

REGION 1 PLANNING CENTER, ILLINOIS

MANAGEMENT LETTER



FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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April 17, 2025

Members of the Board
Region 1 Planning Council
Rockford, Illinois

In planning and performing our audit of the financial statements of the Region 1 Planning Council (the Council), Illinois, for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration, we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less-significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Board, Executive Director and senior management of the Region 1 Planning Council, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Council personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Council staff.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during our current year-end audit procedures, we noted the following funds with deficit fund balance:

Fund	6/30/2023	6/30/2024
Northern Council of Governments	\$ 12,869	12,869
Boone Trustee Program	—	3,853

Recommendation

We recommended the Council investigate the causes of the deficit and adopt appropriate future funding measures.

Status

This comment has not been implemented and will not be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

PRIOR RECOMMENDATIONS - Continued

2. FUND NOT IN COMPLIANCE WITH FUND BALANCE POLICY

Comment

Previously and during our current year-end audit procedures, we noted the following fund with fund balance that was not in compliance with the Board approved fund balance policy:

	Per 2024 AFR	Unassigned/ Restricted Fund Balance per AFR	Amount Not in Compliance
Northern Council of Governments Minimum Budgeted Operating Expenditures x 1 of 12 months per policy	\$ 50,500 8 % 4,040	(12,869)	16,909

	Per 2023 AFR	Unassigned/ Restricted Fund Balance per AFR	Amount Not in Compliance
Northern Council of Governments Minimum Budgeted Operating Expenditures x 1 of 12 months per policy	\$ 54,200 8 % 4,336	(12,869)	17,205

Recommendation

We recommended the Council investigate the fund balance and adopt future budgets to address this item not in compliance.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

PRIOR RECOMMENDATIONS - Continued

3. FUNDS OVER BUDGET

Comment

Previously and during our current year-end audit procedures, we noted that the following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	6/30/23	6/30/24
General	\$ 35,328	17,581,760
Northern Illinois Land Bank Authority	9,357	—
Northern Council of Governments	4,826	28,518

Recommendation

We recommended the Council investigate the causes of the funds over budget and adopt appropriate future funding measures.

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management acknowledges this comment and will work to correct it in the coming year.

4. ACCOUNTING SOFTWARE

Comment

Previously, we noted that the Council is using Quickbooks as the accounting software package. While this software does provide for general accounting and bookkeeping functions for the Council the version being utilized by the Council does not support multi-fund reporting. Therefore, the recording of certain transactions between funds becomes cumbersome and inefficient and there are reporting limitations with the software as it relates to producing multi-fund financial statements.

Recommendation

We recommended that the Council review its current accounting software package and possibly work with Quickbooks to determine if there are other software capabilities that can be utilized to better support multi-fund reporting for the Council. There are also specific software packages available that are specifically designed to support multi-fund accounting and financial reporting.

Status

This comment has been implemented and will not be repeated in the future.

UPCOMING STANDARDS

1. **GASB STATEMENT NO. 101 COMPENSATED ABSENCES**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which establishes standards of accounting and financial reporting for (a) compensated absences, and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other post-employment benefits (OPEB). The statement requires that a liability should be recognized for any type of leave that has not been used at year-end if (a) The leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Examples of leave that should be reviewed, and potentially measured under GASB Statement No. 101 are vacation leave, paid time off leave, holiday leave, and sick leave. Examples of leave that are excluded from GASB Statement No. 101 are parental leave, military leave, and jury duty leave. GASB Statement No. 101, *Compensated Absences* is applicable to the Council's financial statements for the year ended June 30, 2025.

2. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit its ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the Council's financial statements for the year ended June 30, 2025.

3. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the Council's financial statements for the year ended June 30, 2026.