.00	2,425.00
442100	FICA	215,421.88	193,705.76	(21,716.12)
442200	IMRF	257,281.64	225,302.59	(31,979.05)
Subtotal Liabilities Expenses		604,135.78	501,262.25	(102,873.53)
Inclusion				
450000	Inclusion	467,264.00	319,212.66	(148,051.34)
Subtotal Inclusion Expenses		467,264.00	319,212.66	(148,051.34)
Capital				
460000	Capital	292,402.96	292,402.96	0.00
	Additional Capital from ACP FY2021	0.00	498,110.90	498,110.90
Subtotal Capital Expenses		292,402.96	790,513.86	498,110.90
Total Expenses		5,030,841.50	5,157,317.55	126,476.05
Budget Summary				
Total Income		5,285,658.17	4,916,963.04	
Total Expenses		5,030,841.50	5,157,317.55	
Net Balance		254,816.67	(240,354.51)	
Total Transfer Needed				
Capital Reserve Transfer			240,354.51	
Reserve Transfer			0.00	
Total Transfer			240,354.51	
Proposed FY2022			0.00	

To: Christina Ferraro, Finance Committee Chairman
From: Tracey Crawford, Executive Director
Date: October 29, 2021

NWSRA staff updated FY2022 using the input from the Financial Task Force the recommended updates were as follows:

1. Remove the Reserve Transfer Line Item in the Budget Document from the income portion of the budget
2. Create a five year Capital Improvement Plan (CIP) for approval by the Board of Directors; which was approved in July 2021
3. Create a Capital Policy
4. Include the Annual Capital Plan (ACP) expenses from the Capital Improvement Plan (CIP) in the proposed FY2022 Budget
5. Decrease and streamline the number of bank accounts for the agency
6. Finalize the Fund Balance Policy

In October, the NWSRA staff met with the Personnel Committee to address the Comprehensive Salary Survey for full time employees and to address the extreme part time staff shortages. This resulted in the increase of the part time staff salary ranges, the creation of a three tiered classification system and allowing for identified tiered part time staff to receive IMRF benefits.

During the FY2022 budgeting process, staff used FY2019 as the comparison fiscal year to more accurately budget and draw assumptions. As we move to our “new normal”, staff believed that using FY2020 and 2021 numbers would not allow for an apples to apples comparison.

The following pages list the line by line budget assumptions used throughout the budgeting process for FY 2022.

Income

310000 Member District Annual Assessment (MDAA)

The NWSRA Member Districts approved the Member District Annual Assessments in July 2021 to take to each of their individual Boards for approval freezing the assessment rates for FY2022 for each member district. In September of 2021, the NWSRA Boards together with their individual Boards approved the MDAA for FY 2022 in the amount of \$4,320,307.35.

320000 – Program Fees

This line item includes fees collected for Clubs, Weekly programs, Leisure Ed., Summer Camps, Special Events and the Adult Day Program.

Program fee revenue is calculated from individual program budgets. This year adjustments were made to reflect a comparison to the FY2019 budget. Program fees are anticipated to be lower in the FY2019 revenue line items due to:

- Due to the Pandemic, group home participation has seen a decline. Staff do not predict an increase in this population unto FY2022.
- The STAR program is being reevaluated due self-injurious behaviors and low enrollment. The participants that are registering are displaying self-injurious behaviors and highly impulsive aggressive behaviors, both NWSRA and Clearbrook are looking for additional collaborative partners to assist in addressing these behaviors
- PURSUIT has seen a decrease in net revenue. The revenue is equally split between Clearbrook and NWSRA. The program is still recovering from the deficit budget produced in FY2020 and FY2021.
- NWSRA will only offer two short trips in FY2022. Typically, NWSRA offers three short trips and two long trips. Long Trips will resume when COVID guidelines can be comfortably met by all NWSRA staff and participants. This results in a drastic decrease for this line item.
- Transportation Door to Door has been removed from the program fees.

321000 Transportation- Door to Door

This line item includes fees collected for participants receiving transportation from their residence and then dropped off at the same location at the end of the program.

After evaluating the door-to-door transportation services FY2021, staff removed transportation fees out program fees to allow parents the ability to have transportation as an option rather than included.

321100 Transportation- Pick up Points

This line item includes fees collected for participants receiving transportation from a designated pick up location and then dropped off at the same location at the end of the program. Pick up points were set in NWSRA quadrant for a regional approach.

Staff anticipate transportation services to be similar to FY2019. After evaluating the pick-up points transportation services FY2021, staff removed transportation fees out of program fees to allow parents the ability to have transportation as an option rather than included.

340000 Non Program Revenue

This line item includes the revenue that comes into the agency such as the P-card rebate checks, speaker honorarium for speaking fees, PDRMA Accreditation award and PURSUIT reimbursements (rent, staff and drivers).

This line item has increased since FY2019 due to three additional programming spaces, three additional coordinators and additional drivers being reimbursed to NWSRA.

350000 SLSF Grant Contributions

This line item includes grant funding requested by NWSRA for Lightning Athletes, Accessible Vehicles, Scholarship, Inclusion, General Program Support and Adaptive Equipment.

The grant ask will increase by 17% for FY2022 from FY2019.

360000 Sale of Fixed Assets

This line represents the sale of equipment, furniture or vehicles.

370000 Interest

This line item includes interest earned on the Operating and Investment accounts.

Interest rates remain low, and for the near future therefore, they are conservatively calculated for FY2022.

380000 Revenue SLSF

This line item includes donations to SLSF received via the NWSRA registration form, Booster Club and any other form of donation to SLSF through an NWSRA platform. This amount will be transferred to SLSF Booster Club at the end of the year.

Administration Expenses

421000 Professional Fees

This line item is for professional fees such as legal fees, HR Source annual fee and file retention.

421100 Office Supplies

This line item includes expenses for locksmith/keys, office furniture, office supplies and miscellaneous office needs.

421150 Credit Card & Bank Fees

This line item includes all fees associated with credit card processing and banking fees.

Due to bank interest rates being low, additional fees have been passed on to the NWSRA accounts. PFM fees remain steady and staff does not anticipate an increase.

421200 Postage

This line item includes all postage expenses and rental of the postage machine.

The budgeted amount reflects an increase in postage rates and a new postage machine rates.

421300 Telephone/Fax

This line item includes agency phone service, Director phone and staff cell phone expenses.

The proposed FY2022 amount 3% increase in office equipment lease and service.

421400 Conference/Education

This line item includes expenses for the NRPA conference, State Conference, Continuing Education Workshops /CEU/ Professional Development Schools, IPRA/IAPD, ITRS, SPRA, ILTRA professional meetings, ATRA, local meetings, and evaluation meetings for staff.

421500 Memberships/Certifications

This line item includes expenses for IPRA, NRPA, SPRA memberships, CTRS exams and annual maintenance, CPRP exam and renewal fees, safety training, CDL reimbursement and renewal, and miscellaneous membership fees (ATRA, ILTRA, other disability organizations and associations).

This line item reflects and increase due to the recertification of CPI staff and CPR training.

421600 Health Insurance

This line item includes expenses for Health Insurance for Full Time employees.

Health Insurance saw overall decrease. This is due to the PDRMA rates decreasing and younger staff still insured under their parent's health plan. NWSRA also decreased due to the loss of three family benefit plans we no longer cover.

421700 Maintenance/Utilities

This line item includes services from the Rolling Meadows Park District for Condo maintenance, internet, natural gas, electric and cleaning supplies for the offices and all programming spaces.

This line item reflects a small decrease due to the fire alarm service and the elimination of an outside cleaning service. As well as a small increase in internet services with the addition of the sixth programming space.

421800 Rent

This line item includes Park Central Condo fees as well as rent for the NWSRA programming spaces at RMCC, HPCC, MPCC, WCC, BGCC and HEPD.

This amount reflects an increase from FY2019 due to the addition of three programming spaces.

421900 Computer

This line item includes computer service and repairs, software, hardware, framework support and website hosting.

The line item reflects a large increase due to the additional technology needs of the sixth programming space and Vitasys to continue to build out CiviCrm. This also includes the addition of larger software's such as Bamboo HR and Makeshift since FY2019.

Program Expenses

422100 Rental Municipal

This line item includes Member District rentals, NSSEO, School Districts, SRA rentals and churches.

This line item reflects an increase in day camp facility costs and athletic gymnasium space in the schools as well as the return of the sports banquet at Chandlers at Schaumburg Park District. As well as an increase in fees for programming.

422200 Rental Commercial

This line item includes expenses for ticketed events and community outings.

This line item reflects a decrease due travel and lodging for trips. This increase also reflects the return of field trips for day camps outside of Member Districts.

422300 Program Development

This line item includes expenses for new programming endeavors.

Expenses include needs for the opening of the sixth programming space at Hoffman Estates Park District.

422400 Program Supplies

This line item includes paper products, t-shirts / apparel / uniforms, nametags / Business cards, awards / recognition / incentives, Library resources, AV, general recreation supplies / crafts, food, meetings, orientations, program supplies and miscellaneous.

The increase reflects all Leisure Education being moved to the FY2022 school year, added three programming spaces supplies and training supplies. It also reflects new staff apparel, staff appreciation as well as behavioral supports and supplies.

422500 Commercial Transportation

This line item includes expenses for transportation services for Summer Day Camp and Leisure Education.

This line item reflects a decrease in the awarded bid amount.

422600 Mileage

This line item is for the mileage reimbursement based on the Federal rate.

The decrease reflects the lower Federal rate

422700 Transportation Maintenance

This line item includes vehicle service fees and maintenance fees.

This amount is lower due to the hiring of operations coordinator who was able to schedule the fleet for regular maintenance. Which resulted in less emergency maintenance expenditures.

422800 Gas/Tolls

This line item is the expense of gasoline for the NWSRA vehicle fleet, tolls and parking.

This is a larger increase due to gas prices increasing to approximately \$4.00 per gallon.

422900 Printing

This line item includes program brochures, day camp brochures, copier leases, printer supplies, paper and other printed materials for PR and marketing.

This amount is lower due to lower amounts printed marketing materials and only one programming space needing signage.

423100 Public Awareness/Subscriptions/Ads

This line item includes expenses for awards and recognition, ads, online advertising, staff recognition, recruitment and outreach.

This amount is decreased due to reduction in subscription publications and online media ads.

Salary Expenses

424100 Full Time Salaries

This line item includes salary expenses for full time staff.

This line item reflects the staff salary changes per the Personnel Committee recommendations, from the Comprehensive Salary Survey. It also reflects the phone stipends that are given to employees.

424200 Part Time Salaries

This line item includes the wages for all hourly part time employees.

This line item was calculated using the new approved part time staff salary ranges. Staff used the actual Fiscal Year End 2019 Part Time Staff Salary amount. Based on past return rates, staff assumed 60% would return for FY2022. The returning staff calculations were based on the mean number between the minimum and mid-point of the salary range. Staff assumed the remaining 40% to be new hires. Of the 40%, 20% will be brand new assisting staff, hired at minimum wage and 20% will be hired at Tier two employees with benefits. This line item also includes one part time payroll clerk.

424300 Payroll Processing

This line item includes expenses for direct deposit fees, FSA fees, and W-2 processing.

424400 Independent Contractors

This line item includes expenses for independent contractors of Day Camps, General Programs, Office, Trips, PURSUIT, STAR Academy, Athletics and Leisure Ed.

This line item shows a 100% increase compared to FYE 2019. In 2019, this line item did not exist.

424500 Car Allowance

This line item includes the car allowance for the Director.

Liability/Audit/IMRF Expenses

441000 Liability

This line item includes expenses for Property, Liability, Workers Compensation, employment and pollution, unemployment INS, background checks, safety incentives, physicals and drug screenings.

This line item reflects a slight decrease due to a lower invoiced amount from PDRMA.

442000 Audit

This line item includes expenses for Auditor fees to be paid to Lauterbach & Amen, LLP based on the 2019 bid for three years of services. Increases gradually over the three year contract.

NWSRA will be going to bid in FY2022 for Audit services for NWSRA and SLSF. Lauterbach and Amen cannot participate in this round of bidding due to the current policy.

442100 FICA

This line item includes expenses for FICA.

Reflects and increase due to the increases in full and part time salaries.

442200 IMRF

This line item includes expenses for IMRF.

This line item reflects an increase, the percentage are less than FY2019, due to the salaries increasing since FY2019 for both Full time and Part Time Tier II employees.

Inclusion/Capital Expenses

450000 Inclusion

This line item includes expenses for Inclusion Aide support, Member Park District inclusion reimbursements, Behavior Specialist/Rover salary, training/orientation and misc. supplies.

This line item was calculated using the new approved part time staff salary ranges. Staff used the actual Fiscal Year End 2019 Inclusion salary amount. Based on past return rates, staff assumed 60% would return for FY2022. The returning staff calculations were based on the mean number between the minimum and mid-point of the salary range. Staff assumed the remaining 40% to be new hires. Of the 40%, 20% will be brand new assisting staff, hired at minimum wage and 20% will be hired at Tier two employees with benefits.

460000 Annual Capital Plan

This line item includes expenditures for vehicles, ADA Transition Plan costs, construction costs, computers and other capital expenditures outlined in the Capital Improvement Plan approved by the NWSRA Board of Directors.

NWSRA Proposed Budget FY 2022

Line Item #	Description	FYE 2019	2022 Budget		Change from 2021 budget to 2022	
			Proposed FY 2022	Proposed FY 2022 - FYE 2019	% Change FYE 2019 - Proposed FY 2022	
Income						
310000	Member District Assessments	4,277,532.06	4,320,307.35	42,775.29	0.01	
320000	Program Fees	727,230.19	518,771.75	-208,458.44	(0.83)	
321000	Transportation - Door to Door	4,797.75	8,880.00	4,082.25	3.32	
321100	Transportation - Pick up Points	34,201.75	34,605.00	403.25	0.04	
340000	Non-Program Revenue	209,052.59	991,066.00	782,013.41	4.94	
350000	SLSF Grant Contributions	215,676.47	260,000.00	44,323.53	0.17	
360000	Sale of Fixed Assets	0.00	500.00	500.00	1.00	
370000	Interest	129,025.01	7,216.13	-121,808.88	(10.00)	
380000	Revenue SLSF	-508.50	500.00	1,008.50	6.72	
390000	Transfer					
	Total Income	5,597,007.32	6,141,846.23	544,838.91	0.10	
OPERATING EXPENSE						
Administration						
421000	Professional Fees	16,018.65	12,395.00	-3,623.65	(0.29)	
421100	Office Supplies	11,324.94	5,592.37	-5,732.57	(1.51)	
421150	Credit Card & Bank Fees	14,049.22	12,450.00	-1,599.22	(0.14)	
421200	Postage	6,699.32	7,600.00	900.68	0.13	
421300	Telephone/Fax	18,369.69	21,277.50	2,907.81	0.14	
421400	Conference/Education	60,683.34	59,780.00	-903.34	(0.03)	
421500	Memberships	25,314.20	27,547.00	2,232.80	0.10	
421600	Health Insurance	442,086.22	432,488.67	-9,597.55	(0.02)	
421700	Maintenance/Utilities	53,628.85	50,134.58	-3,494.27	(0.08)	
421800	Rent	107,150.88	180,276.00	73,125.12	0.61	
421900	Computer	161,406.54	187,325.91	25,919.37	0.16	
	Subtotal Administration Expenses	916,731.85	996,867.03	80,135.18	0.09	
Program						
422100	Rental Municipal	33,497.47	38,673.97	5,176.50	0.17	
422200	Rental Commercial	157,043.47	111,436.00	-45,607.47	(1.33)	
422300	Program Development	13,273.67	20,300.00	7,026.33	0.73	
422400	Program Supplies	119,844.90	90,911.00	-28,933.90	(0.41)	
422500	Commercial Transportation	127,204.58	118,629.96	-8,574.62	0.00	
422600	Mileage	24,867.21	22,000.00	-2,867.21	(0.36)	
422700	Transportation Maintenance	134,939.40	76,823.80	-58,115.60	(0.94)	
422800	Gas/Tolls	77,801.62	97,500.00	19,698.38	0.46	
422900	Printing	52,527.08	32,630.00	-19,897.08	(1.31)	
423100	Public Awareness/Subscriptions/Ads	26,910.44	19,249.76	-7,660.68	(0.28)	
	Subtotal Program Expenses	767,909.84	628,154.49	-139,755.35	(0.47)	
Salary						
424100	Full-Time Salaries	2,127,749.84	2,463,053.95	335,304.11	0.16	
424200	Part-Time Salaries	616,257.25	822,329.79	206,072.54	0.70	
424300	Payroll Processing	29,344.69	1,780.00	-27,564.69	(2.15)	
424400	Independent Contractors	0.00	67,662.00	67,662.00	1.50	
424500	Car Allowance	7,860.00	7,800.00	-60.00	(0.01)	
	Subtotal Salary Expenses	2,781,211.78	3,362,625.74	581,413.96	0.23	
Liabilities						
441000	Liabilities	84,003.44	75,297.94	-8,705.50	(0.07)	
442000	Audit	8,750.00	9,175.00	425.00	0.06	
442100	FICA	235,496.86	299,906.36	64,409.50	0.30	
442200	IMRF	173,012.63	248,603.55	75,590.92	0.29	
	Subtotal Liabilities Expenses	501,262.93	632,982.85	131,719.92	0.22	
Inclusion						
450000	Inclusion (Salary+ Expenses)	449,874.37	632,220.84	182,346.47	0.39	
	Inclusion Salaries		627,160.84			
	Inclusion Expenses		5,060.00			
	Subtotal Inclusion Expenses		632,220.84			
Capital						
460000	Capital	30,740.86	388,411.66	357,670.80		
	Subtotal Capital Expenses	480,615.23	388,411.66	-50,171.27		
	Total Expenses	5,447,731.63	6,641,262.61	1,193,530.98	0.24	
Budget Summary						
	Total Income	5,597,007.32	6,141,846.23	544,838.91	0.10	
	Total Expenses	5,447,731.63	6,641,262.61	1,193,530.98	0.24	
	Net Balance	149,275.69	-499,416.38	-648,692.07	(2.55)	
Total Transfer Needed						
	Capital Reserve Transfer		388,411.66			
	Reserve Transfer		111,004.72	111,004.72	0.38	
	Total Transfer		499,416.38	499,416.38	0.66	
	Proposed FY2022		0.00			

3. NWSRA Policy Updates

CAPITAL

DEFINITIONS FOR CAPITAL PLANS

NWSRA defines capital as the Association's expenditures towards property, building improvements (including special projects/ADA Transition plan items), plants, machinery, technology/hardware, equipment, furniture, fixtures, and vehicles.

A. Capital Improvement Plan (CIP)

The Capital Improvement Plan (CIP) is a document that outlines the capital expenditures for NWSRA, for a period of time, not to exceed five years and approved by the NWSRA Board of Directors.

B. Annual Capital Plan (ACP)

The Annual Capital Plan (ACP) are the expenditures assigned to a specific fiscal year from the CIP. These expenditures are within the annual budget and reviewed by the Finance Committee during the annual budget proposal process to be presented to the NWSRA.

C. Tier System

The Tier System was developed by NWSRA to prioritize capital expenditures in the event that the ACP is not fully funded. There are four tier systems; however, these tiers are interchangeable depending on priority. The capital items are ranked in tier one through tier four. Tier one capital expenditures have the highest priority, while tier four expenditures rank as the lowest in priority.

1. Tier I – for those items outlined in the ACP with legal obligations. This includes but is not limited to items for which there is an intergovernmental agreement, Memorandums of Understanding (MOU), leases/contracts and could be relative to complying with laws such as the Americans with Disability Act (ADA) and other mandates whether anticipated or not.
2. Tier II – the loss of the items outlined in the ACP that could disrupt the continuity of programs and serves if not replaced in a timely manner. These items include but are not limited to vehicles, printers, technology and infrastructure updates.
3. Tier III – for those items that appear on the ACP plan as repair, replacement or maintenance of. These items include but are not limited to Snoezelen Rooms, Dream Lab, Community Sensory Garden and some software and hardware items.

4. Tier IV – for those new and future projects and capital ideas.

CAPITAL ASSET POLICY

The purpose of this capital asset policy is to provide control and accountability over capital assets, and to gather and maintain information needed for the preparation of financial statements. The NWSRA capital asset policy is herein established to safeguard assets and to insure compliance with GASB34 for governmental financial reporting.

This policy is herein established to safeguard and address NWSRA's investment in property, which comprises a significant resource. This policy is meant to ensure compliance with various accounting and financial reporting standards including Generally Accepted Accounting Principles (GAAP), and Governmental Accounting, Auditing, and Financial Reporting (GAAFR).

Further, this policy is meant to reflect NWSRA's desire to meet the reporting requirements set forth in the Governmental Accounting Standards Board (GASB) Statement No. 34. Specifically, the GASB Statement No. 34 states that governments should provide additional disclosures in their summary of significant accounting policies including the policy for capitalizing assets and for estimating the useful lives of those assets which is used to calculate the depreciation expense. The Statement also requires disclosure of major classes of assets, beginning and end-of-year balances, capital acquisition, sales/dispositions, and current-period depreciation expense.

A. Inventory

Responsibility for control of capital assets will rest with the finance department. The Superintendent of Administrative Services and the Finance Manager shall ensure that such control is maintained by establishing an inclusive capital asset inventory schedule. Asset purchases, which fall below the capitalization threshold as shown in Section E, will not be included in the capital asset inventory.

Each Department will be responsible for control of capital assets for their department. The Superintendent of Administrative Services and the Finance Manager shall ensure that such control is maintained by establishing a capital asset inventory schedule, and work with each Department Head annually to update the inventory. The inventory schedule will include the following for each asset:

- Asset Description – A description of the asset (serial #, model#)
- Asset Classification (Land and Land Improvements, Building and Building Improvements, Vehicles, Machinery and Equipment, and Infrastructure Assets)

- Department name and physical location of asset
- Date asset was purchased/acquired and or disposed
- Cost of Asset
- Method of acquisition (purchased or donated)
- Estimated useful life

This list will be maintained, updated, and reviewed by the Finance Manager on an ongoing basis.

B. Valuing Capital Assets

Capital assets should be valued at cost plus those costs necessary to place the asset in its location (i.e. freight, installation charges). In the absence of exact cost information, a realistic estimate will be used. Donated assets will be recorded at the estimated current fair market value.

C. Capitalizing

When to Capitalize Assets:

Assets are capitalized at the time of acquisition. To be considered a capital asset for financial reporting purposes, an item must be at or above the capitalization threshold (see schedule – Section E) and have a useful life of at least one year.

Assets not capitalized:

Capital assets below the capitalization threshold (see schedule – Section E) on a unit basis but warranting “control” shall be inventoried and an appropriate list will be maintained by the Finance Manager.

Capital Assets should be capitalized if they meet the following criteria:

- Tangible
- Useful life of more than one year (benefit more than a single fiscal period)
- Cost exceeds designated threshold (see schedule – Section E)

Capital Assets include the following major classes of assets:

Land and Land Improvements – Capitalized value is to include the purchase price plus costs such as legal fees and filing fees; improvements such as parking lots, fences, pedestrian bridges, landscaping.

Building and Building Improvements – Costs include purchase price plus costs such as legal fees, filing fees, rental fees, specialty projects; improvements include structures and all other property permanently attached to, or an integral part of the structure. These costs include re-roofing, electrical/plumbing, carpet replacement, and HVAC.

Vehicles – Costs include purchase price and equipment and well as costs such as title, and registration.

Machinery and Equipment – Assets included in this category are heavy equipment, traffic equipment, generators, computers, software, hardware, technology, office equipment, phone system, and kitchen equipment.

Infrastructure Assets – Infrastructure Assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

As of 2017, NWSRA utilizes the Asset Maxx Program for Capital Assets.

D. Depreciation

Depreciation is computed on a straight-line method on a monthly basis from the month of acquisition. Additions and improvements will only be capitalized if the cost either enhances the asset’s functionality or extends the asset’s useful life. Projects in process will be added to the asset base as the projected expenses are incurred. However, the project will first need to meet its individual threshold.

E. Capital Assets Useful Lives are as follows:

Asset	Useful Life	Capitalization Threshold	Inventory Threshold
Land (and inexhaustible Land Improvements)	N/A	\$1	1
Building	50	\$50,000	1
Building Improvements		\$3,000	1
HVAC	20		
Re-roofing	20		
Electrical/Plumbing	30		
Carpet Replacement	10		
Vehicles		\$10,000	1
Vehicles – Programs	8		
Vehicles – Employee	8		
Machinery & Equipment		\$500	1
Recreational Equipment	20		
Software	5		
Computers	5		
Furniture & Fixtures		\$500	1
Office Furniture	20		

Office Equipment	5		
Phone System	5		
Kitchen Equipment	15		
Infrastructure	20	\$70,000	

F. Removing Capital Assets from Inventory

Capital assets are to be removed from inventory once they are obsolete or claimed as surplus property. The item must also be removed from the inventory listing in AssetMAXX.

G. Surplus Property

Each Department must notify the Finance Manager of any capital purchases and of any capital assets classified as surplus. All surplus items must be included on a Surplus Ordinance and approved by the Board of Directors prior to disposal.

I. Lost or Stolen Property

When suspected or known losses of property occurs, NWSRA should conduct a search for the missing property. The search should include a possible transfer to another department, placed in storage, or placed on a surplus ordinance. If the missing property is not found, the loss should be reported to the Executive Director and if it is a capital asset it will be reported to the Board of Directors and removed from the inventory listing in AssetMAXX.

FUND BALANCE POLICY

NWSRA believes that strong financial management principles require that sufficient funds be retained to provide a stable financial base at all times. To retain a stable financial base, NWSRA needs to maintain a Fund Balance Policy sufficient to fund all cash flows for its daily operations, Annual Capital Expenditures, General Reserves and Capital Reserves to sustain the Association's fiscal resilience.

NWSRA has one operating fund used to account for the transactions of the Association, which are reported in a single fund on the financial statements. NWSRA must provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, long range strategic planning, planned capital improvement projects, such as vehicle replacements essential to the services provided by the agency and additional Capital Tier recognized legal obligations. (See Capital Policy).

NWSRA Fund Balance Requirements:

General Reserves – The General Reserve will hold all unrestricted funds from the operating accounts and the investment holding account. The General Reserve should not exceed 40% of the operating budgeted expenditures less the Capital Improvement Plan (CIP) expenditures.

Capital Reserves – The Capital Reserve shall represent the amount needed to fund the approved Capital Improvement Plan (CIP) as well as, any approved transfers by the Board of Directors for future capital beyond the current CIP plan.

Unassigned Balance – These are the dollars that remain after the above requirements have been met and upon completion of the annual audit. Any excess funds, following the presentation and acceptance of the annual audit, may result in any of the following or a combination thereof, if approved by the Board of Directors:

- Reduce the final installment of the Member District Annual Assessment (MDAA) payment for each Member District. Any reduction will be calculated based on the MDAA percentage calculator.
- Transfer to Capital Reserve for future capital beyond the current CIP
- Any other purposes as approved by the Board of Trustees

3. Unassigned Fund Balance Calculations

Sample Unassigned Fund Balance Calculations

Audited FY2020 Fund Balance	5,564,585.00
Capital Improvement Plan FY 2021 - 2025	2,378,206.22
40% Reserve (based on FY2021 Operating Expenses)	<u>1,895,376.00</u>
	1,291,002.78

Audited FY2020 Fund Balance	-	5,564,585.00
Fund Transfer to Balance PYE2021 due to Operational Loss		187,766.00
Anticipated Expenditures FY 2021 Annual Capital Plan		<u>\$790,513.86</u>
Unaudited PYE2021 Fund Balance	-	4,586,305.14

Unaudited FY2022 Beginning Fund Balance	4,586,305.14
Assigned Capital Improvement Plan FY 2022 - 2025	\$1,587,692.36
Unassigned 40% Reserve (based on FY2022 Operating Expenses)	<u>2,501,140.38</u>
Unassigned Balance	497,472.40