

REGION 1 PLANNING
COUNCIL, ILLINOIS

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

REGION 1 PLANNING COUNCIL, ILLINOIS

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REGION 1 PLANNING COUNCIL, ILLINOIS

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024**

Cluster Name/ Federal Grantor			Assistance Listing Number	Program/Grant Number	Expenditures	Amount Provided to Subrecipients
Highway Planning & Construction Cluster						
Department of Transportation	Illinois Department of Transportation	Highway Planning and Construction	20.205	24-1009/1437-40918	\$ 877,288	-
				21T0019	559	-
				23-1439/1437-38102	35,840	-
				21-1439-22756	1,970	-
				22-1439/1437-30977	54,440	-
Total Highway Planning and Construction Cluster					970,097 *	-
Other Programs						
Department of Transportation	Illinois Department of Transportation	Safe Streets and Roads for All	20.939	693JJ32340440	45,050	-
Department of Justice	N/A	Project Safe Neighborhood	16.609	2019-GP-BX-0132	78,649	-
				2020-GP-BX-0036	204,405	-
				Total 16.609	290,563	-
Department of Treasury	N/A	The American Rescue Plan Act	21.027	21-425034	132,108	-
				40021425034	145,132	-
				EDA CEDS	73,661	-
				Total 21.027	350,901	-
Environmental Protection Agency	N/A	Nonpoint Source Implementation Grants	66.460	24-0378-38521	84,540	-
Environmental Protection Agency	N/A	Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	75,950	-
TOTAL FEDERAL AWARDS EXPENDED					1,817,101	-

*Denotes major federal program

See accompanying notes to the schedule of expenditures of federal awards.

REGION 1 PLANNING COUNCIL, ILLINOIS

Notes to the Schedule of Expenditures of Federal Awards June 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Council under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

Pass-Through Entities

Pass-through entity identifying numbers are presented on the Schedule where available.

NOTE 3 – 10% DE MINIMIS INDIRECT COST RATE

The Council has selected to use the 10% de minimis indirect cost rate as permitted by 2 CFR Section 200.414.

NOTE 4 – SUBRECIPIENT RELATIONSHIPS

The Council remitted the following funds to subrecipients:

City of Rockford – Police Department: \$78,649

Children's Home & Aid: \$204,405



**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***

April 17, 2025

Members of the Board
Region 1 Planning Council
Rockford, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Region 1 Planning Council (the Council), Illinois, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated April 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Council's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item Finding 2024-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item Finding 2024-002 to be a significant deficiency.

Reporting on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Council's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP



**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

April 17, 2025

Members of the Board
Region 1 Planning Council
Rockford, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Region 1 Planning Council (the Council), Illinois' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2024. The Council's major federal programs are identified in the summary of auditor's results section of the accompany schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal 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; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council'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, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 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 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 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.

Region 1 Planning Council, Illinois
April 17, 2025

Report on Internal Control over Compliance – Continued

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 may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Region 1 Planning Council, Illinois as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We issued our report thereon dated April 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

REGION 1 PLANNING COUNCIL, ILLINOIS

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	Yes
Significant deficiencies identified:	Yes
Noncompliance material to the financial statements noted:	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified:	No
Significant deficiencies identified:	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a):	No

Major programs identified:	
<u>ALN Number(s)</u>	<u>Name of Federal Program/Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee:	Yes

REGION 1 PLANNING COUNCIL, ILLINOIS

Schedule of Findings and Questioned Costs – Continued Year Ended June 30, 2024

SECTION 2 – FINANCIAL STATEMENT AUDIT FINDINGS

Material Weakness

Finding 2024 – 001: Restatement to Fund Balance

Condition: During audit fieldwork, our testing resulted in a restatement of fund balance in order to correct payroll liabilities that were improperly recorded in prior years.

Criteria: A good system of internal controls would provide for accurate recording and reporting of payroll liabilities on a regular basis in order to provide for accurate financial reporting.

Cause: Year-end entries related to payroll liabilities were required in order to accurately present the District's financial statements.

Effect: A material adjustment to the Council's beginning fund balance was required to properly state payroll liabilities.

Recommendation: We recommend the Council implement effective internal controls in order to provide an accurate assessment of reporting requirements. This implementation of improved controls would result in the appropriate recognition for financial reporting requirements.

Corrective Action Plan: The Council and Director of Finance will implement internal controls to properly record payroll liabilities on a timely basis prior to audit fieldwork.

Significant Deficiency

Finding 2024 – 002: Audit Journal Entries

Condition: During audit fieldwork, our testing resulted in significant audit adjustments in order to present materially accurate financial statements.

Criteria: A good system of internal controls would provide for accurate representations of adjusted account balances for all Council accounts prior to audit fieldwork.

Cause: Year-end entries related to various accruals and other items were required in order to accurately present the Council's financial statements.

Effect: The Council's financial statements were not fully adjusted prior to audit fieldwork.

Recommendation: A vital process of effective internal controls is the review and subsequent adjustment of general ledger balances. This review and adjustment will aid in the appropriate budgeting and management of the Council's financial activities and resources.

REGION 1 PLANNING COUNCIL, ILLINOIS

Schedule of Findings and Questioned Costs – Continued Year Ended June 30, 2024

SECTION 2 – FINANCIAL STATEMENT AUDIT FINDINGS – Continued

Significant Deficiency – Continued

Finding 2024 – 002: Audit Journal Entries – Continued

Corrective Action Plan: The Director of Finance, along with staff, will review year-end adjustments as part of the audit preparation process and work to reduce the number of entries proposed by the auditors and prepare fully adjusted financial statements prior to audit fieldwork.

REGION 1 PLANNING COUNCIL, ILLINOIS

Schedule of Findings and Questioned Costs – Continued
Year Ended June 30, 2024

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

REGION 1 PLANNING COUNCIL, ILLINOIS

**Schedule of Findings and Questioned Costs – Continued
Year Ended June 30, 2024**

SECTION 4 – PRIOR YEAR AUDIT FINDINGS

None



SECTION 5 – CORRECTIVE ACTION PLAN

Finding 2024 – 001: Restatement to Fund Balance

Condition: During audit fieldwork, our testing resulted in a restatement of fund balance in order to correct payroll liabilities that were improperly recorded in prior years.

Plan: The Council and Director of Finance will implement internal controls to properly record payroll liabilities on a timely basis prior to audit fieldwork.

Anticipated Date of Completion: June 30, 2025

Name of Contact Person: Kayla Gipson, Director of Finance

Management Response: Agree with the finding. In FY24, we implemented a new accounting software. The Director of Finance will implement additional internal controls to ensure payroll liabilities are recorded properly.

Finding 2024 – 002: Audit Journal Entries

Condition: During audit fieldwork, our testing resulted in significant audit adjustments in order to present materially accurate financial statements.

Plan: The Director of Finance, along with staff, will review year-end adjustments as part of the audit preparation process and work to reduce the number of entries proposed by the auditors and prepare fully adjusted financial statements prior to audit fieldwork.

Anticipated Date of Completion: June 30, 2025

Name of Contact Person: Kayla Gipson, Director of Finance

Management Response: Agree with the finding. In FY24, we implemented a new accounting software. The Director of Finance will ensure additional appropriate action is taken to reduce the number of entries proposed by the auditors and ensure fully adjusted financial statements are prepared prior to fieldwork.