



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF EDUCATION

Financial Audit
For the Year Ended June 30, 2018

Release Date: April 4, 2019

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2017	18-1		
Category 2:				
Category 3:				
TOTAL				

	New	Repeat	Total
Category 1:	0	1	1
Category 2:	0	0	0
Category 3:	0	0	0
TOTAL	0	1	1

FINDINGS LAST AUDIT: 1

INTRODUCTION

This report contains only results pertaining to the Financial Statement Audit for the Illinois State Board of Education (Agency) for the year ended June 30, 2018. The Agency's Compliance Examination covering the two years ended June 30, 2018 will be issued in a separate report at a later date.

SYNOPSIS

- **(18-1)** The Agency's financial statements and financial reporting forms were materially misstated due to an understatement of liabilities related to federal grants.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Financial data is summarized on next page.}

**ILLINOIS STATE BOARD OF EDUCATION
FINANCIAL AUDIT
For the Year Ended June 30, 2018**

Statement of Governmental Revenues, Expenditures and Changes in Fund Balances (In Thousands)	FY 2018	FY 2017
PROGRAM REVENUES		
General Fund.....	\$ -	\$ 1
Other Funds.....	2,279,362	2,303,687
Total Program Revenues.....	<u>2,279,362</u>	<u>2,303,688</u>
EXPENDITURES		
General Fund.....	7,602,549	6,320,025
Other Funds.....	2,901,199	2,575,261
Total Expenditures.....	<u>10,503,748</u>	<u>8,895,286</u>
GENERAL REVENUES.....	<u>91</u>	<u>264</u>
OTHER SOURCES (USES)		
Appropriations from State resources.....	8,269,877	7,521,029
Lapsed appropriations.....	(15,945)	(30,564)
Receipts collected and transmitted to State Treasury.....	(12,082)	(6,517)
Reappropriations to Fiscal Year 2018.....	(4,391)	(4,391)
Transfers-out.....	(1,600)	(355)
Amount of SAMS Transfers-out.....	85	27
Capital lease financing.....	55	55
Net Other Sources (Uses) of Financial Resources.....	<u>8,235,999</u>	<u>7,479,284</u>
CHANGE IN FUND BALANCES.....	<u>\$ 17,233</u>	<u>\$ 887,950</u>
Governmental Funds Balance Sheet (In Thousands)		
	FY 2018	FY 2017
ASSETS		
Cash and cash equivalents.....	\$ 23,062	\$ 17,785
Accounts receivable (includes State and other governments).....	409,686	364,744
All other assets.....	451,775	1,270,512
Total Assets.....	<u>\$ 884,523</u>	<u>\$ 1,653,041</u>
LIABILITIES		
Accounts payable and accrued liabilities.....	\$ 86,142	\$ 100,199
Due to local governments.....	1,556,642	2,305,821
All other liabilities.....	20,592	26,126
Total liabilities.....	<u>1,663,376</u>	<u>2,432,146</u>
DEFERRED INFLOWS OF RESOURCES.....	<u>68,063</u>	<u>83,954</u>
TOTAL FUND DEFICIT.....	<u>\$ (846,916)</u>	<u>\$ (863,059)</u>
STATE SUPERINTENDENT OF EDUCATION		
During Audit Period: Tony Smith, Ph.D.		
Currently: Dr. Carmen I. Ayala (effective 3/1/19)		

FINDING, CONCLUSION, AND RECOMMENDATION

FINANCIAL STATEMENT REPORTING ERROR

The Agency’s financial statements and financial reporting forms were materially misstated due to an understatement of liabilities related to federal grants.

Liabilities were understated \$14.2 million

The Agency understated deferred inflows of resources for unavailable revenues in the amount of \$14.2 million. The Agency improperly reduced the unavailable revenue calculation for receipts of current year receivables over 60 days after year-end. The misstatement was identified during the financial audit and subsequently corrected by Agency personnel. (Finding 1, pages 61-62)

We recommended the Agency document the procedures for calculating available revenue, compare the amounts on the financial reporting forms to supporting calculations, and exercise due care during the financial statement preparation and review process to ensure accurate financial reporting.

The Agency agrees with the finding

The Agency agreed with the finding and stated they will perform a comprehensive review of the GAAP package preparation checklists specific to their significant funds in order to reduce the likelihood of future misstatements.

We will review the Agency’s progress towards implementation of our recommendation in our next financial audit.

AUDITOR’S OPINION

The auditors stated the financial statements of the Agency as of and for the year ended June 30, 2018 are fairly stated in all material respects.

This financial audit was conducted by Kerber, Eck and Braeckel, LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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